Annual Report **2024**

bank of added value

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Foreword

The connecting power of cooperation

Thanks to the commitment of our employees and our cooperation with clients, partners and investors, we again contributed to the economic, social and sustainable development of the Netherlands in 2024. As a financial partner, we stand alongside our clients – not only with funding, but also with knowledge, engagement and the conviction that we can really make an impact together. We are working on a more social and green Netherlands and want to be a driving force behind positive change.

Integrated approach

The major issues of our time call for innovative solutions. For example, the energy transition must not only be sustainable, but also affordable. At the same time, the housing shortage demands innovative and accessible solutions and the healthcare system faces challenges due to an ageing population and staff shortages.

These challenges call for a common approach, especially now that government budgets are under pressure. Public and private parties must strengthen each other. BNG plays a connecting role in this. As the bank of the public sector, we support municipalities, housing associations and healthcare institutions and bridge the gap between central and local authorities.

In 2024, we gave concrete meaning to this with targeted funding for such projects as rented social housing, the renovation of a specialist motion hospital and school buildings, the redevelopment of a residential area and circular innovations. You can read more about these in the case studies in this Annual Report.

Solid results

Our solid financial performance underscores not only our stability, but also our added value for clients and society. Despite challenging market conditions, the demand for credit remained high, particularly among housing associations and municipalities. This resulted in EUR 11.7 billion in new long-term loans.

A large part of our funding came from ESG bonds, which yielded a higher return this year compared to last year. This confirms our leading role in ESG funding. We use this income to finance affordable, more energy-efficient social housing and the sustainable and social activities of municipalities.

Enriching our strategy

The outlines of our strategic course remain in full force and effect. We are THE bank of the public sector because we offer competitive lending rates, invest in sustainability and distinguish ourselves as a bank committed to social impact. In 2025, we will strengthen our ambition and enrich our strategy with a clear focus on core themes. For example, we aim to accelerate the transition to affordable, sustainable energy through heating networks and further improve the social infrastructure within municipalities.

In order to serve our clients optimally, we want to become faster, more efficient and more agile. We will start working in chains, improve and digitise processes in a short-cycle way, introduce multidisciplinary teams with expanded mandates and place a greater focus on ongoing dialogue and utilising the talent of employees. In addition, we will continue to invest in a robust IT infrastructure and seek external advice on the most effective way to modernise our IT landscape, monitor our outsourced IT more closely and accelerate our change processes.

Tangible impact

In order to make our impact more visible and measurable, we will focus more on transparency about sustainability in 2025. Together with our clients, we will strive for tangible ESG results. We will support them in monitoring and improving ESG, giving account of our efforts in our reporting. We are also exploring how to reward sustainable improvements. We will invite partners and other stakeholders to strengthen our cooperation and explore new opportunities.

Looking ahead to the future

Our strong capital and liquidity position provides a solid foundation, gives us the space to look ahead, and strengthens our confidence in our commitment to increasing social impact. Our large market share and a loan portfolio that is at an all-time high prove that our approach is working. The year 2025 will be one of transition, in which we will lay the foundations for acceleration, improvement and added value in 2026 and beyond. We will continue to invest in sustainability and social progress, strengthen our position as the leading funder of social progress and together build a better future for everyone.

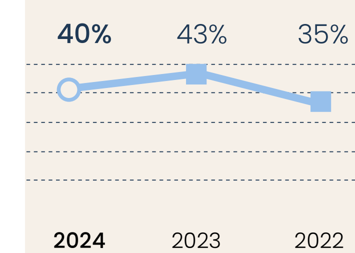
On behalf of the Executive Committee,

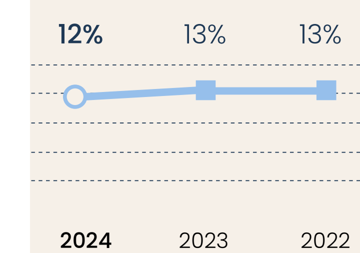
Philippine Risch

Executive Committee in 2024: Cindy van Atteveldt, Olivier Labe, Philippine Risch, Peter Nijsse en Jaco van Goudswaard

Key figures 2024

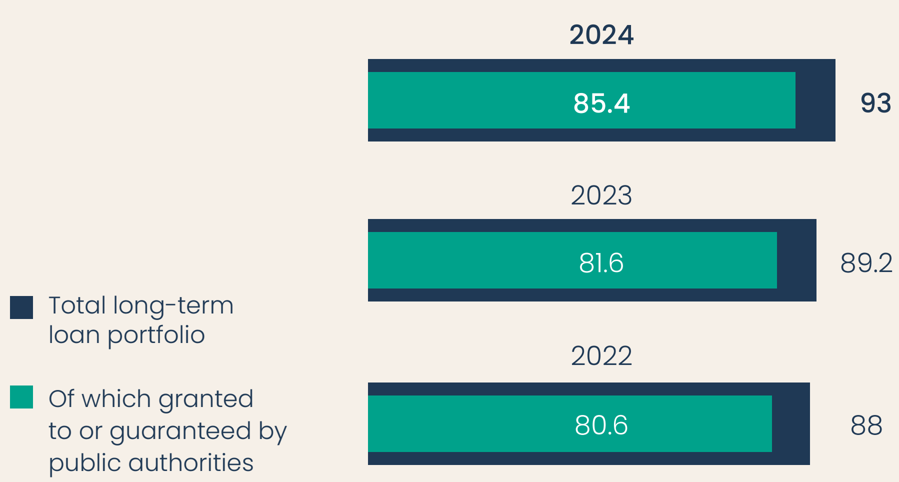
Volume of lending	Balance sheet total	Interest result	Net profit	Proposed dividend	Common Equity Tier 1-ratio	Leverage ratio
€ 11.7 billion	€ 127.9 billion	€ 536 million	€ 294 million	€ 140 million (€ 2.51 per share)	40%	12%





Total long-term loan portfolio

€ 93.0 billion



Loan portfolio and main SDGs per core sector

Decentralized authorities	€ 29.4 billion
Housing associations	€ 50.9 billion
Healthcare	€ 6.3 billion
Education	€ 1 billion
Public infrastructure and energy	€ 5 billion

BNG in 2024

January

BNG signs **SER Charter Diversity & Inclusion.**

Daan Heerma van Voss winner of the **BNG Literature Prize.**

February

Start of renovation of **BNG building** at Koninginnegracht. With sustainability and connection as guiding principles, we strive for an inspiring office that fits our identity.

Financing Elisabeth-TweeSteden Hospital by the European Investment Bank and BNG to achieve the concentration of acute and clinical care at the location ETZ Elisabeth of the hospital in Tilburg.

March

Introduction of brand strategy '**BNG – Bank of added value**' at BNG Boost.

BNG BOOST 2024

April

Progress Report on Climate Plan: commitment to CO_2e reduction pays off: **BNG sees emissions of clients fall.**

Marja Elsinga and Constant Korthout are appointed as members of the Supervisory Board.

Heating networks are a good alternative to natural gas. This was the central message of the BNG Webinar Government Heating Networks.

Farewell to **CEO Gita Salden**.

May

BNG starts with the podcast '**Meerwaarde aan tafel**. Presenter Maarten Bouwhuis talks with customers and stakeholders about the social and green future of the Netherlands.

Meerwaarde aan tafel

June

Introduction of new **BNG logo at Vereniging van Nederlandse Gemeenten (VNG) conference.** Participants in the conference sub-excursion were briefed on local and sustainable energy funding.

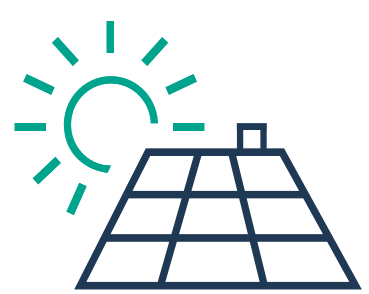
Nijmegen winner of the **BNG Heritage Prize.**

July

Peter Nijsse appointed Chief Commercial Officer

August

With funding from BNG, HVC can start the construction of one of the **largest solar parks in the Netherlands.**



September

Start of construction of Kindcentrum Olst: the fifth project of Stichting Maatschappelijk Vastgoed, which was financed by BNG.

Housing association De Alliantie and BNG are strengthening their cooperation.
The extension of the loan provision is used for the construction of **medium-sized rental homes.**

October

Philippine Risch starts as Chief Executive Officer .

November

Together with the ‘Coalition of the Willing’, BNG is launching the **Sustainability Guideline** to support local authorities in preparing their sustainability reports.

BNG Culture Fund celebrates 60-year anniversary.

BNG third **safest bank** in the world.

December

BNG exists **110 years.**

1. Bank of added value

From a polluting economy to a climate-positive society, from a shortage of housing to liveable residential environments and from vulnerable neighbourhoods to future-proof neighbourhoods – these social transitions demand cooperation and concrete, meaningful steps. We are working towards a sustainable future together with housing associations, municipalities, healthcare institutions and other public organisations. In doing so, we ensure that financial resources contribute to the environment, wellbeing and social progress. We see financing as a powerful tool for positive change. In this way, BNG is positioning itself as a partner in impact: bank of added value.

Green

Wellbeing

Social progress

> *We see financing as a powerful tool for positive change. In this way, BNG is positioning itself as a partner in impact: bank of added value*

1.1 Driven by social impact

Our purpose is clear: driven by social impact. With over 110 years of experience as a bank for the public domain, BNG continues to be a reliable partner that focuses on social and environmental progress. As one of the three safest banks in the world and with triple-A status, we provide financing that is not only affordable and accessible, but also contributes to sustainability and social impact. Whether for affordable housing, better care facilities or investments in climate-resilient residential environments, we facilitate solutions that create lasting social value. In this way, together with our clients, we are contributing to a resilient and future-proof society.

Working together to create impact

Working together leads to real change. This conviction is embedded in our three core values, which we introduced in 2024:

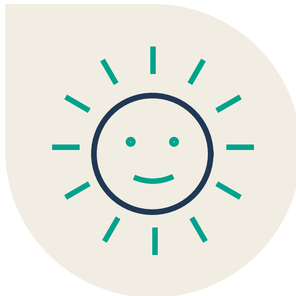
Connection

- We realise our ambitions through cooperation; we believe in the power of the collective.
- We have an open-minded attitude and actively seek contact with each other.

Expertise

- We look outward and respond to relevant trends and developments.
- We continue to develop our knowledge and expertise to find smart solutions for the financing issues and other issues in the public domain.

Optimism



- We challenge ourselves every day to make the Netherlands more beautiful and sustainable.
- We think in terms of possibilities.

Modernization of school educational facilities in Amersfoort

Since 2019, the school boards of primary and secondary education institutions in Amersfoort have had control of their own school buildings. This leads to better coordination between school boards and the municipality, cost advantages in new construction, and more efficient use of temporary accommodation. In two cooperatives, the members are working together to replace around 100 outdated school buildings in a 40-year time period.

To support their ambitions, we provided a credit facility of EUR 70 million in 2020, increased to EUR 175 million in 2024. In this way, the cooperatives can continue to invest in nearly zero-energy buildings (NZEB). With the contributions of the school boards, school buildings will reach the level of zero-energy buildings (ZEB) and gas-free buildings. The expanded credit facility will enable them to pay for the investment plans for the coming years and to continue to meet the requirements.

The goal is to create functional, efficient, fresh, multifunctional buildings that foster a healthy learning environment. This partnership shows how economies of scale and our funding support the improvement of school buildings and contribute to making the city more sustainable.

1.2 The world around us

The world is changing rapidly and the Netherlands is facing major social challenges. Political, economic, ecological, social and technological developments affect us directly as a bank. This dynamic offers opportunities, but also brings complex challenges with it. We monitor trends closely, analyse their impact and adapt to them to strengthen our role in the public domain and maintain our leading position.

Politics

Geopolitical tensions
Wars, geopolitical tensions and economic uncertainty continued to affect markets in 2024. This led to rising oil and energy prices, which slowed economic growth and drove inflation up. Elections in the United States, France and Germany also caused volatility in financial markets. Uncertainty about future policies affected interest rates, while political instability increased interest rate differentials between government bonds and corporate bonds. As a result, credit costs for governments and companies increased, as did financing costs for promotional banks, such as BNG.

National cyber security
The wars and tensions in 2024 also had an impact on digital security. Attacks on critical infrastructure by both governments and cybercriminals increased, bringing risks for national security and the financial sector. Banks were faced with high costs to strengthen their digital security. Public and private parties increasingly sought cooperation to guarantee digital security. Ensuring a secure digital infrastructure continues to be crucial in this challenging time. We paid extra attention to this in 2024 by further strengthening our IT infrastructure, with a focus on resilience, security and reliability.

New Dutch cabinet and government budget
The plans of the new Schoof cabinet focus on areas such as social security, migration and nitrogen. Priority is also being given to affordable housing, the acceleration of construction projects, care, support for municipalities and the energy transition. Based on the estimated figures for 2024, the Netherlands remained within the European 3% budget deficit limit, with an estimated deficit of 2.9% of GDP. However, political divisions hampered the development of coherent policies in, for example, the area of climate goals. We are following the cabinet plans closely in order to anticipate the consequences for our clients in good time.

Stricter regulation within the banking sector
The banking sector experienced considerable pressure from stricter regulations in 2024. National regulators and European authorities actively worked to tighten rules with a focus on climate risk, client protection and financial stability. The tightening of the Basel III standards, anti-money laundering rules and transparency requirements for sustainability placed extra emphasis on compliance, risk management and social impact reporting. This stricter regulation fostered stability in the financial system and improved transparency, while at the same time demanding significant investments in systems and processes to meet requirements and societal expectations.

Economic, ecological and social

Strict monetary policy

After a period of high interest rates to combat inflation, the ECB gradually started lowering rates in the second half of the year. The termination of the Pandemic Emergency Purchase Programme and the phase-out of the Asset Purchase Programme had an effect on long interest rates and credit costs, which increased the financing costs for governments and businesses. Our bonds remained attractive to investors overall, also thanks to our solid creditworthiness and conservative risk profile.

Tight labour market

The labour market in the Netherlands is under pressure due to a structural shortage of labour. With an unemployment rate of about 4 per cent and a growing number of vacancies, companies – including banks – stepped up their fight for talent, especially digital and technology experts. Organisations also had to invest in attracting and retaining staff, especially in specialist areas, such as data analysis, cybersecurity and digital transformation. On the positive side, the increase in employment rates among older people has contributed to economic growth. At BNG, thanks in part to our clear purpose, we were happy to be able to attract and retain talent in 2024.

Environmental and social issues

Society increasingly expects more from financial institutions in the area of sustainability and social impact. The climate crisis, stricter EU legislation and pressure on the public domain call for investments in green energy, the circular economy and innovative solutions to deal with housing shortages and ageing populations. Limited government budgets are increasing the role of financial institutions. We are anticipating these issues with our impact-driven strategy.

Digitisation and technological developments

Digital growth: new opportunities and risks

Digitisation continued in the financial sector in 2024, with additional digital services providing more efficient processes, lower costs and new opportunities for collaboration with technology companies. At the same time, it is increasingly clear that developments in artificial intelligence, cloud computing and the Internet of Things pose new risks, such as a dependence on large tech companies and vulnerability in the event of disruptions. In addition, the possibility of processing data more quickly and accurately offers opportunities for process optimisation and innovations in service provision and better management information. Digitisation is high on the agenda at BNG, with stability as a priority to improve both processes and services.

SWOT analysis

Our position as market leader is no reason to sit still. In order to maintain this position, we respond actively to new developments. Where necessary, we renew and improve our organisation and work processes.

We look at our business model continuously and make sure our resources and capabilities are in line with what is needed. This is how we are able to manage risks and seize new opportunities. The overview provided below summarises our key insights and shows how we are maintaining our strong position in a changing environment.

Strengths

- Our Triple A rating, status as a promotional lender and position as one of the three safest banks in the world ensure low funding costs and wide access to the capital market
- Largest financier in the public domain
- Structural financing possibilities
- Engaged employees
- Stable shareholder base
- Focused on environmental and social impact

Weaknesses

- Higher operational costs
- Room for improvement in processes and IT
- Digital services require further development

Opportunities

- High demand for funding for sustainability and social transitions
- Our knowledge and expertise accelerate transitions at clients
- Developing new financing solutions (e.g. a guarantee scheme for heat transition)

Threats

- Alternative financing options through platforms, direct financing and intercompany loans
- More complex laws and regulations are not always in line with our business model
- Tight labour market
- Political fragmentation complicates long-term client choices

1.3 Strategy: Our Road to Impact

For our 2024-2026 strategy, we have combined internal analyses, such as the materiality analysis, with external insights, including a SWOT, trend and competition analysis. Discussions with stakeholders, clients and investors, as well as the outcomes of dialogue sessions in 2023, have made it clear which topics are crucial for this strategy. We have combined these insights with our vision for the future, which is aimed at increasing social impact. The result is a current strategy that responds to both current and future opportunities and challenges.

Our strategy

For the period 2024-2026, we want to *remain the most important financier in the public domain and contribute to a more social and sustainable Netherlands*. Our strategy translates this ambition into concrete actions and goals. We focus on increasing our financial and social impact through clear choices and measurable targets for internal control. This lets us monitor our success and progress in both the short and long term.

Strategic objectives

The strategic objectives are explained in more detail beside.

Objective 1:
Loans and advances at competitive lending rates

BNG offers clients loans and advances at the most competitive lending rates, enabled by competitive organisational and financing costs. This is supported by active management of organisational costs and an efficient funding strategy. Payment transactions are also offered as a service.

Objective 2:
Digital services with personal contact

BNG offers a combination of digital services and personal contact where necessary. The focus is on digitalising processes and client contacts to improve the accessibility of client processes and tailor them to client needs.

Objective 3
Demonstrable sustainable

Together with its clients, BNG makes a positive impact on making the bank more social and sustainable through our loans and advances and our knowledge.

Doelstelling 4
End-to-end improvement of the lending process

BNG is continuously working on making business processes more efficient. This is important for client satisfaction, the impact BNG wants to make and employee satisfaction.

Objective 5
Quality and accessibility of data

BNG needs high-quality and easily accessible data for data-driven work. High-quality data make it possible to respond to changes and are essential for achieving strategic goals and improving processes.

Objective 6
Modern and secure IT

BNG needs modern and secure IT infrastructure to achieve strategic goals, with the protection of clients, stakeholders, investors and employees as an important precondition.

Objective 7
We are a bank with a heart, focused on personal growth and cooperation

BNG has a diverse and inclusive work environment where everyone feels at home and can be themselves. We can call on all the talent and make the best use of the different perspectives and insights. Our employees are engaged, are in control, take charge of their own development and are focused on cooperation.

1.4 Stakeholder engagement and value creation

Stakeholder engagement

We continue to engage actively in dialogue with stakeholders. These discussions are often part of our daily work and take place at various levels within the organisation. The table below provides an overview of our interactions and engagement with various stakeholder groups.

Stakeholder	Involvement
Clients	We have regular conversations with our clients, where, in addition to financial matters, social impact and sustainability are playing an increasingly prominent role.
Shareholders	General Meeting of Shareholders, Extraordinary General Meeting of Shareholders and discussions with ministries, provinces and municipalities.
Supervisory Board	The Supervisory Board oversees the activities and policies of the Executive Committee, as well as the way it implements our strategy. An overview of the activities and topics discussed by the Supervisory Board can be found in Chapter 8 of this Annual Report.
Employees	We hold a weekly 'Week-Up meeting' where the ExCo or other invitees present relevant matters to all staff. We involve the staff in our Strategy by, among other things, the BNG Boost meeting, which was attended by all employees in 2024. Furthermore, we conduct a pulse survey among the staff twice a year and employees are involved in the bank's direction via the Works Council (OR).
Investors	BNG attracts a large part of its funding through public issues (bond issuance) on international capital markets. We have regular discussions with (potential) investors.
Supervisory authorities	We consult regularly with the supervisory authorities, including the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM) on both financial and non-financial issues.
Rating agencies	Meetings with a range of rating agencies are held at least once per year.
Guarantee funds	Regular consultations take place with the Social Housing Guarantee Fund (WSW) and the Healthcare Sector Guarantee Fund (WfZ)
Sector organisations and trade associations	We participate in working groups of the Association of Netherlands Municipalities (VNG) and regularly hold discussions with the association of Dutch housing corporations Aedes and we are involved in the Interprovincial Consultation (IPO).

Value creation

We want to continue to be the main financier of the Dutch public sector and contribute to a more social and green Netherlands. We work on the basis of a central outlook: Bank of added value. Social impact and the value that we create together are central to everything we do.

In the model below we apply the Six-Capital model of the International Integrated Reporting Council (IIRC). This model provides insight into the value that we add for our stakeholders and society.

How we create value

Input

Human capital
Expert employees with expertise in public funding and sustainability, focused on social impact

Financial capital
Affordable financing for public activities, thanks to strong creditworthiness and suitable financial products

Technological capital
Our focus is on digital infrastructure, cybersecurity and client-specific digital solutions

Social capital
Strong relationships with public partners and clients, such as housing associations and healthcare institutions, focused on collaboration and shared goals

Natural capital
We focus on financing which contributes to the achievement of the net-zero CO_2 target for 2050 and to protect and restore natural resources

Produced capital
Buildings, office infrastructure, equipment and systems play a critical role in our business operations

Strategic focus

Core activity
Providing financing and financial services to public and semi-public institutions, focusing on social and green added value

Purpose
Driven by social impact

Strategic focus
Attractive loans and advances, digital services, sustainability, high-quality data, modern and secure IT and bank with a heart

Output / Outcome / Impact

Output	Outcome
Financing at **competitive lending rates**	We offer clients **loans** and advances at the **most competitive lending rates**
Strategic client interviews	We offer a **(digital) customer journey** and personal contact where necessary.
Activities aimed at **social and green added value**	We are **demonstrably sustainable.**
Digitalised processes	We have **efficient processes** and focus on **continuously improving** these processes.
Optimised **data collection processes** and **improved datasets**	Our data are of **high quality** and **easily accessible.**
Reinforced IT systems for improved resilience, reliability and safety	We have **modern and secure IT.**
Improvements in **staff strategy** and investments in the **personal growth** of employees	We are a bank **with a heart,** focused on **personal growth** and **cooperation.**

Material themes

Since 2021, we have been reporting in accordance with the guidelines of the Global Reporting Initiative (GRI) in our Annual Report and have also done so for 2024. In this context, it is essential to map out the material themes for the organisation properly. We evaluate these themes annually and report on our progress based on identified KPIs. We focus actively on the following themes:

Material theme	Link to a Strategic Objective	KPI	Objective	Score for 2024	Outcome and effectiveness of management actions
Market leader in the public sector	Loans and advances at competitive rates	Scoring percentage of new long term lending >60%	> 60%	Green	The commercial reporting has improved, which results in better management. The scoring percentage has been achieved
We are demonstrably sustainable	Demonstrable sustainable	• ESG rating is among the top 39%	Our ESG rating is among the top 39%	Green	The KPI of the ESG rating was achieved in 2024
		• % reduction of CO_2e emissions of BNGs loan portfolio (scope 1 and 2 absolute emissions)	The reduction of the CO_2e emissions of BNGs loan portfolio (scope 1 and 2 absolute emissions) is greater than 0%	Green	The reduction of CO2e emissions (scope 1 and 2 absolute emissions) from the credit portfolio is 3% for the sectors we have been measuring since 2018.
Efficient organisation	End-to-end improvement of the lending process	Percentage reduction in the processing time of revisions in the credit chain	Improvement of at least 5% reduction in the processing time	Red	The implementation of the Risk Based Review does not show the 5% improvement in the processing time and lead time
Data security and high-quality data	Quality and accessibility of data	• % Critical Data Elements (CDE) under governance	100%	Orange	The CDEs have been identified. Focusing on this KPI has provided the foundation of critical data, based on which data quality can be tested in a standardised manner
	Modern and secure IT	• % delivery reliability of It changes finished (features done) compared to IT changes committed	80%	Red	Progress was made in 2024 in the tighter prioritisation and better monitoring of objectives. Nevertheless, the current scores still do not demonstrate sufficient focus on the established priorities
We are a bank with a heart	We are a bank with a heart, focussed on personal growth and cooperation	• % male/female ratio • % of employees < 45 years of age	At least 40% male or female % of employees under 45 years of age > 50%	Red Orange	We observe that the figures (KPIs) in terms of the composition of the workforce (gender/age/limited capacity to work) are difficult to influence positively in the short term. This requires a long-term commitment

Section 9.2 of this Annual Report explains the methodology, including the policy and actions related to material issues, and the differences from last year's materiality analysis.

2. Building social and green added value together

Our clients make the difference in society and we help them to do so. We support activities that contribute to social and green added value with funding that is affordable and accessible. Think of affordable housing, improved care facilities or investments in climate-resistant living environments. We not only offer financing, but also offer our targeted expertise and customised solutions to make their ambitions a reality. Our long-term vision, therefore, does not focus on profit maximization, but on impact with and for our clients.

Sustainable client relationships

Client contact is central to our work. We are both partners and gatekeepers and carefully monitor the integrity of our client relationships. This takes time and effort and also offers valuable opportunities. A good example of this is our cooperation with housing associations, which represent a large proportion of our turnover. Together, we have made arrangements to improve the reporting structure. This provides a better overview and a stronger service provision.

Sustainability and social impact

Environmental factors, social aspects and good governance (ESG: Environmental, Social, Governance) are playing an increasingly important role in financing decisions. That is why we invest continuously in the knowledge and expertise of our employees in these areas. This lets us support our clients in achieving their sustainability goals. Where necessary, we help them to understand their progress and encourage them to take further steps towards a sustainable future.

Our extensive knowledge of the sectors in which we have been active for decades forms a solid basis for the development of products and services that contribute to social impact. This is apparent from targeted initiatives, such as the financing of heat networks, supporting Owners' Associations (OAs) through a special fund for sustainability and offering solutions to keep sporting associations financially healthy. These initiatives have a tangible impact and support our clients in their sustainability efforts.

Impact of the CSRD

The introduction of the CSRD may result in additional administrative burdens for our clients. Although most of our clients do not yet fall directly under the CSRD obligation, they do have to provide data for stakeholders for whom this is the case, as applicable for BNG. We work with our clients as much as possible on standardised reports to alleviate this pressure.

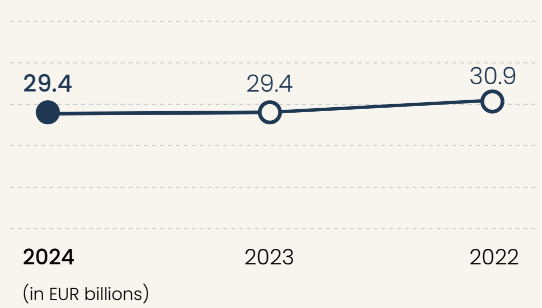
2.1 Local authorities

In 2024, we further strengthened our position as the market leader in the public domain. We act as an active partner that contributes to achieving social goals. By cooperating with local authorities, we help them not only to guarantee financial stability, but also to realise their ambition for a sustainable and future-proof society.

Local authorities

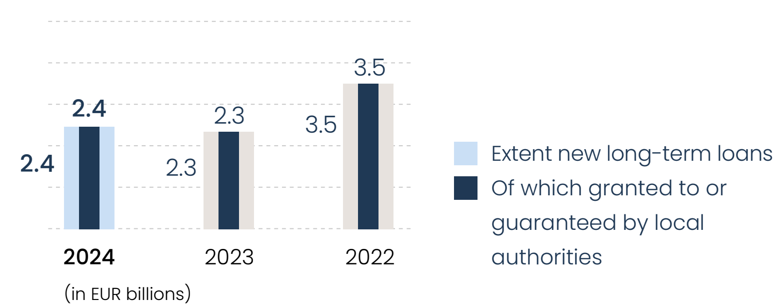
Long-term loan portfolio

€ 29.4 billion



Extent new long-term loans

€ 2.4 billion



With its financing, BNG helps local authorities to work on SDGs 3 (Good health and well-being), 4 (Quality education), 7 (Affordable and clean energy), 11 (Sustainable cities and communities) and 13 (Climate action).

We play a crucial role as a funding partner and home banker for municipalities, provinces and other local authorities. They rely on us for payment transactions and lending, so that they can perform their social tasks effectively. With our tailor-made financing solutions, we support them in important investments, such as good social services, housing, educational facilities and renewable energy.

Financial challenges and sustainable choices

Local authorities faced significant challenges in 2024, such as rising costs and financial uncertainties. Renovations and sustainable projects are essential, but are sometimes postponed due to the constant need for other investments in public facilities. That is why we not only support municipalities with financing solutions, but also think actively about sustainable and strategic solutions that fit their long-term goals. This takes place, among other things, through strategic client discussions, in which topics such as sustainability, the energy transition and social issues are discussed. These conversations are essential for understanding our clients' specific needs and providing them with appropriate solutions to suit their ambitions.

A concrete example of our active involvement is the topic of *social return*, in which social added value is created by stimulating employment and development. In payment traffic agreements, we set social return as a condition. This provides opportunities for people with a distance to the labor market, support charitable causes, and offers volunteer lessons in education. In this way, we are able to contribute to inclusive and socially responsible services.

Knowledge sharing and client meetings

We organise various meetings and webinars every year to share knowledge and experience. In this way, we support clients in current challenges and developments. In 2024, we organised a new cycle of client meetings on current financial issues which were specifically aimed at the practical support of financial teams within municipalities. We also contributed to discussions about the energy transition during the VNG Annual Congress.

Sustainable heating was an important theme for our public sector clients this year. During our Heat Networks webinar, for example, the following question was central: *How can we finance heating networks?* In addition, together with the ACM, we organised a meeting with heat experts from a range of organisations. This group helped considerations about how we can make the transition to sustainable heating affordable and attractive.

Sustainability Reporting Guideline

We encourage clients to embed sustainability in their policy, budget and accountability and test financing proposals for their environmental and social impact. Together with the Coalition of the Willing, consisting of, among others, local authorities and their umbrella organisations, the BNG, VNG, accountants, the CBS and the VU, we have developed the *Sustainability Reporting Guideline*, which helps local authorities to make sustainability performance transparent and in line with the CSRD directive. Although municipalities and provinces do not have a legal obligation to draw up sustainability reports, they play an important role in the chain of organisations subject to the CSRD, such as banks and other related parties. The guideline supports them in drawing up standardised sustainability data. This lets them take a major step towards transparency and integral sustainability in the budget cycle.

Affordable social rental housing in Voorne aan Zee

In Brielle and the surrounding area, about 750 rent-controlled homes have been given new owners, ensuring that tenants remain assured of affordable housing in their trusted environment. Approximately 300 of these homes were purchased by the municipality of Voorne aan Zee, for which we provided the funding. This allowed Voorne aan Zee's municipal housing company to take control of the homes, thereby contributing to the preservation of rented social housing in the region.

The homes were previously owned by Hef Wonen, which is now focusing on the Rotterdam urban region. The new owners will make sustainability and quality improvements. This will not only make the homes future-proof, but also ensure lower energy costs and a higher quality of living for the tenants.

This acquisition lays the foundation for a sustainable and stable housing stock in Voorne aan Zee, which will keep the region attractive for both current and future residents. The cooperation between the housing associations Maasdelta and Resort Wonen and the municipal housing company is set to contribute to a solid housing market and a careful, responsible development of the region.

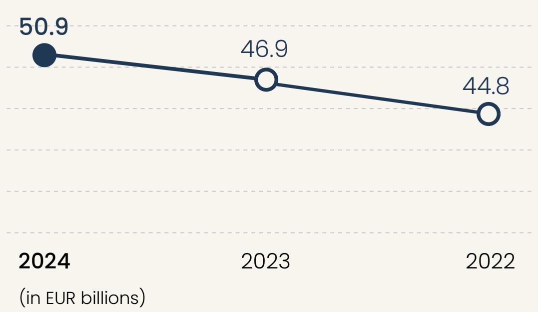
2.2 Housing associations

With more than 2.4 million affordable rental properties, the social rental sector plays a crucial role in the Netherlands. As the largest financier of housing associations, we make an important contribution to affordable and sustainable housing.

Housing associations

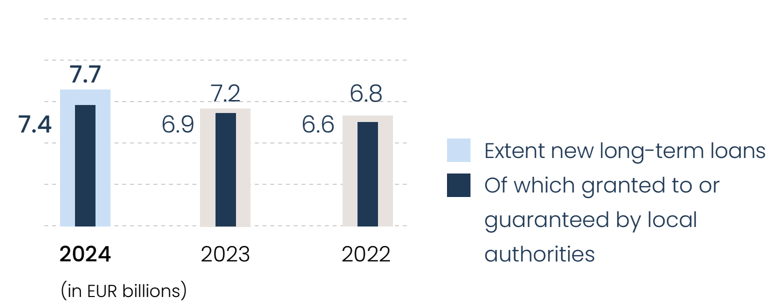
Long-term loan portfolio

€ 50.9 billion



Extent new long-term loans

€ 7.7 billion



With its financing, BNG helps housing associations to work on SDGs 7 (Affordable and clean energy), 11 (Sustainable cities and communities) and 13 (Climate action).

Financing and investment capacity

We support housing associations with funding for the construction of new social rental homes and the preservation of existing homes. Our loan portfolio continued to grow strongly in 2024. In total, we provided EUR 7.7 billion in new long-term loans.

We provided financing for EUR 308 million in the mid-lease segment. We did this across both urban and regional areas. The mid-lease segment meets the high housing demand of middle-income groups. Additionally, it improves the flow from housing and contribute to mixed communities. We see great social value in this segment and advocate long-term Social Housing Guarantee Fund (WSW) assurance to improve the financial viability of projects.

Housing associations operate within tight financial frameworks. They keep rent increases limited to keep housing affordable. This is an important social objective, but it does limit their scope for investment. As a result, the implementation of new construction and sustainability is under pressure. Housing associations are, therefore, asking for tax adjustments, such as a reduction in corporate income tax. We also consider this necessary to safeguard their long-term investment capacity.

Progress of National Performance Agreements

With an annual target of 30,000 homes, the National Performance Agreements make housing associations jointly responsible for the 900,000 new homes that need to be built before 2030. However, only 18,000 homes were completed in 2023.

Despite the delay, the new government has decided to continue with the agreements, so that the ambitions for housing construction and sustainability are retained.

In addition to the social housing targets, there are agreements on the realisation of 50,000 medium-sized rented homes. However, housing associations are lagging behind these targets, partly due to slow approval procedures, limited construction sites, rising construction costs and grid congestion. These structural obstacles are putting pressure on the 2030 targets.

The recalibration of the National Performance Agreements was presented during the Woontop 2024 conference. It agreed to remove restrictive rules and procedures and to set uniform requirements for new construction in line with EU rules to accelerate residential construction. BNG is working together with VNG and Aedes to explore the role it can play in fulfilling the agreed commitments.

Sustainability

Sustainability plays a central role in the social rental sector, mainly due to the impact of climate change and increased energy costs. Housing associations have committed to a range of objectives, including making 450,000 homes natural gas-free by 2030 and phasing out homes with an E, F or G energy rating by 2028. This means that there should be no more homes with weak energy performance in the sector. In addition, housing associations are aiming to ensure that no homes are in a poor state of repair as of 2026.

The pressure on housing associations to take measures to reduce energy costs for tenants is growing. There were 180,700 homes with a poor energy rating in 2023. The number of homes with E, F and G energy labels fell by 37,800 homes to a total of 142,900 (down 20.9 per cent). Making existing homes more sustainable and demolishing new buildings leads to improvements in energy labels (source: Aedes benchmark 2024).

Most housing associations follow a climate roadmap and expect to meet the goal of phasing out poorly-insulated homes by 2028. We discuss sustainability structurally with our clients, which is an essential part of our strategy to contribute to the Climate Goals 2050.

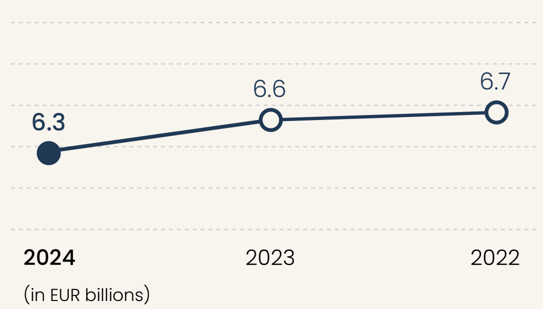
Sustainability is now a logical part of the sector strategy. We are supporting this sustainability through our role as financier and by including ESG criteria in discussions.

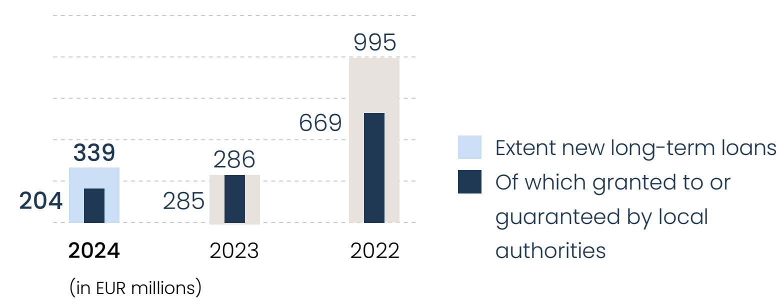
2.3 Healthcare

We support healthcare institutions with financing for investments, such as in healthcare real estate. We work closely with clients from a range of sectors: hospitals, mental health care, care for the elderly, youth care and care for the disabled. Thanks to our strong market position and a stable risk profile, we are a trusted partner for the sector.

Healthcare

Long-term loan portfolio	Extent new long-term loans
€ 6.3 billion	€ 339 million





With its financing, BNG helps healthcare institutions to work on SDGs 3 (Good health and well-being), 7 (Affordable and clean energy) and 13 (Climate action).

Investment challenges

In 2024, the healthcare sector was under pressure to obtain financing for necessary investments. Due to higher costs and limited resources, the volume of investment has decreased. Healthcare institutions need to make sharper choices, while requirements on sustainability and new construction make financing more complex. We support the sector by offering financing and strategic consultancy. In total, we provided 339 million euros in financing. In doing so, we contributed to important financing within the various healthcare sectors.

Technology and sustainability

Healthcare institutions are increasingly investing in technology. Automation and robotisation help reduce the workload, while maintaining the quality of care.

Sustainability in healthcare real estate is also increasingly becoming a priority. For new-builds, the focus is on logistical improvements, which means that care is organised more effectively with fewer staff. This also contributes to more sustainable resource management.

Green Deal: Working together on sustainable care

The Green Deal 'Working together for sustainable care', which we signed at the end of 2023, sets the sustainability of the healthcare sector in motion. Together with our clients, we work on investments that contribute to the goals of the Green Deal. Projects aimed at energy saving and CO_2 reduction are playing an important role in this.

Integral Care Agreement: strengthening collaboration

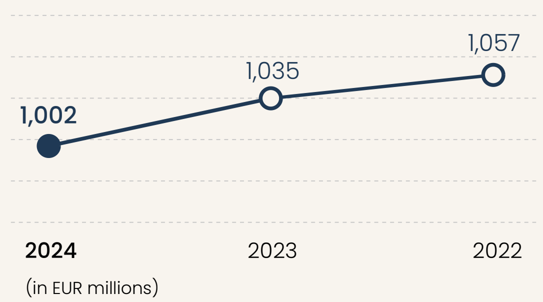
The Integral Care Agreement (IZA) emphasises the importance of collaboration between healthcare institutions, municipalities and health insurers to make care future-proof. Regional cooperation is essential to address challenges, such as staff shortages and complex care needs.

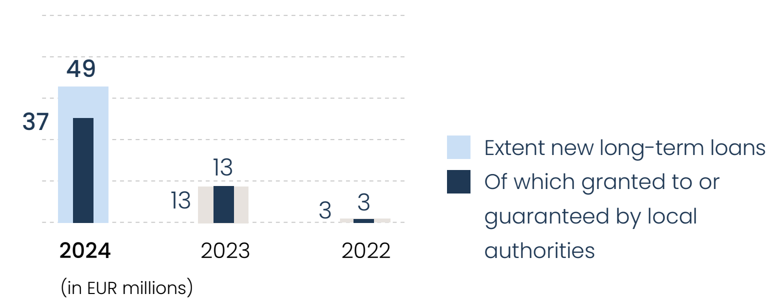
2.4 Education

In the education sector, we provide funding for primary and secondary education, including directly through municipalities, and provide direct support to secondary and higher vocational education institutions, as well as universities. In 2024, we strengthened our role as a reliable partner in educational housing. Thanks to our sector-oriented knowledge and expertise, we can finance solutions to the complex issues in this sector. We combine affordable financing with support for sustainability ambitions and innovations.

Education

Long-term loan portfolio	Extent new long-term loans
€ 1,002 million	**€ 49 million**





With its financing, BNG helps educational institutions to work on SDGs 4 (Quality education), 7 (Affordable and clean energy) and 13 (Climate action).

Sustainability accelerates innovation in education

After a period of delay due to rising prices and the aftermath of the coronavirus, attention again turned to improved education housing in 2024. This development was partly fuelled by the emphasis on sustainability and tackling overdue maintenance.[1] The sector is increasingly focusing on gas-free, energy-neutral buildings and a healthy indoor climate. In addition, the possibilities for circular construction are also being examined. Economies of scale and efficiency are important and are supported by concrete financing and cooperation. BNG supported this change through the extensive financing arrangements for the Housing Cooperatives Samenfoort PO and Samenfoort VO in Amersfoort, which are making several new construction projects possible. Another example is the financing of an integrated child centre in Olst-Wijhe through Stichting Maatschappelijk Vastgoed.

Knowledge sharing and cooperation

We want to contribute to affordable solutions and accelerate the approach to educational housing challenges with our knowledge and expertise. Engaging in dialogue is essential in this regard. In the second quarter of 2024, we organised the Educational Afternoon in Amersfoort, where we discussed practical forms of financing together with municipalities and educational institutions. The focus was on tackling overdue maintenance, sustainability and creating a healthy indoor climate. In the third quarter, we attended the IVVD Onderwijsvastgoeddag together with HEVO, a specialist in sustainable housing. We discussed the sustainability, renovation and scaling up of educational housing with the participants. During both events, we highlighted the importance of the financier's early involvement in decision-making for a more efficient approach and better results.

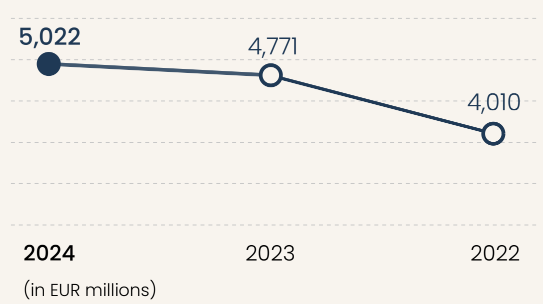
[1] ibo-onderwijshuisvesting-funderend-onderwijs-een-vak-apart-een-toekomstbestendig-onderwijshuisvestingsstelsel.pdf

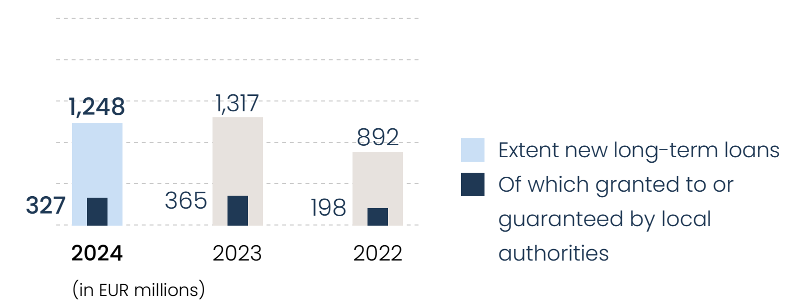
2.5 Public infrastructure and energy

In the Public infrastructure and energy sector, we work together with our clients on sustainable solutions. We provide funding that helps them tackle societal challenges and make an impact.

Public infrastructure and energy

Long-term loan portfolio	Extent new long-term loans
€ 5,022 million	€ 1,248 million





With its financing, BNG helps the public infrastructure and energy sector to work on SDGS 7 (Affordable and clean energy), 11 (Sustainable cities and communities) and 13 (Climate action).

The energy and heat transition, the transition to a circular economy and the development of sufficient space for living and working require considerable investments. Together with (utility) companies, municipalities and the national government, we are ensuring that public facilities remain future-proof. This requires long-term investments, which are often passed on to society via cost-based lending rates.

We offer financing at attractive conditions. We provide both secured and unsecured loans. In addition, we develop and finance (guarantee) funds. With our focus on vital public infrastructure – such as water, electricity and heat networks, renewable energy production, waste management and spatial planning – we are supporting important social goals. At the same time, we are building up the strength of our stakeholders, such as municipalities, housing associations and healthcare and educational institutions.

A stronger role as a partner in the sector

In 2024, we further strengthened our position as a financier of the Public infrastructure and energy sector. This year was marked by both large and smaller financing rounds, with a total outstanding portfolio of EUR 5.0 billion, an increase of EUR 251 million compared to 2023.

Networks

In networks, the focus is on making energy management, drinking water management and heat management systems more sustainable. We play an active role here through financing and cooperation with public and private partners.

In 2024, several municipalities decided to set up a municipal energy and/or heat business. Many other municipalities are working on plans for 2025 or 2026. A good example is the municipality of Westland, where, together with our partners, we have taken an important step in making the heat supply more sustainable. With our co-financing, Aardwarmte Polanen and Warmte Netwerk Westland have succeeded in creating a geothermal installation in Monster. This project is part of the largest geothermal heat project in the Netherlands and provides sustainable heat to more than twenty greenhouse horticulturists. This is a crucial step towards a more sustainable energy system.

The heat transition requires municipal control. An in-house public energy and/or heat company is essential in this regard. In 2025, the Collective Heat Systems Act will strengthen the municipal authority. There will also be policies to support public implementation. We worked together with the Association of Dutch Municipalities (VNG) on a guarantee fund for heat networks. This year, we held extensive discussions with the government and municipalities about the implementation of these plans. In 2025, we will continue our role as a partner of municipalities and the government.

Energy

The energy sector continued to grow in 2024, despite significant challenges, such as grid congestion and energy market price fluctuations. A lot of renewable energy generation capacity has been added in the Netherlands in recent years, such as wind farms and roof and land-based solar farms. This has led to greater differences between the supply and demand of electricity, resulting in more frequent periods of negative electricity prices. This dynamic has a direct impact on existing business cases and is also expected to influence future projects. As a result, well-matched financing solutions are becoming increasingly important.

One of the most important projects in 2024 was the financing of Zonnepark Noordermeerdijk, a land-based solar park with a capacity of 98 MWp in the Noordoostpolder. HVC, an energy and waste company with municipalities and water boards as shareholders, developed this park. Local farmers own 50% of the solar park. It plays a crucial role in increasing the production of renewable energy. The financing was finalised in 2024, paving the way for the realisation of the project in 2025. This emphasises the power of public-private collaboration in the energy transition.

In addition to large-scale projects, we also invested in sustainability on a smaller scale in 2024. In collaboration with SVn and Invest-NL, a fund of EUR 75 million was set up to support the renovation and sustainability of home-owners associations. We finance EUR 60 million of this. This initiative not only focuses on energy savings, but also offers housing associations the opportunity to realise investments in mixed home-owners associations. This partnership plays a key role in making sustainability accessible to a wider range of stakeholders and contributes to making the Dutch housing stock more sustainable.

Environment

One of the major contributions in 2024 was the financing of a fourth fermentation installation at Omrin. This installation is aimed at improving the separation results in the processing of household residual waste and stimulating sustainable energy production from residual waste. This not only reduces CO_2 emissions, but also contributes to a cleaner and more sustainable world with less waste and more reuse. The new fermenter strengthens Omrin's ability to make the most of waste flows, which is essential for achieving environmental goals and supporting the energy transition.

We have also provided funding for the sustainability and modernisation of waste and cleaning services. We supported Cure and AVRI, both joint schemes, with loans for a new storage facility, the replacement of underground and above-ground containers, further electrification of their vehicle fleet, and the establishment of a new environmental street. We also financed Joint Regulation Blink, a joint venture between several municipalities, in the unbundling of the private partner Prezero, which was part of the Joint Regulation as a waste processing company. Our funding was used to take over the fleet and underground containers and set up our own ICT environment.

Mobility

Last year, we supported various mobility financing rounds that contribute to making public transport and major seaports along the coast in the Netherlands more sustainable.

One striking initiative is to make the fleet of the Dutch Pilotage Service more sustainable. Thanks to our funding, two new SWATH ships are being built. These ships are about 20 per cent more efficient than their predecessors, leading to a significant reduction in the ecological footprint. They use an innovative hybrid propulsion system and an electric propulsion system, which contributes to a more sustainable and efficient shipping design. This allows the Dutch Pilotage Service to continue to carry out safe and efficient operations, while at the same time investing in a cleaner future.

The Municipal Transport Company (GVB) in Amsterdam has also taken important steps towards making public transport more sustainable. Together with NWB, we have extended and expanded the CFP revolving credit facility to a total of EUR 427 million. This additional capital will be used to achieve the ambitious investment agenda of the GVB for the coming years. The GVB plays a crucial role in public transport in and around Amsterdam. Every day, the company transports more than 800,000 passengers using subways, trams, buses and ferries. This funding will help the GVB to modernise its infrastructure and vehicles, ensuring more efficient transport and contributing to a more sustainable urban transport system.

Spatial planning

With the ambition to build more than 900,000 homes by 2030, area development is more topical and more important than ever. This ambition calls for significant investments in both new locations for residential construction and the redevelopment of existing (commercial) locations.

As a public sector financier, we play a trusted role in this and provide the financial basis to realise large-scale projects. The challenge with spatial planning is that large investments in infrastructure, public space and facilities are needed before homes or business locations reach their final destination. We work closely with public partners, such as provinces, municipalities and Regional Development Companies (ROMs). Additionaly, we leverage our expertise in Public-Private Partnerships (PPPs) when it adds value.

We financed a wide range of developments in spatial planning in 2024. These ranged from expansion sites for residential construction in fast-growing municipalities to the redevelopment of industrial sites. These projects not only contribute to a liveable residential environment, but also strengthen the economic capacity of regional governments. By making infrastructure and facilities future-proof, we are supporting the Netherlands' broader ambitions in terms of sustainability and resilience.

3. Financial results and outlook

3.1 Strong position in money and capital markets maintained

Developments in 2024

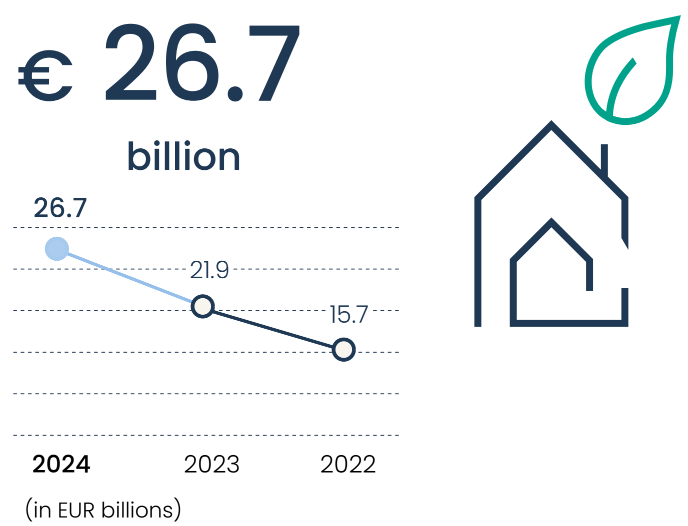
In 2024, we raised EUR 18.6 billion in long-term funding with an average maturity of 5.7 years. The total amount of long-term funding raised is about EUR 3 billion more than in 2023. This was directly contributed by several large syndicated bond issues, so-called benchmarks. We have been active this year by making four new benchmark issues in EUR and three in USD. This is in line with our ambition to maintain an outstanding curve of benchmark bond issues for both currencies. In addition, we issued two large new bonds in GBP. We were also active in AUD and CHF and returned to the Chinese yuan and Hong Kong dollar bond markets after a few years of absence. Our funding strategy is designed to reach a wide variety of investors both in terms of geography and type of investor. The primary investor interest of 2024 shows that we are more than achieving this diversity.

Importance of issuing ESG bonds

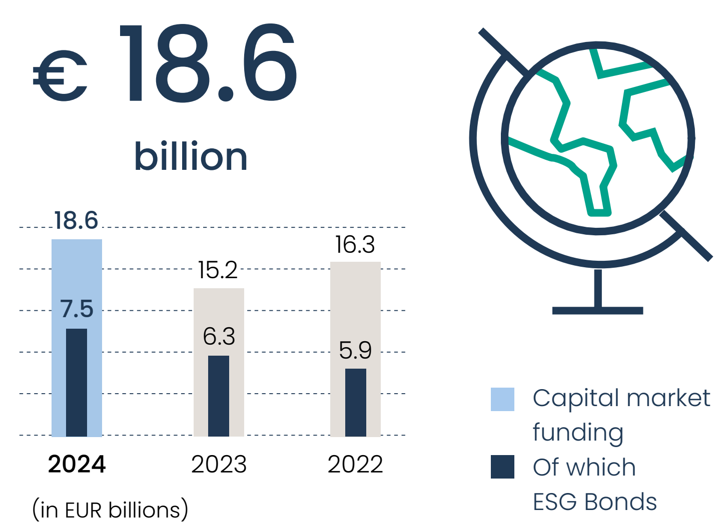
In the capital markets, investors are seeing significant interest in ESG bonds. Since 2014, we have been active in this market in issuing bonds with a sustainability or social label. Since then, we have already issued more than EUR 32 billion of these ESG bonds in the capital markets. The current ESG bonds are issued in line with the bank's Sustainable Finance Framework. This framework can be consulted on our website:. We use the funds raised to finance municipalities and housing associations. To this end, local authority budgets and expenditure by housing associations are directly linked both to the green and social bond categories of the International Capital Markets Association (ICMA) and also to the United Nations Sustainable Development Goals (SDGs).

Our ambition is to take a significant part of the funding from the issuance of ESG bonds. In recent years, the issuance of ESG bonds has, therefore, increased. While ESG bonds made up 14 per cent of our total bonds issued in 2020, this percentage increased to more than 40 per cent in the past year. In total, we issued a record EUR 7.5 billion of ESG bonds in 2024. This was done both by new issues and by increasing some existing bond loans.

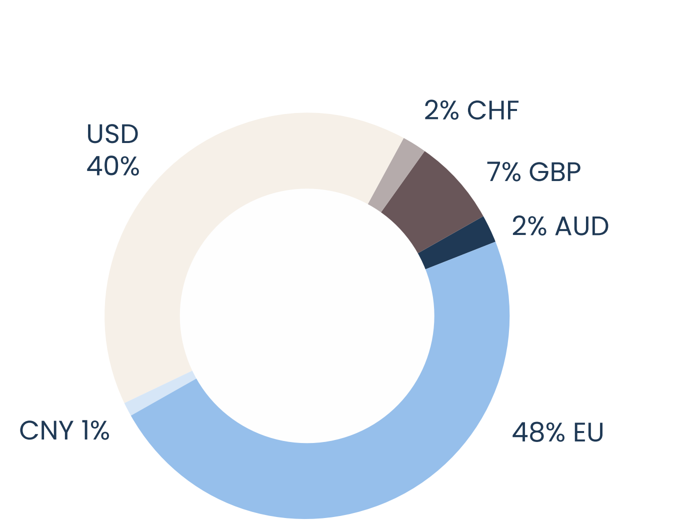
Total outstanding ESG Bonds



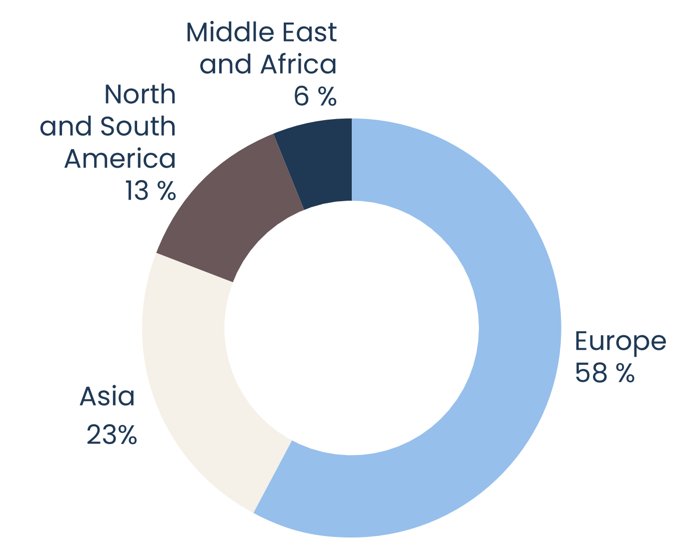
Long term funding raised



Funding by currency



Funding by geographic region



Progress in circular waste treatment

Waste company Omrin is expanding with a fourth fermentation installation. This was necessary because more and more municipalities are being served by Omrin (currently there are 36 municipalities that are shareholders). This, in turn, contributes to higher separation results for the company.

The new installation provides an additional 5 million m³ of biogas annually and works with an innovative dry fermentation system. This system produces biogas more efficiently, with less wastewater and a higher energy yield. Together with another financial institution, we provided the funding for this. With this, BNG is committing to more renewable energy from residual waste.

In addition, Omrin's existing credit facilities have been restructured and extended by eight years. This will allow Omrin to make other important investments, such as in the construction of a new office, the purchase of bunker cranes and measures to limit odour and noise pollution. These developments will reinforce Omrin's role as the most circular waste processor in the Netherlands.

3.2 Financial results

Results and return

During the 2024 reporting year, BNG recorded a net profit of EUR 294 million. This is EUR 40 million more than in 2023. This performance was also reflected in a higher return on equity of 6.4%, compared with last year's return on equity (5.5%). The growth of the lendingportfolio and higher liquidity spreads for governments and public sector entities have contributed to this result.

The presentation of the financial results in the consolidated income statement was amended in 2024 with respect to derivatives. This is to provide a better understanding of the factors underlying the result from financial transactions. The comparative figures have been adjusted for this.

BNG achieved a net interest result of EUR 536 million. This result is EUR 19 million higher than the result for 2023. The growth of the lendingportfolio has contibuted to the increase in interest result. Furthermore, higher interest rates in 2024 more than offset the less attractive conditions for short-term transactions.

In 2024, compared to last year, the commission result increased by EUR 4 million to EUR 30 million. The increase is mainly attributable to commissions related to treasury activities. Commission income also consists of preparation and payment fees invoiced to clients.

The result on financial transactions amounted to EUR 15 million negative. Last year, this was EUR 32 million negative and was strongly influenced by the termination of the ECB easing policy. The cessation of massive bond purchases in the market led to a substantial increase in bond liquidity spreads in 2023. These spreads remained high in 2024.

The realised sales results of EUR 18 million negative were the largest contributors to the result for financial transactions this year. Last year, it was 23 million negative. Unrealised gains and losses on financial transactions of EUR 3 million are net of unrealised market value adjustments, the ineffective portion of hedge accounting and revaluations of the credit component of financial products.

The consolidated operating expenses of BNG amounted to EUR 152 million on balance. These increased by EUR 10 million compared to 2023. This is due to the addition of temporary external personnel. The hiring of external employees is aimed, among other things, at implementing new legislation and regulations and improving the strengthening of the current IT infrastructure. On the other hand, the Resolution Fund did not call for additional contributions. In 2023, it was EUR 14 million.

The result from the special impairments on financial assets in 2024 is EUR 35 million positive (2023: EUR 8 million positive). The bank's total provisions for expected loans and advances losses decreased by EUR 32 million to EUR 53 million, mainly due to the settlement of a number of loans and advances (together EUR 39 million).

The effective tax burden for 2024 was 27.0%, at a nominal corporate income tax rate of 25.8%. The bank levy amounted to EUR 31 million in 2024, EUR 9 million higher than in 2023. This increase is primarliy caused by the tax rate being raised by more than 30%.

The balance sheet total of BNG in 2024 was EUR 128 billion, which is EUR 12 billion higher than in 2023. This is, among other things, the result of attracting more new funding. As a result, the balance sheet item Debt securities increased by EUR 10.4 billion. Of this amount, EUR 5.5 billion is long-term funding. This funding was used to finance the growth of the loan portfolio and the remainder was included in the balance sheet item 'Cash held at the central bank'. Furthermore, risk-weighted assets increased from EUR 9.6 billion to EUR 10.3 billion. The increase is mainly due to an adjustment of the solvency weighting of drinking water companies and network companies.

The size of the long-term loan portfolio is EUR 93 billion, of which EUR 7.6 billion is subject to solvency requirements. The increase of the portfolio by EUR 3.9 billion compared to the end of 2023 is completely free of solvency requirements. In 2024, EUR 11.7 billion in new long-term loans and advances were granted, EUR 0.4 billion more than last year. The increase in the portfolio is particularly due to high demand in the housing sector. The portfolio in the housing sector increased by EUR 4.0 billion to EUR 50.9 billion in 2024.

BNG maintains a target of 90% solvency-free exposures in the total loan portfolio. The target was achieved at 91.8% in 2024. In addition, the bank aims for a success rate of at least 60% on solvency-free long-term lending to local authorities, housing associations and healthcare institutions. In 2024, 61% of loan applications were granted by the bank and the 60% target was met.

Liquidity ratios remain strong, with a net stable funding ratio of 139% in 2024 (119% in 2023) and a liquidity coverage ratio of 217% (143% in 2023). These ratios are also well above the minimum levels and reflect the bank's prudent risk management.

At year-end 2024, BNG's equity stood at EUR 4.8 billion. Of this amount, EUR 0.3 billion is additional Tier 1 capital. The Bank's solvency ratios remain strong. The Common Equity Tier 1 ratio is 40% and the Tier 1 ratio is 43%. In 2023, these figures were 43% and 46%, respectively. At the end of 2024, the leverage ratio was 12%, which is 1% lower than the 13% at year-end 2023. The CET1, Tier 1 and leverage ratios are well above the minimum values imposed by the regulator.

Dividend

A dividend of EUR 140 million for 2024 will be proposed at the Annual General Meeting (EUR 120 million in 2023). In line with our policy, this is 50% of the net profit, adjusted for the payout on the additional Tier 1 capital.

BNG recorded a net profit of € 294 million. This is € 40 million more than in 2023

Financial Results

Lending 2024

Long-term loans 2024 € 11.7 billion

2023

€ 11.3 billion

Net profit 2024

€ 294 million

2023

€ 254 million

Net profit **increased** in 2024

AAA

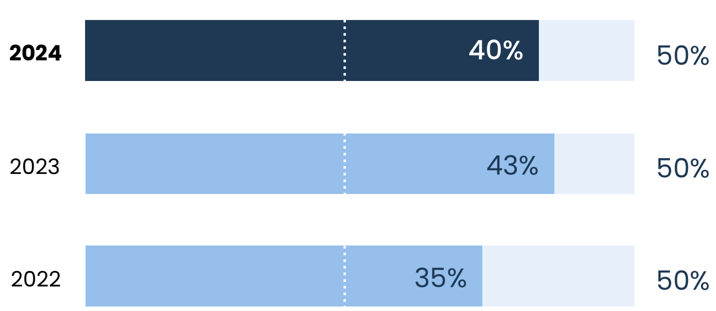
External ratings by Moody's, S&P and Fitch are in line with the ratings of the Dutch State.

Share of promotional loans in portfolio.

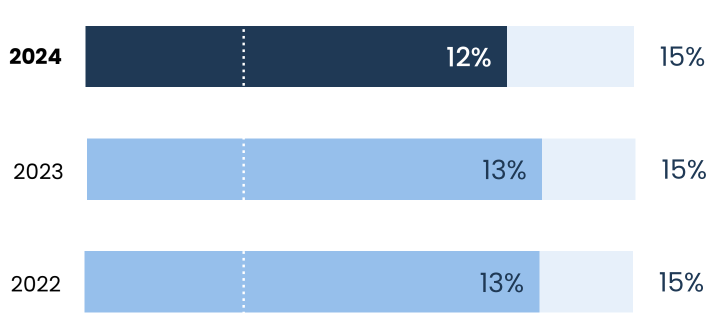
Return on equity

Return on equity is above return benchmark of the Ministry of Finance of 1,7%

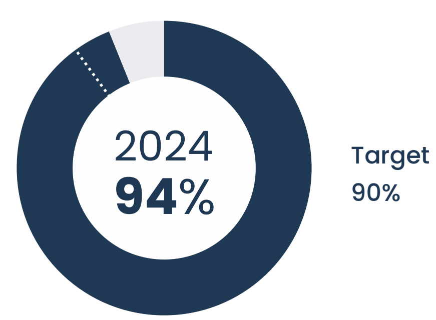
Common equity Tier 1 ratio



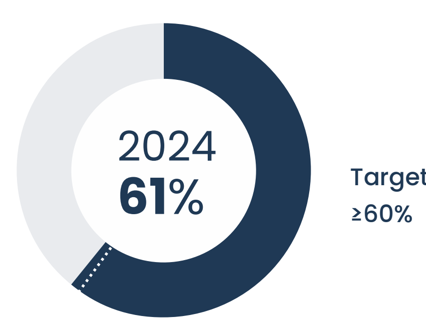
Leverage ratio



At least 90% of the long-term loans on the balance sheet should qualify

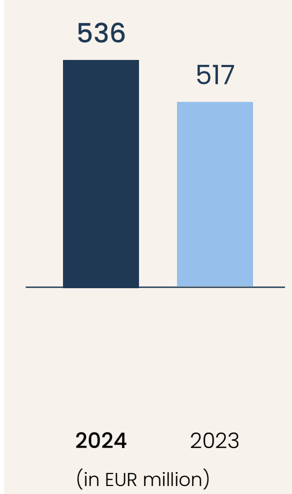


Scoring percentage for lending volume exceeds 60%

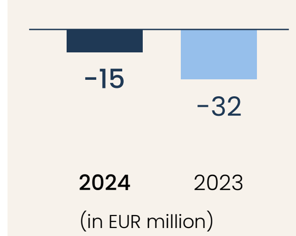


Factors that influence net profit:

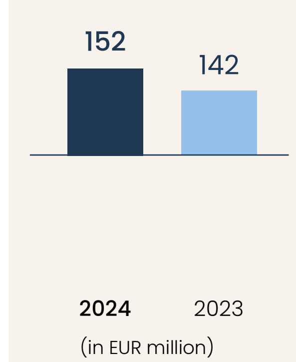
Higher interest results



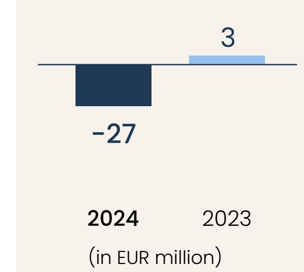
Higher result financial transactions



Increase in operational expenses



Changes in allowance for credit losses



3.3 Financial outlook

As in previous years, BNG's funding policy will continue to be focused on ensuring permanent access to the money and capital markets at the terms and volumes required and at the lowest possible rates. BNG expects to raise approximately EUR 19 billion in funding in 2025. Over the next year, the bank again intends to raise a substantial part of its long-term funding from ESG bonds.

BNG does not expect to pay a contribution to the Single Resolution Fund in 2025. The fund has been fully paid up since 2023 and requests for it to be supplemented are only made in the event of a bankruptcy of a European bank.

BNG is expected to remain financially strong in 2025, as well. Strong capitalisation, healthy profitability combined with a high market share and good funding conditions are also providing a solid financial foundation for the future.

The total amount of net profit is subject to uncertainty because the bank cannot forecast the development of unrealised market value adjustments. The bank is unable to reliably estimate net profit for 2025 for that reason.

4. CO_2e emissions

Although BNG clients are mainly active in the social field, they also have a role to play in the field of the environment and energy transition. The climate crisis, stricter EU legislation on sustainability and increasing pressure on the public domain call for substantial investments and innovative solutions to climate issues. This underlines the urgent need for financial institutions to deal effectively using the resources available.

Our impact-driven strategy responds to this. We aim to achieve net-zero CO_2e emissions within our value chain by 2050. In doing so, we are focusing primarily on making our lending more sustainable, with specific reduction targets for 2025 and 2030. In addition, we are also taking measures within our own operations, such as the use of renewable energy and the renovation of our office.

Responsible financing for a sustainable society

Climate change entails significant risks, such as physical damage from extreme weather conditions and transition risks from the transition to a sustainable economy. An example of this is the depreciation of buildings that do not meet the sustainability requirements. Through strategic cooperation, we are supporting our clients in their transition to a more sustainable economy, while also working actively to limit risks.

Although we only have an indirect influence on our clients' emissions, we encourage sustainability by means of targeted financing, strategic discussions and conditions that encourage sustainability. Examples of this are the financing of heating networks and sustainability projects for housing associations and municipalities.

We are actively contributing to the energy transition by financing renewable energy, such as wind and solar energy , energy-efficient buildings, electric mobility and CO_2e storage infrastructure. Network operators play a crucial role in this, which is why we also support investments in expanding and strengthening the energy network.

Financed emissions

We have been measuring the CO2e emissions caused by our financing since 2018, based on the method developed by the PCAF (Partnership for Carbon Accounting Financials). The outcome of this measurement and the methodology and data used are described in detail in our report "Greenhouse Gas Emissions of BNG's Loan Portfolio", which can be found on our website. In the 2024 report, we provide an update of the financed emissions associated with the outstanding loans as at 31 December 2023. In paragraph 9.1 of this Annual Report, the key elements of the methodology and data are explained.

In our Going Green climate plan, we have set targets for our financed emissions. Every year, we report on the progress made on these targets in our Climate Progress Report, which we publish as a separate document at the same time as this Annual Report.

The absolute financed issues from our loan portfolio will increase from 1,770 ktCO_2e in 2022 to 2,445[1] ktCO_2e in 2023. This increase is attributable to the expansion of loans in scope and the growth of the portfolio in our emissions measurement. The coverage ratio of our measurement increased from 89.8% in 2022 to 99.6% in 2023. The loan portfolio also grew by 1.3% from €86.7 billion in 2022 to €87.8 billion in 2023. This resulted in 28.2 tCO_2e per financed million euros, an increase of 24% compared to the previous year (2022: 22.7 tCO_2e/€m). The increase is mainly due to the expansion of the emission measurement of the Public Infrastructure and energy sector. This is a diverse sector with more emission-intensive client groups. In our Climate Progress Report, we look more closely at the client groups that we finance within this sector. If we limit ourselves to the sectors we measure from 2018[2], these will generate 20.4 tCO2e per financed million euros, a decrease of 5% compared to the previous year. For the calculation of the KPI on the percentage decrease of absolute scope 1 and 2 emissions, only the sectors that we have been measuring since 2018 are included. These sectors are Housing Corporations, Municipalities, Provinces, Water Boards, Healthcare, Education, and Drinking Water Companies. The absolute emission measurement for scope 1 and 2 for these sectors was 911 ktCO2e in 2023 and 937 ktCO2e in 2022. This is a decrease of 3%.

For the first time this year, we have mapped out the financed emissions for our bond portfolio. These are bonds that we have purchased from sovereigns, supranationals, multilateral development banks, municipalities and companies in the Public Infrastructure sector. Emissions were able to be measured for 48% of this portfolio in 2023.

These results are explained in more detail in the Climate Progress Report.

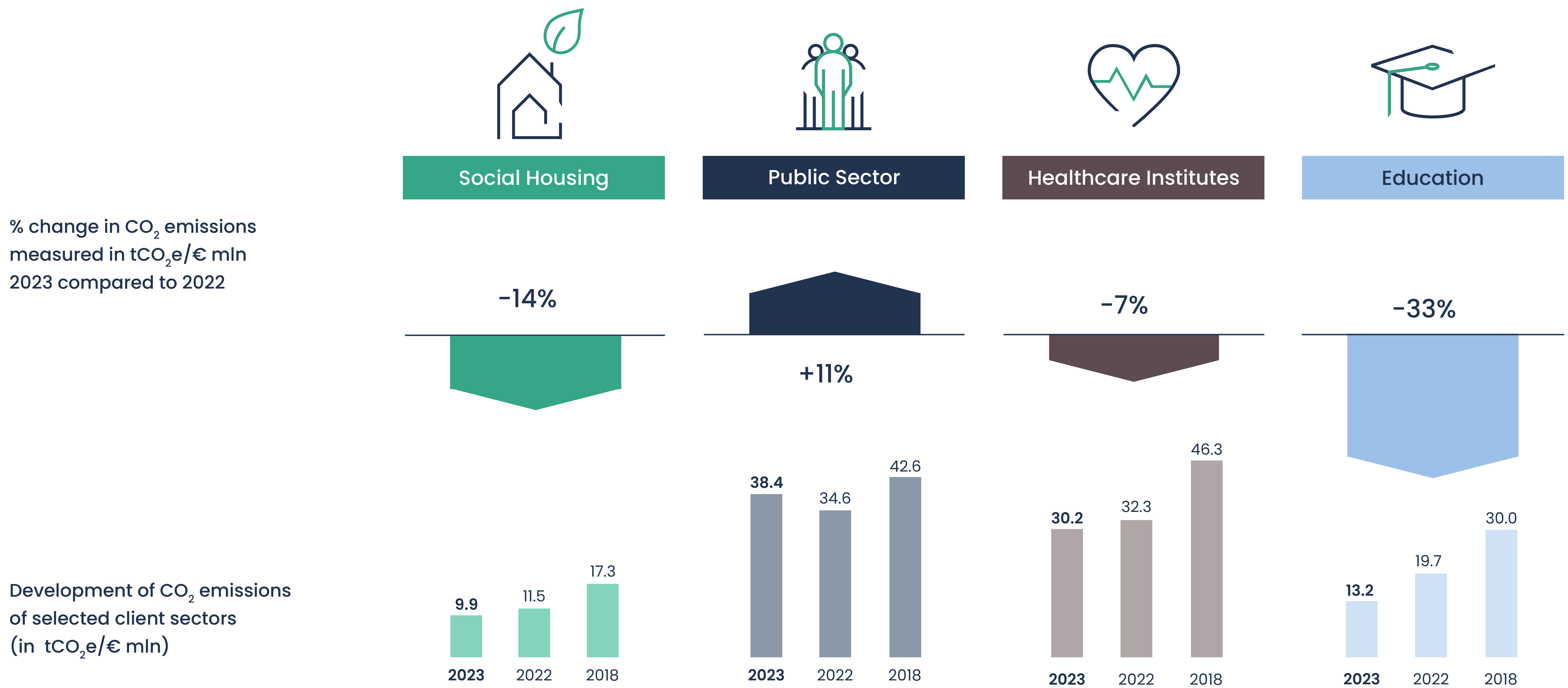
[1] This differs from what we presented in our Annual Report 2023. The methodology for calculating the scope 3 emissions of municipalities has been refined. We have also applied this change retroactively to the 2022 emissions.
[2] Housing Associations, Municipalities, Provinces, Water Boards, Healthcare, Education and Drinking water Companies

CO_2e emissions associated with loan portfolio

	Social Housing	Public Sector	Healthcare Institutes	Education	Public Infrastructure	Other	Avoided emissions Energy
Emissions (tCO_2e/€ mln)	9.9	38.4	30.2	13.2	149.8	80.7	714.3
Total 2,445 kton CO_2e Emissions attributed to credit loans by BNG	464	1,058	200	14	686	23	380
PCAF data quality score (range 1 to 5, with 1 being the highest score)	2.1	3.8	3.2	3.4	3.5	5.0	3.0
% portfolio included in measurement	100%	100%	100%	100%	99%	100%	62%

More details are included in the tables in section 9.1 of this Annual Report.

Development in CO_2e emissions associated with the loan portfolio



The Public Infrastructure and Other sectors are not included in this visual as the 2023 figures are not easily comparable with those of 2022.

Internal operations and sustainability

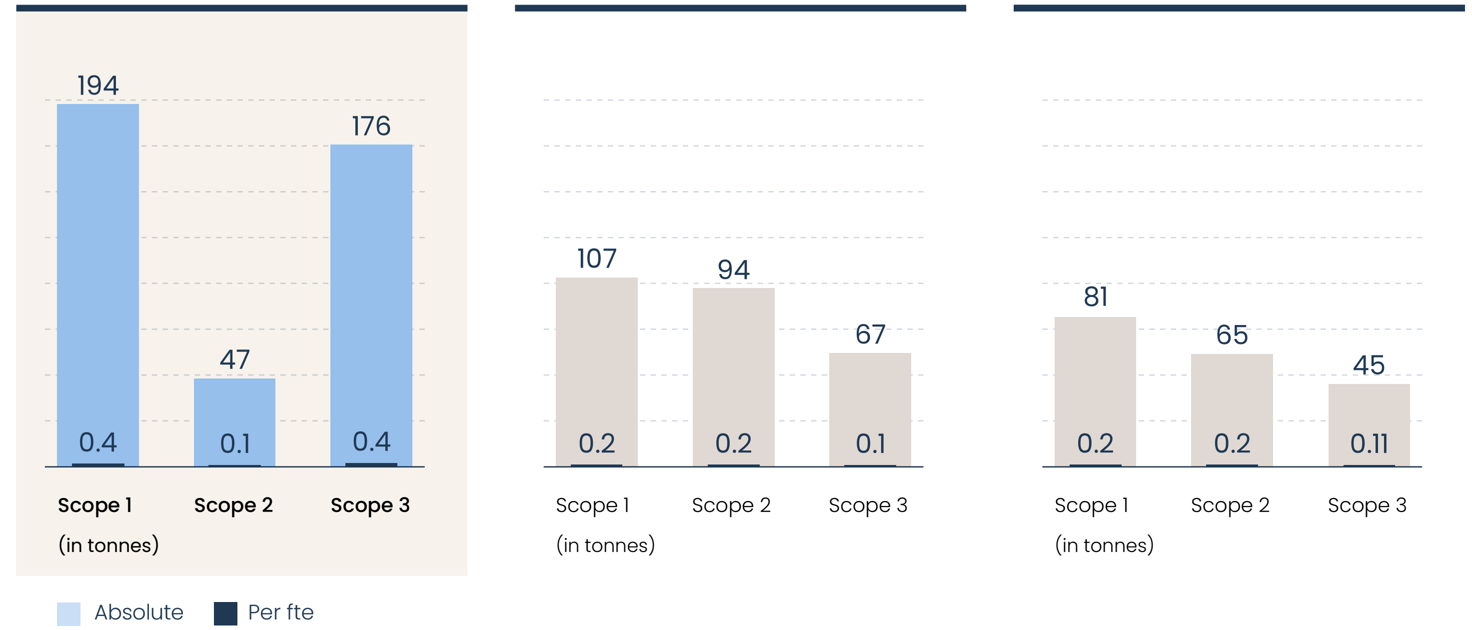
In addition to our external impact, we aim to achieve CO_2e neutrality and the responsible use of materials within our own operations. We report our scope 1, 2 and 3 emissions annually in accordance with the Greenhouse Gas Protocol (GHG). This year, we expanded our measurement to include emissions caused by our employees' commuting, other business travel (in addition to air travel) and emissions resulting from our waste.

In 2023, we started renovating our office building on Koninginnegracht. The building will be preserved further and will meet the highest energy efficiency standards after delivery (energy label A++). During the renovation period, we are using temporary accommodation that runs partly on gas, which has led to a temporary increase in scope 3 emissions. Nevertheless, the electricity supply remains completely green. We will return to our renovated and more sustainable office building in 2026.

We tightened our lease policy in 2024. We can now only opt for electric lease cars. As a result, we will have a fully electric fleet from 2029. Our policy on business travel has also been tightened: the train is the standard choice within Europe and within a radius of 750 kilometres around The Hague.

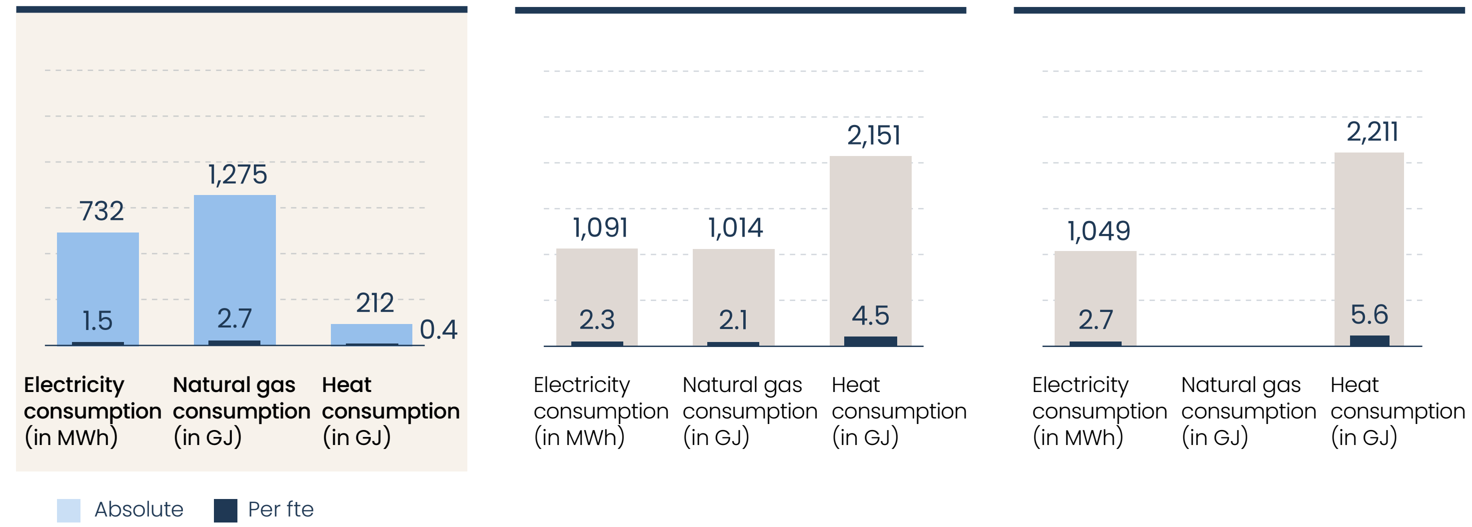
Emissions CO_2e (in tonnes)

2024	2023	2022
Total 416 (0.9 per fte)	Total 268 (0.6 per fte)	Total 191 (0.5 per fte)



Energy and heat consumption

2024	2023	2022



Note: Our scope 1 emissions have increased since 2023 due to the use of gas in our temporary office building for heating the building.

5. Internal business operations

5.1 Employees

Our people: the heart of the bank

Our employees make a difference and are the beating heart of BNG. This awareness is firmly anchored in our strategy, in which we emphasise: *'We are a bank with a heart, focused on personal growth and cooperation.'*

Strategic priorities

In 2024, we continued to shape this strategic ambition with initiatives that fit in with our new core values: professional, binding and optimistic. These values were introduced during the 'BNG Boost' meeting, at which the entire bank was present, in the first quarter. This meeting provided us with the opportunity to flesh out our core values and the associated culture together.

Strengthening our strategy includes concrete and measurable goals in the areas of diversity, inclusion, involvement, development and cooperation. Each quarter, we reported on progress and impact through identified KPIs. These quarterly reports are an important way to show successes and take further steps.

In the fourth quarter of 2024, we developed the ambitions for our strategic objective further in program plans for 2025 and targets through to 2026. As a result, 'a bank with a heart' remains not only an ambition, but a lasting driver that is visible in our culture, results and growth. The KPIs for this objective are now also anchored in the Performance Management System, by which joint results targets for management will be integrated across the bank by 2025.

Human resources policy

Our human resources policy focuses on creating an inclusive, sustainable and fair working environment. This policy is based on our human rights policy, which applies to lending, liquidity management and procurement. It promotes equal opportunities and fair pay, regardless of gender, race, religion or employment relationship.

In 2024, we implemented important policy updates to strengthen our human resources strategy. One of the most important initiatives was the introduction of a new job centre in collaboration with the Works Council. The job centre consists of seventeen job families and promotes internal flow. Employees are given more clarity about the knowledge, skills and competences they need to make progress within or outside a job family. This transparency contributes to the involvement and development of our employees and helps our management in the implementation of the strategic human resources planning.

We have also developed and adopted our policy for external hiring. This policy provides a clear direction for our recruitment strategy and complies with applicable labour relations laws and regulations. It helps us to deal strategically and consciously with personnel needs and strengthens our position as an attractive employer.

We have also updated our privacy policy in 2024. We have developed new data and communication monitoring arrangements in close collaboration with IT Security, Compliance and the Works Council. The Data Protection Officer (DPO) was involved in this. This update ensures compliance with laws and regulations and protects the privacy of our employees.

Personal growth

In 2024, we once again invested heavily in the development of our employees. We stimulated more internal mobility and saw a growing use of our learning and development platform, which is a part of the '*Unlimited Learning*' concept. This concept reflects our ambitions to continuously support employees in their personal and professional growth. In 2024, the platform offered a mix of mandatory e-learning modules and customised *learning tracks* for specific topics, such as onboarding.

Each employee sets themselves personal development goals for the coming year through our Performance Management system. In order to strengthen talent development, we started a Personal Leadership Programme in 2024. This program builds on previous leadership initiatives and includes forty employees selected based on development potential as defined in the Strategic Human Resources Planning. The programme consists of two two-day modules, followed by peer-review meetings, and is accessible to employees of all ages.

Diversity and inclusion

Diversity and inclusion took centre stage in 2024. In January, we signed the SER Charter on Diversity and submitted a plan of approach to the SER, confirming our commitment to these themes. As part of this plan, we established an ambassador group that actively works to promote diversity and inclusion within the organisation. These efforts were supported by events, such as the BNG Boost meeting and the initiatives during Diversity Day. These events contributed to raising awareness and engagement among employees.

The results of our Pulse Surveys in the first and last quarter of 2024 provided important insights into social safety, collaboration, engagement and familiarity with our strategy. We shared the team results across all teams and discussed actions and improvements together. In addition, we have identified a number of bank-wide topics that we will work with on a structural basis in 2025.

The report figures for 2024 were 7.3, 8.3 and 7.6 on the topics of enthusiasm, inclusion and social security (2023: 7.4, 7.9 and 7.5). And we take pride in this.

At the same time, the so-called Employer Net Promoter Score has still not reached the level desired in 2024. The score is -1 (2023: -7). This score means that the percentage that will not recommend BNG as an employer (25%) is higher than the percentage that will recommend BNG as an employer (24%). This is an important signal that has been translated into concrete actions for management.

Recruitment, selection and onboarding

We optimised our recruitment and selection activities in 2024. We reinforced our presence on social media and deployed our employees as ambassadors through the referral programme. 16 new employees have been recruited via the referral programme. The time needed to fill vacancies (*time to hire*) increased in the first half of 2024, but decreased in the second half. We have increasingly filled vacancies through internal flow, recommendations and our own recruitment efforts. As a result, the share of external agencies in our recruitment activities continued to decrease.

We improved our onboarding programs in 2024 to integrate new employees more quickly, regardless of their employment relationship. These programs help them feel connected to our organisational culture. These programmes contribute to a smooth start and reinforce the sense of involvement in BNG as an attractive employer.

Sustainable employability and green employment conditions

Sustainability is an essential aspect of our human resources policy. We are inspired by the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. This is reflected in sustainable employment relationships and 'green employment conditions'. To promote the sustainable employability of employees, we offer facilities such as a sports budget, bicycle plan and vitality leave. These contribute to the vitality and long-term commitment of our employees.

Absenteeism is 4.0% in 2024, which is higher than in 2023 (3.3%). This higher rate of absenteeism is mainly due to higher absenteeism in the fourth quarter. Long-term absenteeism is largely medically related. The standard for frequent absenteeism is set at 3 instances of illness or more during the past 12 months. In the event of frequent sickness absence, managers will speak directly with employees.

We made our mobility and leasing policy more sustainable in 2024.

Key figures HR

478 colleagues

155 female

323 male

54 left the organization

58 commenced employment

31 changed position internally

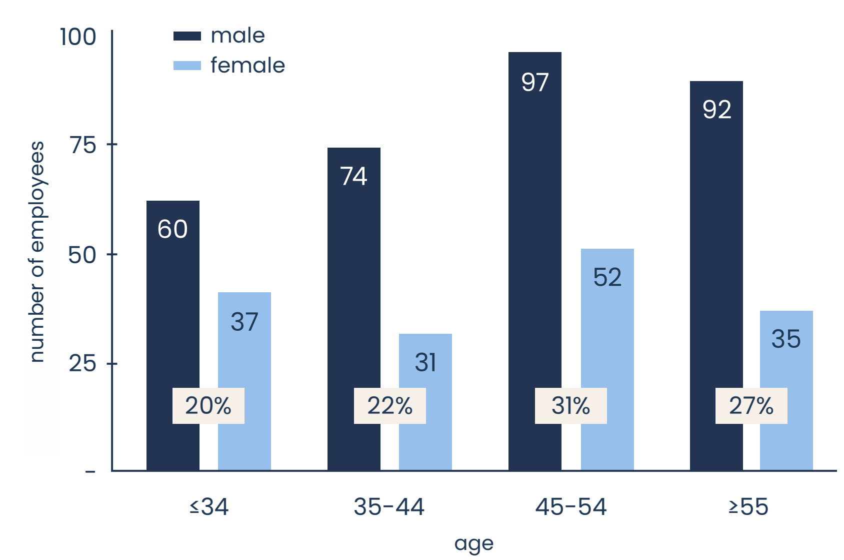
46 jaar is the average age

46 work part-time < 32 uur

432 work full-time > 36 uur

21 is the youngest employee

68 is the eldest employee



Remuneration Policy

BNG is a member of the Employers' Association of Banks (WVB) and applies the Banks' Collective Labor Agreement (CAO Banken). 94% of BNG employees fall under the Banks' Collective Labor Agreement.

Based on the agreements in this collective labor agreement, salaries and salary scales were increased by 4% on January 1, 2024. In addition to many other arrangements, the collective labor agreement also includes a parental leave arrangement that can be further detailed at the organizational level.

BNG has a parental leave arrangement where the first 4 weeks of parental leave (a total of 9 weeks possible) are supplemented to 100% of the salary. In 2024, 18 employees (9 men and 9 women) made use of this arrangement. All employees whose parental leave has ended, have returned to their position.

The Banks' Collective Labor Agreement also includes a vitality arrangement. Employees can take two months of leave based on certain criteria while retaining part of their salary. In 2024, 11 employees made use of this arrangement. Additionally, the vitality arrangement includes a so-called 80-80-100 arrangement where the employee works 80% for 80% salary but retains 100% pension accrual. Four employees within BNG participated in this arrangement.

All employees participate in the pension scheme of the ABP. BNG contributes 70% to the pension as an employer, and the employee contributes 30%. All mentioned figures are as of the end of 2024.

BNG strives for a controlled remuneration policy, in line with our identity and strategy. We want the remuneration policy to discourage taking more risk than acceptable. The remuneration policy should also not lead to incentives for non-integrity behavior. Therefore, employees and members of the ExCo and the Supervisory Board (SB) do not receive variable remuneration. In situations of exceptional performance, employees may receive a one-time bonus or token of appreciation.

The SB oversees the bank's remuneration policy. The general principles of the remuneration policy for the ExCo and employees are approved by the SB. Annually, the SB is reported on the implementation of the remuneration policy and reviews whether the remuneration policy meets the principles for a controlled remuneration policy. For this purpose, the Risk Management department conducts a risk analysis for various parts of the remuneration policy. There is also an annual report and consultation with the Works Council on remuneration ratios within the bank.

The determination of the remuneration policy for the statutory members of the ExCo and the determination of the remuneration scheme of the SB is done by the General Meeting of Shareholders (AVA). The salary of the highest-earning member of the ExCo was 3.87 times the median salary of BNG employees in 2024 (4.07 in 2023). The average salary (wage bill) increased by 13.7% compared to 2023. The remuneration policy and the remuneration report are published on the website. The remuneration of the members of the ExCo and the SB in 2024 is reported in the Financial Statements.

5.2 Compliance

We act with integrity. This starts with compliance with relevant laws and regulations. In addition, we follow strict rules for integrity within our organisation and for our employees. These rules also apply to clients, partners, suppliers and any other third parties involved.

Governance

The integrity and regulatory compliance risks are BNG's compliance risks. All departments within the bank are responsible for managing these. A second-line independent compliance function supports this. This function advises, monitors and reports on integrity and compliance risks. We describe the purpose and tasks of the compliance function in the Compliance Charter. The compliance cycle forms the basis for these activities.

Compliance cycle

In this cycle, we identify and analyse risks. In addition to the monitoring activities, the Risk Control Self-Assessment, the policy for Regulatory Compliance Risk Management and the Systematic Integrity Risk Analysis (SIRA) are all important instruments. We map our integrity risks annually via the SIRA. In 2024, we focused mainly on refining the risks of financial-economic crime (FEC) and the bank-wide themes of organisational integrity and duty of care.

Developments in 2024

In 2024, our focus was on two areas: strengthening existing activities and addressing specific compliance risks.

On the one hand, we have focused on consolidating our existing activities and increasing their effectiveness and efficiency. This included the SIRA and the process by which we monitor the compliance risks of existing and new regulations.

On the other hand, the emphasis was on compliance risks, for which the basis was not yet strong enough. We implemented improvements to ensure that we continue to operate within our risk appetite.

Risk Appetite

In 2024, we found that we were not fully operating within our risk appetite for compliance risks. This included the execution of our gatekeeper role, the technical support for this, and the necessary governance and resources to address privacy risks. Preparing for future regulations also posed challenges. We had to make choices to comply with critical provisions on time, while implementing temporary measures for other provisions.

In 2024, we took steps to operate within our risk appetite. Where necessary, these efforts will continue to be a high priority in 2025. Although we did not fully operate within our own risk appetite, this did not lead to serious integrity incidents.

In 2024, we found that the privacy team had insufficient capacity to implement the desired improvements in the privacy framework. Therefore, we decided to establish a privacy office within Compliance in mid-2024. Employees of this privacy office work on improvements in the protection of personal data. Incidents involving sensitive personal information had no significant impact. Two data breaches were reported to the Data Protection Authority as a precaution. We have not received any complaints about privacy breaches.

Financial and economic crime

We renewed our client integrity policy in 2024. This policy forms the basis for the due diligence process. This allows us to assess counterparts in the international money and capital markets, clients in the Dutch public domain and other relationships. In addition, we use this policy as a foundation for our transaction monitoring programme, which allows us to detect suspicious transactions.

An important part of the due diligence process is to assess corruption risks and the associated risks, such as country risk. We also assess corruption risks in the SIRA. We look at both commercial processes and our own internal processes. We estimate the inherent risks to be limited. Our policy and code of conduct further limit these risks. That is why we have not offered specific anti-corruption training. We also did not register any incidents of corruption.

Conduct risk

Our updated code of conduct remained the starting point for the standards we apply in 2024. In order to ensure the integrity of our employees, clients, counterparts and other third parties and to provide honourable products and services, we have developed this code of conduct in additional policies where necessary. We evaluate and update this policy at least once every two years.

New employees (internal and external) are informed about this code of conduct and the related policy at the start of their work. During their onboarding, they take the banker's oath and complete several in-depth training courses. The policy has been published internally and is accessible to existing employees. Managers, HR and Compliance are ready to provide consultancy or answer questions about this policy.

Together, managers, HR and Compliance have the responsibility to check whether employees are aware of the desired behaviour. In addition to regular contact moments, where signals can be discussed in this regard, we offer a range of options for reporting potential irregularities. We have a reporting scheme and a complaints scheme for employees. There is a complaints procedure for external stakeholders, which can be found on our website. Compliance monitors the effectiveness of these schemes and found in 2024 that there were no reports with a significant impact.

We did not identify any internal fraud cases in 2024 and did not conduct any internal fraud investigations. However, one incident was reported, which showed that a control measure against internal fraud was not fully effective. The team in question has introduced an additional measure in this regard. We did not receive any signals of external fraud cases caused by BNG.

Regulatory compliance risk

Demonstrable compliance with all of our obligations requires constant effort. Not only because of the extent of the obligations and the continuous flow of changes in the regulations, but also because of the interpretation of obligations and the standards that are often in flux.

The new regulatory compliance risk management policy for 2023 provides insight into how to identify and report on compliance risks. We continued to build on this in 2024. We detect and identify material compliance risks through analytics and monitoring within the compliance cycle. In addition, we use information from first-line monitoring, audit reports and discussions with regulators.

A range of activities contributed to managing the regulatory compliance risk in 2024. For example, improvements in tackling financial-economic crime have led to better compliance with the Anti-Money Laundering and Anti-Terrorist Financing Act. Improvements in the management of IT risks and credit risks have also strengthened our compliance with regulations in these areas. In addition, we have prepared ourselves for new regulations that will come into force in 2025.

We are focusing on timely compliance with provisions from the new Capital Requirements Regulation, the Corporate Sustainability Reporting Directive, the Digital Operational Resilience Act and the Instant Payments Regulation. For less urgent provisions, we make choices to implement these in phases, take temporary measures or accept risks within our decision-making processes.

We maintain close contact with regulators about regulatory compliance risks. We did not receive any fines or penalties in 2024 and were not involved in any legal proceedings due to non-compliance. There were also no outstanding fines or sanctions from previous years.

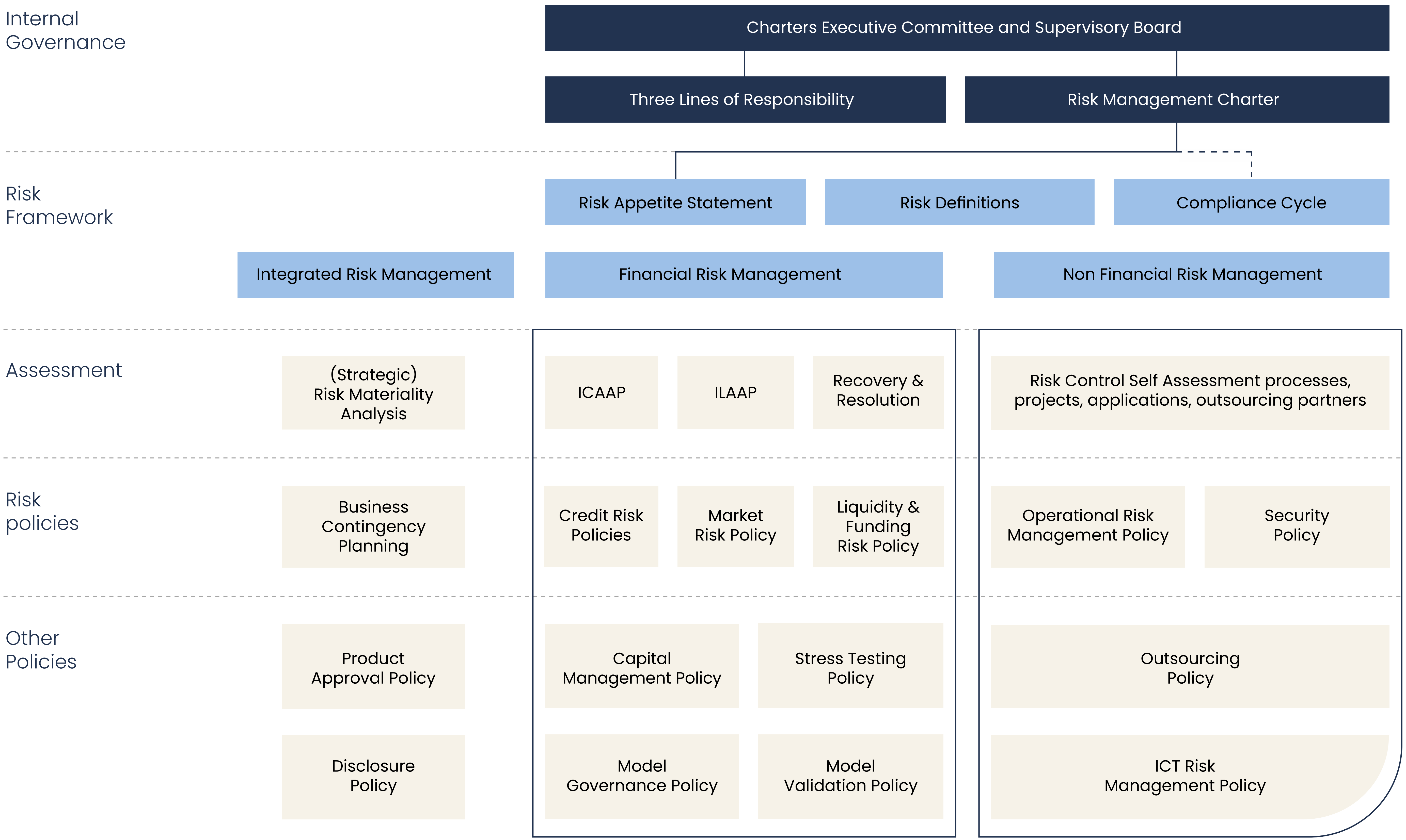
5.3 Risk Management

Risk management focuses on managing and controlling risks in order to keep the bank's risk profile safe. Identifying, accepting and managing risks is an essential part of our business. In doing so, we must accept certain risks in a controlled manner and manage them effectively.

Every year, we evaluate our risk appetite and adjust it, if necessary. This means that, we are in line with current developments and strategic objectives. We use the principles to arrive at risk appetite:

- Risk appetite: BNG wants to provide stakeholders and clients with the best possible service now and in the future. The risk that we are prepared to take on this must fit within the strategic principles. The return required by the shareholders is based on a long-term responsible risk profile. This means that the return required will not lead the bank to take risks that could jeopardise its credit rating or funding position.
- Competitive terms: Offering financing on competitive terms is an important starting point for BNG. In addition to the inherent risks of lending, the bank accepts risks selectively to support lending to clients.
- Restriction on activities subject to solvency requirements: The majority of lending is directed at the public sector or guaranteed by government guarantees and by the guarantee funds WSW (Social Housing) and Wfz (Care). As a result, these exposures have a very low credit risk. We have opted for the 'National Promotional Bank' status, which means that we only provide limited (max. 10%) remaining loans without direct government involvement (subject to solvency requirements).

Risk Management Framework

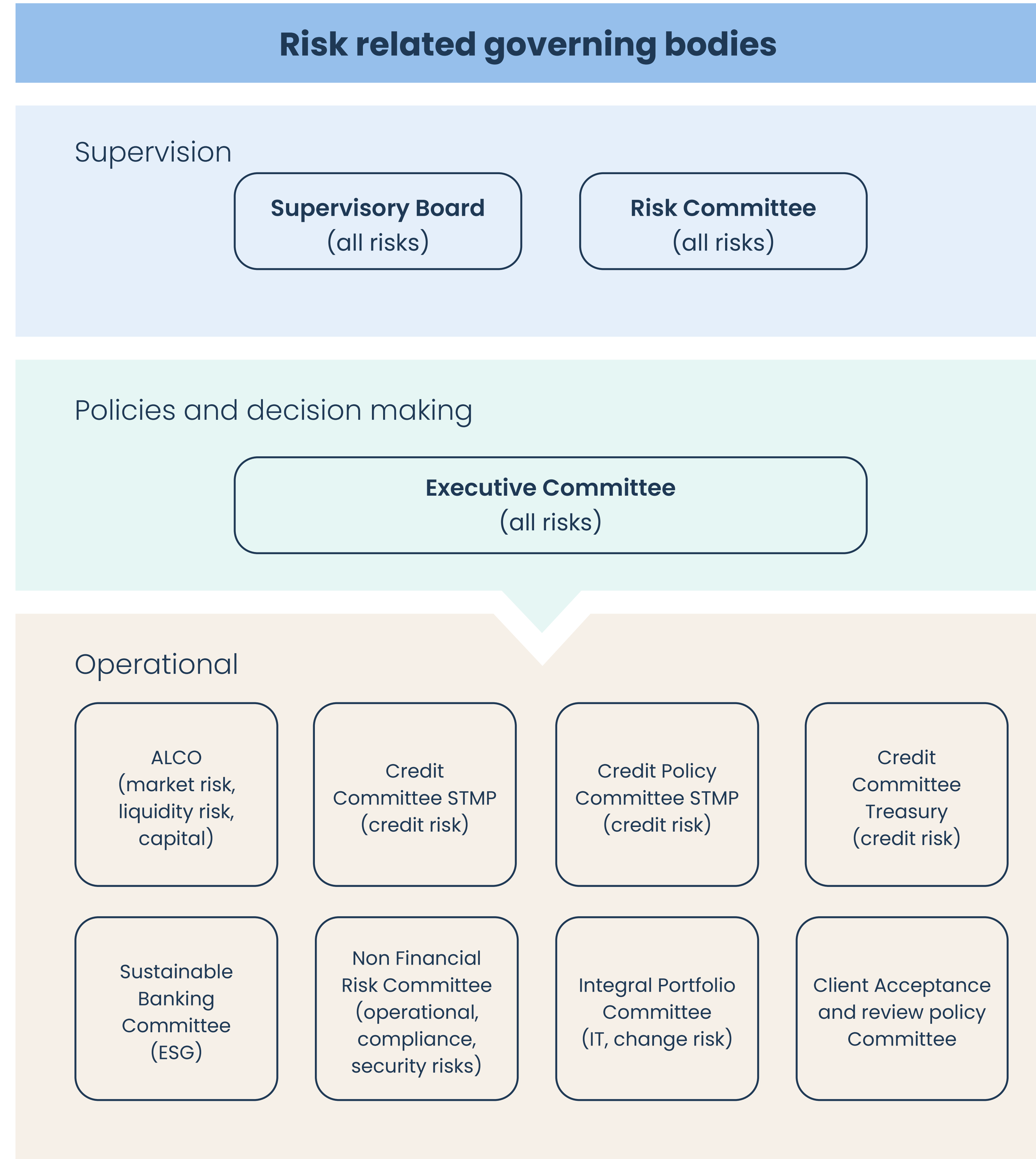


Risk Management Framework

The Risk Management Framework (RMF) is the set of policy documents that outline the risk management principles at BNG. The framework brings together a range of elements that play a role in our bank's risk management. We consider Environmental, Social and Governance (ESG) to be a risk factor for the above traditional risk categories and, therefore, it is an integral part of the RMF.

The ExCo determines the risk management frameworks and, within these frameworks, the Asset & Liability Committee (ALCO), Credit Committee (CC), Credit Policy Committee (CPC), Credit Committee treasury (CCT), Sustainability Banking Committee (SBC), Non-Financial Risk Committee (NFRC), Integral Portfolio Committee (IPC) and Client Acceptance and Review Policy Committee (CARPC) decisions on the risks of the bank. The Supervisory Board (SB) and, in particular, the Risk Committee (RC) of the SB, evaluate the risk management. This is an important part of its supervisory role.

See the overview of risk-related committees beside:



The purpose and powers of the Risk Management and Compliance departments are laid down in the Risk Management and Compliance Charters respectively. Risk Management and Compliance are represented in the risk-oriented ExCo committees and takes part in meetings held by the SB's Risk Committee. The head of each department reports to the CRO and the Executive Committee and has a reporting line to the Supervisory Board.

A summary of the roles of the Exco committees per risk manager type is set out in the table:

Committee	Responsible for risk type limits/objectives	2nd line reporting
Executive Committee	Strategic Risk and monitoring of all risks	Integrated Risk report
ALCO	Liquidity risk and market risk Capital limits (covering multiple risks)	Market risk dashboard Liquidity risk dashboard Share capital dashboard
CC/CPC STMP	Credit risk for legally defined market parties	STMP Credit Risk Monitoring Report
CC Treasury	Credit risk of financial counterparties, Treasury portfolios	Treasury credit risk monitoring report
NFRC	Operational Risk, security risk and compliance risk	Operational risk report, Compliance report, Security report
SBC	Overarching ESG risk. Coordinating ESG-related activities and analysing the potential effects of strategic ESG risks.[1]	ESG risk dashboard
IPC	Supervision of (IT) change risks, prioritisation while taking into account business perspectives and risk reduction	Opinion business cases (corporate control)
CARPC	Integrity risk related to financial-economic crime	Monitoring results and consultancy

1 *ESG risks that fall specifically in a traditional risk category are subject to the same risk governance. For example, ESG risks related to credit risks are handled by the sub-committee of the Executive Committee that monitors credit risks.*

Three Lines of Responsibility model

Supervisory Board/Committees

• Audit Committee • Risk Committee • Remuneration Committee • HR Committee

Executive Committee

• ALCO • Credit Committee Clients • Credit Policy Committee Clients • Credit Committee Treasury • Sustainable Banking Committee
• Non Financial Risk Committee • Integral Portfolio committee • Client Acceptance and Review Policy Committee

Risk Ownership

1st line of responsibility

Core Business

Commercial
- Relationship banking
- Lending
- Client Services & Payments
- Business Strategy & Control
- Restructuring & Recovery

Treasury
- Funding
- Portfolio Management

Back Office

Suporting functions

Board Secretary

Strategy & Sustainability

IT
- Architecture & Data
- Cloud & Infrastructure
- Delivery
- Security
- Control & Support

Finance-reporting

Human Resources

Legal & Tax affairs

Communication

Risk Control

2nd line of responsibility

Risk Management
- Integrated Risk Management
- Financial Risk Management
- Non-Financial Risk Management

Compliance

Corporate Control

Risk Assurance

3rd line of responsibility

Internal Audit

External audit

Regulators/Supervisors - ECB/DNB/AFM

Three Lines of Responsibility

BNG uses the 3LoR methodology to shape internal governance. The figure shows the division of the departments across the three lines within the bank.

The 3LoR methodology has three lines, each of which has its own tasks and roles within risk management. Within BNG, the three lines are divided as follows:

Lines	Roles	Responsibilities
1st line	Risk Ownership	Business departments. Responsibility for identifying, assessing, measuring, limiting and monitoring risks and developing, implementing and carrying out effective audit measures to control these risks.
2nd line	Risk Control	Risk Management departments, Compliance, Corporate Control. Responsible for advising, facilitating and supporting, monitoring and challenging the first line. The first line remains responsible for the risk, together with management. These second line departments support the Executive Committee in implementing BNG's risk management policy.
3rd line	Risk Assurance	Internal Audit. The IAD periodically conducts operational audits to evaluate the design and operating effectiveness of the bank's risk management systems and to assess whether the currently applicable laws and regulations are properly complied with.

The second line of Risk Management activities is carried out by three Risk Departments and Compliance, which function independently of the first line.

- Integrated Risk Management (IRM). The newly created department is responsible for managing bank-wide risks, including strategic and reputational risk. The IRM department focuses its attention on: drawing up the Risk Appetite Statement (RAS) in line with new taxonomy, cascading of the RAS into Key Risk Indicators (KRIs), drawing up the risk policy and managing the Risk Management Framework (RMF), the 3LoR policy and the various Risk Frameworks and taxonomies to be used, further developing and drawing up the Integrated Quarterly Risk Report, coordinating Pillar 3 reporting and monitoring and advising on prudential laws and regulations.
- Financial Risk Management (FRM) subdivided into four sub-departments:
  - Asset Liability Management (ALM): The ALM department is responsible for market and liquidity risk and carries out the coordination of the ICAAP and ILAAP, the recovery plan and coordinates the bank-wide stress testing.
  - Credit Risk Management (KRM) KRM is responsible for credit risk at portfolio and client level from the second line. The tasks include providing a second-line challenge and an opinion on credit proposals and reviews of individual clients, financial counterparties and investments.
  - Model Risk Management (MRM) is responsible for model risk as a subcategory of operational risk and carries out the model management, including model governance and validation of the bank's models.

  These departments carry out daily assessments to ensure that the risk positions fall within the limits set by the RAS Cascading. FRM prepares reports, which the ALCO and Treasury use as guidance.
- Non-Financial Risk Management (NFRM): the NFRM department is responsible for operational and security risks from the 2nd line, supports the identification, qualification and quantification of operational risks and reports quarterly to the NFRC and, where necessary, to the Executive Committee or risk committee of the Supervisory Board.
- Compliance; responsible for compliance risks. The Compliance department monitors compliance with rules, laws and internal standards and promotes the integrity of the organisation, its clients, its employees and the markets in which BNG operates. The head of the department reports to the Executive Committee and has a reporting line to the Supervisory Board. This is documented in the Compliance Charter. See 5.2 Compliance for further details.

Risk Appetite Statement

The Risk Appetite Statement (RAS) describes the risk appetite that we accept to achieve our strategic objectives. It sets the principles for risk management within the bank and sets limits for different types of risk, such as credit, market, liquidity and operational risk. We apply quantitative risk limits and measures, including:

- Capital targets above legal requirements
- Different liquidity ratios and survival periods
- Volatility of net interest income
- Risk concentrations per internal or external rating
- Expected loss ratios

The ExCo, after discussion and approval by the Supervisory Board, approves the RAS and ensures that our operational activities remain within the risk parameters identified with the support of the risk departments.

In 2024, we remained within the risk appetite for financial risks. With regard to credit risk, we closely monitor a range of client sectors, paying particular attention to the effects of cost increases due to inflation and high interest rates. A strong general increase in mark-ups was observed within market and liquidity risk, which had a negative impact on the revaluation reserve. BNG had to pass on the higher financing spreads in the market in loans to clients. We remain adequately capitalised and maintain a prudent liquidity position, in line with our desired level for external credit ratings.

Improving the operational risk profile is a multi-year project that was a strategic priority for the ExCo again in 2024.

Risk definitions

The various risk definitions are also part of the RMF. These describe risk management within BNG. A distinction is made between financial risks, non-financial risks, strategic risks, ESG risks and reputational risks. Where applicable, main risks (level 1) and sub-risks (level 2) have been defined within these categories. Only risk types that are relevant to us as a bank are included in this. The diagram below shows the relevant risk types, without indicating the scale of the risk for each type. The overview shows that ESG risk and strategic risk are spread across financial and non-financial risks and that reputational risk is always the result of not managing other risks correctly.

The bank’s risk taxonomy is shown as follows in the chart below.

Our Risk Taxonomy

Financial risk

Credit risk
- Counterparty risk
- Concentration risk
- Settlement risk

Market risk
- Interest rate risk
- Spread risk
- Foreign exchange risk
- Volatility risk

Liquidity risk
- Funding capacity risk
- Funding spread risk
- Short-term liquidity risk

Non financial risk

Non-Financial Risk Management
- Process risk
- Model risk
- People risk
- Data management risk*
- Technology risk*
- Third party risk
- Legal risk
- Business continuity risk (incl. external events)
- Statutory reporting & tax risk
- Information security risk (incl. cyber)*
- Physical security risk

Compliance risk
- Financial economic crime risk
- Conduct risk
- Fraud risk
- Regulatory compliance risk

ESG risk

Strategic risk

- Strategic positioning risk
- Strategic execution risk
- Strategic consequence risk

Reputational risk

Traditional risks impacted by ESG, based on the ESG materiality assessment

* Data management risk + Technology risk + Information security risk (incl. Cyber) = ICT risk (art. 4 (52c) CRR)

We are working continuously to improve our understanding and management of risks. Recent laws and regulations, such as the Digital Operational Resilience Act (DORA), require alignment with international standards and taxonomies for operational risks. In line with this, we have decided to implement the ORX taxonomy in 2025.

Strategic risk

Strategic risks are defined as risks that affect or are created by the bank's business strategy and strategic objectives. Within strategic risk, a distinction is made between strategic positioning risk, strategic execution risk and strategic consequence risk.

The Executive Committee and the Supervisory Board have formulated a number of strategic preconditions within which we must operate in order to be of added value to our clients, shareholders and other stakeholders.

Organisational structure

Integrated Risk Management (IRM) deals with strategic risks from the second line. Strategic risks are inherent in the bank's strategic plans and may also be influenced by external factors. These strategic risks are usually closely linked to other risk types. The manner in which we deal with strategic risks is incorporated into the annual plan and the management plans of the separate departments. These risks matter are also addressed in the stress test programme and are covered in the Capital Management Plan (as part of the mandatory internal capital adequacy assessment process (ICAAP)).

The identification of strategic risks is part of the strategic decision-making process. The monitoring of measures and actions to mitigate strategic risks is part of the planning and budget cycle. Reporting on strategic risks is part of the risk management cycle.

Developments in 2024

The volume of newly granted long-term loans and advances was in line with the target for 2024. The volume was lower in the Local Authorities market segment, but this was offset by a higher volume in the Public Housing segment.

Our business model is so solid that an increase in competition can be accommodated. An important reason for this is our moderate return requirement. Furthermore, we can be characterised as a bank that reacts counter-cyclically to, for example, geopolitical developments and tensions. In times of turmoil, BNG is one of the most stable banks, where financing remains possible.

Environmental, Social and Governance (ESG) risk

ESG stands for Environmental, Social and Governance. These are the three pillars by which organisations are assessed for their sustainability and social impact. ESG risks are the potential negative ESG impacts that an organisation may experience.

The definition of ESG risk (from the CRR3) is the risk of negative financial effects on an institution arising from the actual or foreseeable effects of environmental, social or governance (ESG) factors on the counterparties of that institution or the assets in which it is invested. ESG risks are reflected in the traditional risk categories. We have chosen to follow the CRR3 definition.

The ESG factors include a wide range of criteria including:

- E: Climate change and CO2 emissions; energy consumption and efficiency; water management; waste management and recycling; use of natural resources; biodiversity and ecological impact;
- S: Working conditions and employee rights; health and safety in the workplace; diversity and inclusion;
- G: Ethical business conduct and integrity; transparency and reporting; risk management and internal audits.

ESG risks can have a negative impact on our bank's strategic objectives, capital position and/or profits. For the time being, we are focusing on climate change and environmental risks. Social and governance factors (the 'S' and 'G' in ESG) are considered to be less material risks for us. This is because BNG's exposure is mainly located within the Netherlands and the Netherlands has good institutions and governance practices.

Identification, assessment and management of ESG Risks

- *Risk materiality analyses (RMAs)*: To identify material ESG risks, we prepare so-called Risk Materiality Analyses (RMAS) for the short, medium and long term. These analyses, which are based on scientific insights and sector analyses, have been prepared for all of the sectors in which we operate.

  These analyses focus on climate and environmental risks, including climate change, biodiversity loss, extreme weather conditions, changes in climate and environmental policies, technological developments, changes in consumer behaviour and market sentiment.

  The RMA analyses assess how ESG risks affect traditional risks, such as credit risk, market risk or operational risk. By identifying the material ESG risks, we ensure the integration of ESG risk into our existing risk management.

- *ESG ratings*: The ESG factors that are assessed as material in the sector analyses form the basis for the assessment of ESG-related credit risks at the individual client level.

  We use an ESG rating to measure ESG risk at the client level. This includes the ESG risk drivers established by the RMAs.

  The ESG rating, together with the regular credit rating, forms part of the individual credit assessment process and, thus, contributes to the risk appetite. It also provides input into the ICAAP process and into climate-related stress tests and scenario analyses.

- *ESG assessment and management*: The risk assessment based on the ESG rating forms the basis for the client view of ESG risks. In case of critical ESG outcomes, additional areas of concern can be imposed with sustainable performance targets. These targets may, for example, be linked to the reduction of energy consumption or CO2 emissions. In an extreme case, when the ESG risks are assessed as being too high, this may lead to rejection of the credit application or a transfer to high risk for credit reviews. This approach ensures that climate and environmental risks are taken into account fully in our credit policy, which contributes to a responsible and future-proof loan portfolio.

- *KPIs and Reporting*: To measure the performance of our clients on sustainability, our focus is on emissions and energy consumption KPIs (Key Performance Indicator), where we focus on the (committed) CO2 reduction targets.

  We mainly use independent emissions data sources for this purpose. In this way, it is possible to compare clients according to factors relevant to the sector, including emissions related to the building. Divergent values are identified within the ESG risk reports, after which they are discussed with the client based on the regular periodic credit assessment process.

Future Developments

We are continuing to refine our ESG risk management framework, while anticipating new regulations such as the CRR3/CRD6 VI Directive. Our focus is on improving our data quality further, expanding our scenario analyses and strengthening our commitment with clients to jointly mitigate ESG risks. In addition, the bank is working on expanding its understanding of the physical risks and their further integration into the risk management framework. Through this holistic approach to ESG risk management, we aim to enhance our resilience, protect our stakeholders and contribute to a sustainable future.

The focus of ESG risk on climate and environmental risks will be developed further by the CRR3/CRD6 and EBA Directives for the social and governance components.

Organisational structure

The tasks for ESG risk management are set out within the three lines of responsibility policy. Proposals for amending the bank's purpose, ambition, strategy, sustainability policy and objectives are prepared by the Strategy and Sustainability department (S&S). Positioning sustainability within the S&S department makes it clear that this issue affects the entire bank and is an integral part of our strategy.

FRM focuses on the impact of ESG factors on the bank arising from lending to clients, assets within the portfolios and positions with financial counterparties. To this end, we have implemented an ESG risk framework into our existing risk management. Decisions regarding ESG risks are taken at ExCo level and within the existing committees, including the CPC, ALCO and NFRC.

The ExCo has assigned decision-making regarding the sustainability policy to the SBC. The task of the SBC is to determine, implement and report on our integrated sustainability policy. This includes both our long-term environmental and social contribution and the identification of material ESG risks that may negatively impact our performance. To help it implement the strategic sustainability objectives, the SBC is supported by two other bodies. The Sustainability Task Force (STF) consists of representatives from the most relevant departments within the bank. The ESG Regulatory Change Framework (RCF) Task Force identifies upcoming ESG legislation and its impact on the bank.

ESG Developments

We monitor ESG developments closely and ensure that we are protected against these risks. We working constantly on quantifying ESG risks. This includes creating new models and calculating the impact of negative ESG scenarios and shocks. The aim of these developments is to make ESG risk assessments for each individual client and at the portfolio level.

Reputation risk

Reputation risk is the risk that BNG's market position could deteriorate due to a negative reputation among stakeholders:

- Internally caused reputational risk: the risk that BNG's reputation could be negatively affected by the impact of other (poorly managed) risks.
- Externally caused reputational risk: the risk that BNG's reputation could be negatively affected by altered external expectations that are not well managed in the strategic process (strategic positioning risk).

The Exco is responsible for managing the reputation risk.

Risk appetite

It is the ambition of BNG to be seen as a semi-public institution with excellent creditworthiness and an outstanding profile with regards to reputation and integrity. Our risk appetite in relation to our reputation is therefore minimal. See also the Compliance section in this Annual Report.

The instruments used to manage reputational risk include engaging in dialogue with interested parties to align expectations. It is essential that the products and services that the bank supplies to clients support their role in the Dutch public sector. To an important extent, the product offering is tailored to the wishes of the client. We exercise restraint when it is not sufficiently clear whether a particular product is in the best interest of the client.

The product offering is subject to the our Product Approval and Review Process (PARP).

Credit risk

Credit risk is defined as the risk that a borrower or a financial counterparty will fail to meet its contractual obligations (on time). Credit risk is further subdivided into the following sub-risks:

- Counterparty risk: The risk that a borrower/counterparty will fail to make payments arising from a financial transaction at the time these payments are due.
- Concentration risk: the risk of credit losses resulting from exposure to a group of borrowers/counterparties with common characteristics.
- Settlement risk: The risk of loss resulting from the failure of a party to comply with the terms of a contract (or group of contracts) with another party at the time of settlement.

ESG risks are an integral part of credit risk. The way in which a counterparty deals with environmental, social and governance aspects in its business operations has a direct impact on its creditworthiness. A higher ESG risk score may lead to a lower credit rating, as these factors significantly affect a company's financial stability and future resilience. Therefore, within our credit analyses and rating methodologies we are increasingly integrating the ESG criteria into the overall risk assessment as essential components.

To manage ESG risks as part of credit risk, we focus on transitional and physical risks.

Risk appetite

Credit risk arises from uncertain activities, such as lending to the public sector, hedging currency and interest rate risk through derivatives transactions with financial counterparties, money market liquidity management operations and investments in the interest-bearing securities of issuers.

The credit risks from lending are generally mitigated by government credit guarantees or by the Social Housing Guarantee Fund (WSW) and the Healthcare Guarantee Fund (WfZ). The guarantee funds are guaranteed by the Dutch Government through backstops. Focusing our lending on the Dutch public sector, which is inherent in our model, entails concentration risk.

We run a settlement risk in the settlement of foreign currency issue transactions with financial counterparties. Due to the large size of these issue transactions, the settlement risk is potentially high. In order to mitigate this risk, we agree with the other parties on the maximum size of the individual settlements, in accordance with the applicable internal limits. This means that large-scale settlements are processed in partial steps, with the next part being provided after the previous one has been settled. In addition, the settlement dates for new transactions with counterparties are spread over time to avoid unnecessary concentrations on one day in the future.

We determine the credit risk of a borrower or counterparty periodically based on a credit assessment. Internal credit assessments are performed for all of our borrowers in order to arrive at limits per client. In addition to the periodic credit assessment process, the financial performance of borrowers is monitored continuously by tracking early warning indicators and unlikeliness to pay indicators.

For financial counterparties and investments, external credit assessments and investor report data are also used for this assessment. We use external rating credit rating agencies that have been approved within the euro system.

Credit risk instruments

To manage credit risk, we use the following mitigating measures:

- Credit limits and targets: the limits and targets in the RAS are translated into limits that apply at the level of individual borrowers/counterparties.
- Periodic reassessment of the creditworthiness (credit review process) for all borrowers/counterparties.
- Where possible, the bank makes use of guarantees from a central or local government or from the WSW and WfZ guarantee funds.
- Other forms of collateral, such as mortgages and liens, to reduce possible losses due to credit risks.

Specifically for financial counterparties:

- Daily collateral netting takes place in order to mitigate the credit risk arising from the market value fluctuations of derivative positions. This is done both for derivatives that are accommodated via a clearing house and for bilateral derivatives agreements.
- Risk mitigation measures for the settlement risk include breaking down large payments and settling them sequentially and/or executing our part in the settlement after the counterparty has already met its obligation.

Market risk

Market risk is the risk of loss of profit and capital as a result of fluctuations in market prices. There are various forms of market risk: interest rate risk, currency risk, fluctuations in credit and liquidity spreads and volatility risk.

- Interest rate risk: the risk of loss of profit or capital due to unfavourable movements in interest rates.
- Currency risk: the risk of loss of profit or capital due to unfavourable fluctuations in exchange rates.
- Credit and liquidity spreads risk: the risk of loss of profit and capital due unfavourable spread fluctuations.
- Volatility risk: the risk of loss of profit or capital due to unfavourable movements in the implied volatility of market interest rates or exchange rates. This risk applies only to interest rate instruments that operate under a principle similar to that of options (e.g. caps and floors).

Within the market risk, as far as ESG factors are concerned, we are focusing on the transition risks and physical risks within the credit and liquidity spreads risk.

Risk appetite

We are applying a prudent approach to managing market risks:

- The bank is covering interest rate risk positions in the banking book with micro-hedging or with macro-hedging. Micro-hedging is mainly applied to issues on the capital markets and assets in the Treasury portfolios. The interest rate risk of loans to clients is managed by the Treasury and Capital Markets department, which allows efficient hedging and flexibility for clients. The bank models the equity, so that the required return

of the shareholders is achieved[1], with an ongoing investment in 10-year paper of the Dutch State.
- We are closely monitoring the transition from Interbank Offered Rates (IBORs) to the euro short-term rate (€STR). BNG currently hedges the bank's interest rate risk with 6-month EURIBOR swaps and, in part, with €STR swaps. We see the IBOR transition risk as the main base risk, as the bank sees €STR as the risk-free yield curve, but mainly the 6-month EURIBOR interest rate risk position and, to a relatively limited extent, the 3-month EURIBOR interest rate risk position is open. We are actively working to increase the use of ESTR swaps, to the extent that the market currently allows, and we are actively managing this risk.
- We accept the risk caused by unfavourable fluctuations in the credit and liquidity spreads provided that this risk is explicitly hedged by sufficient allocated economic capital.
- We fully hedge against risks arising from value adjustments of financial instruments that may result from the change in an index, such as inflation, with index-related derivatives.
- The bank hedges substantial currency risk exposures with derivatives.

Market risk instruments

In a number of market risk areas, we apply risk standards and limits:
- The Treasury and Capital Markets department has the mandate to maintain an interest rate risk position in the Treasury book within predefined limited bandwidths. We monitor the capital limit for the Treasury Book daily by applying a number of internal parallel and non-parallel interest rate shocks.
- Early warning levels have also been established for the internal Earnings at Risk scenarios. These 'warnings' are monitored monthly.
- We also ensure that the supervisory deviation criterion (Supervisory Outlier Test) set by the regulator is not exceeded. The regulator uses the deviation criterion to express the maximum ratio between market risk and regulatory review capital. The deviation criterion is a sensitivity analysis for both the Economic Value of Equity (EVE) and Earnings at Risk (EAR). It involves measuring the interest rate risk under externally prescribed shock scenarios, including the immediate plus or minus 200 basis points parallel interest rate shock.
- For cross-currency swaps, the basic spread risk is transferred on a daily basis in the Cost of Hedging reserve. As these positions are held until maturity, the market value adjustments remain unrealised in this reserve. The regulatory review capital may be affected by this Cost of Hedging reserve in the event of market value adjustments, but this risk is part of the bank's appetite.
- We allocate economic capital for interest rate risk, spread risk and IBOR transition risk. There is a limit on the total amount and monitoring takes place monthly.

These interest-rate risk standards are complementary and ensure the transparency and manageability of risks. Any breach of a limit must be reported to the ALCO. The ALCO will decide on the action to be taken. Levels for early detection are in place in order to start a dialogue about certain events which do not require immediate action by the first line and ALCO.

Liquidity risk

Liquidity risk is he risk of loss of profit or capital due to the possibility that the bank is at any time unable meet its payment obligations without incurring unacceptable costs or losses. Liquidity risk can be broken down further into various subcategories (short and long term):
- Short-term risk: the risk that the bank will not be able to raise sufficient funds to meet its payment obligations.
- Funding capacity risk: the risk that, as a consequence of its funding capacity, the bank will not be able to raise sufficient funds to meet its funding requirement over the long term, which would jeopardise the continuity of its business operations.
- Refinancing risk: the risk that, as a consequence of our own creditworthiness, the bank will have to raise financing or refinancing on the basis of unfavourable financing spreads that will jeopardise future profits.

Within the liquidity risk, the bank focuses on the transition and physical risks within the sub-risks of liquidity risk as far as ESG factors are concerned. The bank has established that the ESG risk is not material for the short-term liquidity risk.

[1] The component of the required return that is related to the Euribor.

Risk appetite

In order to meet our payment obligations at all times, including in stressful situations, we pursue a prudent liquidity policy and the bank accepts liquidity risks at short notice only if there are sufficient liquidity buffers in return. The bank has a substantial liquidity buffer for this purpose.

The public sector largely consists substantially of institutions with a long-term investment horizon. This means that loans often have very long maturities. up to several decades in some cases. As there are no acceptable funding rates available for these long maturities, the bank attracts funding for somewhat shorter maturities and we accept a funding mismatch. This mismatch is monitored daily and is subject to strict liquidity and capital limits.

Limits or warnings apply for a range of liquidity risk measures, such as the liquidity gap analysis, liquidity stress scenarios, the Liquidity Coverage Ratio (LCR) and NSFR (Net Stable Funding Ratio).

Liquidity risk instruments

As a bank, we want to maintain continuous access to money and capital markets, together with the continuous maintenance of attractive, varied and sufficiently large issuance programmes for investors, because we want to meet the credit demand of our clients – even in difficult times.

In addition, liquidity buffers are required, so that we have access to liquidity intimes of market stress. The liquidity buffer is mainly formed from a cash position at the ECB, level 1 high-quality liquid interest-bearing securities, which are explicitly held for liquidity purposes and known as the liquidity portfolio, and the ECB eligible interest-bearing securities and loans deposit with the ECB . The management of the size and composition of this portfolio is one of the liquidity measures taken to meet the external requirement for anLCR of at least 100%. The bank also holds a large amount of collateral in the ECB deposit, allowing it to obtain short-term financing immediately. Since we, as a bank, can deposit ECB eligible interest-bearing securities and loans as collateral with the ECB, this collateral can be extended further in cases of prolonged stress. The size of the buffers is tested in the liquidity stress tests, which are monitored monthly. Furthermore, the financing plan and the related planned liquidity gap are tested in an unfavourable stress scenario for the LCR and NSFR ratios.

Most of the funding is obtained from international capital markets. We distinguish between short-term and long-term financing. We maintain a number of issuance programmes that allow access to funding at competitive levels at any time. We are committed to proactive relationship management with investors who support these efforts. The main currencies for the bank are the euro and the US dollar.

We are aware of a number of funding sources. We use the following resources for short-term financing (money markets):

- Commercial paper: The bank has a European commercial paper programme (ECP) of EUR 20 billion and a US commercial paper programme (USCP) of USD 20 billion. Under normal market conditions, a significant margin is maintained between the maximum size allowed by the programme and the actual use by the bank.
- Unsettled repo transactions with interbank parties under a Global Master Repurchase Agreement (GMRA), where the bank's liquidity portfolio is used as collateral.
- Deposits from institutional money market parties.

We have the following programmes available for long-term financing (capital markets):

- a debt issuance programme (DIP) of EUR 110 billion. ESG bonds are also issued under this programme.
- AUD 15 billion Kangroo-Kauri programme specifically for the Australian and New Zealand markets. ESG bonds are also issued under this programme.
- Samurai shelf registration and Uridashi shelf registration, specifically for Japanese investors.
- registered bonds (Namen-Schuld-Verschreibungen) (NSV), under German law.
- private loan agreements under various legislations.

We have a funding plan, in which the desired funding mix is described in detail. Part of the funding plan is the annual issue in benchmark size to maintain a “GNH curve” in the market. These large-scale issues by an issuer with a creditworthiness linked to the Dutch State ensure that we have a high profile among investors, allowing us to maintain access to investors, even in times of market stress. The actual realisation of this desired funding mix or the reason for deviating from this is monitored and evaluated by the ALCO, by means of a quarterly funding dashboard reported by Treasury.

Operational risk

Operational risk is defined as the risk of loss of income or capital resulting from deficiencies of internal processes, people and systems, or from external events. Operational risk includes the following Level 2 risks:

Subtype	Definition
Process risk	the risk of failure or shortcomings of internal processes that support all activities linked to products, services, clients and transactions (change risk, legal reporting and tax risk).
HR risk	the risk of unintended human actions and deficiencies in capacity and personnel management.
Model risk	the potential loss the institution may suffer as a result of decisions that are primarily based on the output of internal models, due to errors in the development, implementation or use of such models.
ICT risk	the risk of the failure of hardware, software or the network used to support the activities in the business processes (ICT availability risk).
Data management risk	the risk of incomplete, inaccurate or inconsistent saving or processing of data, affecting the ability of the institution to provide services and produce timely and accurate (risk) management and financial information.
Outsourcing risk	the risk that the continuity, integrity and/or quality of activities outsourced to third parties or the equipment or staff provided by these third parties is adversely affected.
Legal risk	the risk associated with the possibility that contractual provisions are unenforceable or documented incorrectly.
Business continuity risk (incl. the risk of external events)	the risk of unplanned and negative operational, financial, legal, reputational or other material consequences arising from the complete or partial inability to continue to supply services within acceptable time frames and using the predefined capacity during a disruption resulting from the complete or partial failure of ICT (including cloud and communication systems), buildings, sites, key personnel or chain partners (IT continuity risk).
	External event risk: the risk of events beyond the direct or indirect control of the bank that could have an impact on the bank's activities.
Information security (incl. cyber risk)	the risk of data loss/breach, unauthorised obtaining of data, or unauthorised access, use, disclosure, disruption, modification or destruction of data, ICT systems, endpoints or media.
Physical security risk	the risk of unauthorised access to or use of sites or buildings, unauthorised obtaining of equipment or physical damage or harm to equipment, personnel or visitors.

Within operational risk, we focus on the transition and physical risks in terms of ESG factors.

Risk appetite

Operational risks are inherently linked to the management of BNG. Although we strive to ensure efficient and effective business operations, the mitigation of operational risks is based on the balancing of costs and economic benefits. We take a prudent approach to managing security risks and, therefore, do not accept security risks with a major or critical impact. The risk profile in the area of operational risk is not yet in line with the bank's risk appetite. Despite the current operational risk profile, according to NFRM, no additional management intervention is needed, as these observations are already sufficiently addressed in ongoing improvement programs and projects in the areas of ICT, Outsourcing, and BCM risk.

Non-Financial Risk Management instruments

We use a range of tools to manage operational risks:

- Key Risk Indicators: The cascading of the bank's risk appetite for operational risk results in a risk tolerance that is primarily focused on reputation and internal business operations. The bank's exposure to operational risk is measured using Key Risk Indicators (KRIs), including limit, target and information figures. The KRIs relate to all categories of operational risk. The measured KRIs are compared with the risk appetite and reported to the NFRC on a quarterly basis in the operational risk report.
- Risk Control Self-Assessments (RCSAs): The RCSAs are performed on the important processes, with the second line playing a facilitating, but also challenging, role. The inherent and residual risks identified and the corresponding management measures are assessed at least annually, based on probability and impact scales. RCSAs are used as input for our monitoring programmes and for testing the effectiveness of the most important control measures.
- Incident management: We record all operational incidents with a (potential) impact of EUR 5,000 or more. Process owners must carry out an analysis of the root cause and initiate remedial actions. To prevent similar incidents occurring in the future, the second line investigates whether adjustments are required to the process, the systems and/or the working method. Significant incidents are reported to the NFRC, the Executive Committee and the Supervisory Board's Risk Committee.
- Scenario analysis: A scenario analysis of operational risks is performed annually. These scenarios also provide input to substantiate the economic capital allocation for operational risk.

There are developments in 2024 relating to the operational risk profile for the following risks:

- Process risk (including changes): Long-term changes in the IT organisation and the extensive change portfolio increase the process risk. Monthly reporting to the IPC and the Executive Committee by the project management agency provides insight into project progress and the management of project risks. As a related management body, the IPC maintains an overview and insight into the manageability and prioritisation of our total change portfolio.
- HR risk: We have increased our capacity and skills through an expansion of internal training and through the temporary hiring of external personnel. This is necessary in order to implement the change agenda. We are increasingly successful in attracting internally appropriate personnel within a reasonable time frame. The tight labour market, particularly in the IT area, remains a challenge. We use a personal development training portal to strengthen the knowledge and experience of our in-house staff.
- Data management risk: The first reports from the Data Insight 2.0 project went into production to further improve the central data warehouse. The initiatives to make data measurable, including through the governance of Critical Data Elements and Business Data Attributes, have been successful.
- ICT risk**:** Good progress was made in 2024 in setting up and strengthening important control measures aimed at improving IT processes and mitigating IT risks. For example, IT Incident Management and Change Management have implemented an ITSM tool. New software (an IAM tool) has been put into production to support the Logical Access Security process. Management's attention to adequate IT control and the strengthening of (IT) risk awareness has also been intensified further. To support a safe and modern landscape, a target architecture is being used that ensures better coherence between Business and IT.
- Business Continuity Management (BCM) risk: Management focus on BCM has been increased and the coordination of the BCM process has been given a central position within the IT organisation. The BCM policy has been updated and elaborated. The Business Impact Analysis (BIA) that was performed provides the bank with insight into its critical business processes and the IT systems that support them. The further expansion and testing of business continuity plans is in progress and will lead to better control of the BCM risk.
- Outsourcing risk: The Vendor & Contract Management department has expanded and grown in terms of knowledge and maturity and the management of third-party risk has increased. For example, the outsourcing policy has been updated and brought into line with the EBA requirements. The risk assessment process for outsourcing risks has also been reviewed thoroughly and a vendor and contract management application has been set up to support the management of outsourcing arrangements.
- Information security risk: In early 2024, BNG participated in an exercise organized by the ECB, in which recovery after a cyber disaster was practiced. Following this exercise, actions were taken to further optimize the cybersecurity processes. The security awareness of employees was maintained by means of a mandatory e-learning program, phishing exercises and mandatory 'seriousgaming' sessions. New employees are informed about relevant security topics during introductory meetings. For a further explanation of the developments in digitalization, IT and cybersecurity, see paragraph 5.4.

Redevelopment of American Roadhouse site in Zaltbommel

Bazalt Wonen is redeveloping the former American Roadhouse site in Zaltbommel. The site, formerly an event centre, is being transformed into a residential and care area with rental and owner-occupied homes, a health centre, a branch of the Jeroen Bosch Hospital and care apartments for the elderly. The first phase was completed in 2024.

We are funding the mid-range rental and non-rent-controlled homes (a total of 38 homes), which fall outside the scope of the Social Housing Guarantee Fund (WSW). As a result, the financial risk lies entirely with us. This funding promotes housing market mobility and contributes to mixed neighbourhoods, which is in line with the social goals of Bazalt Wonen and the municipality of Zaltbommel.

With this funding, we are contributing to the creation of sustainable and accessible living environments. This helps tackling housing shortages and sustainability challenges.

5.4 IT and cybersecurity

Over the past year, our focus has been on strengthening our IT infrastructure and improving our digital resilience. We have taken important steps in the adoption of new technologies, including further migration to cloud-based solutions and the modernisation of our IT infrastructure. Our hybrid cloud strategy – a combination of private and public clouds – gives us the flexibility to work in a secure and efficient way. We have deliberately chosen to use software solutions offered via the cloud, as they are easier to manage and are more future-proof.

Cloud migration and infrastructure modernisation

A major highlight of the year was the successful implementation of our integration platform, which lets us link applications flexibly. This platform makes our IT infrastructure more efficient and less dependent on complex customised solutions. We have also developed the digital workplace further, so that employees can work safely and efficiently, both in the office and at home. Thanks to improvements in identity and access management, we have further secured access to systems, which is crucial for the resilience of our organisation. These optimisations not only strengthen our IT infrastructure, but also contribute indirectly to better support in the provision of services to our clients.

Resilience to complex threats

Cyber threats are becoming more sophisticated and require an integrated approach to their prevention, detection and response. Our CISO team has laid a solid foundation for the bank's digital resilience this year. In addition to technical measures, such as detecting unusual behaviour more quickly, we have also invested in raising awareness within the organisation. Thanks to bank-wide exercises and clear agreements about roles and responsibilities, we are prepared for a range of scenarios and can respond to incidents quickly and efficiently.

Compliance and cooperation in the chain

To comply with legislation and regulations, such as the Digital Operational Resilience Act (DORA) and the NIS2 Directive, we have tightened our processes further. This includes not only internal measures, but also closer cooperation with suppliers to manage risks throughout the chain. This approach ensures that we meet the highest standards both internally and externally, with a special focus on our public-sector clients.

Innovation and AI

With a view to the future, we are focusing on small-scale and concrete AI applications that can be rolled out quickly within the organisation. Examples include applications that directly add value, such as automated analyses or support for day-to-day processes. A working group is currently investigating which AI initiatives have the most potential, while also being manageable and secure. By implementing these applications step by step, we are keeping a grip on the risks related to privacy and intellectual property, while continuing to innovate and make our IT environment future-proof.

6. Governance

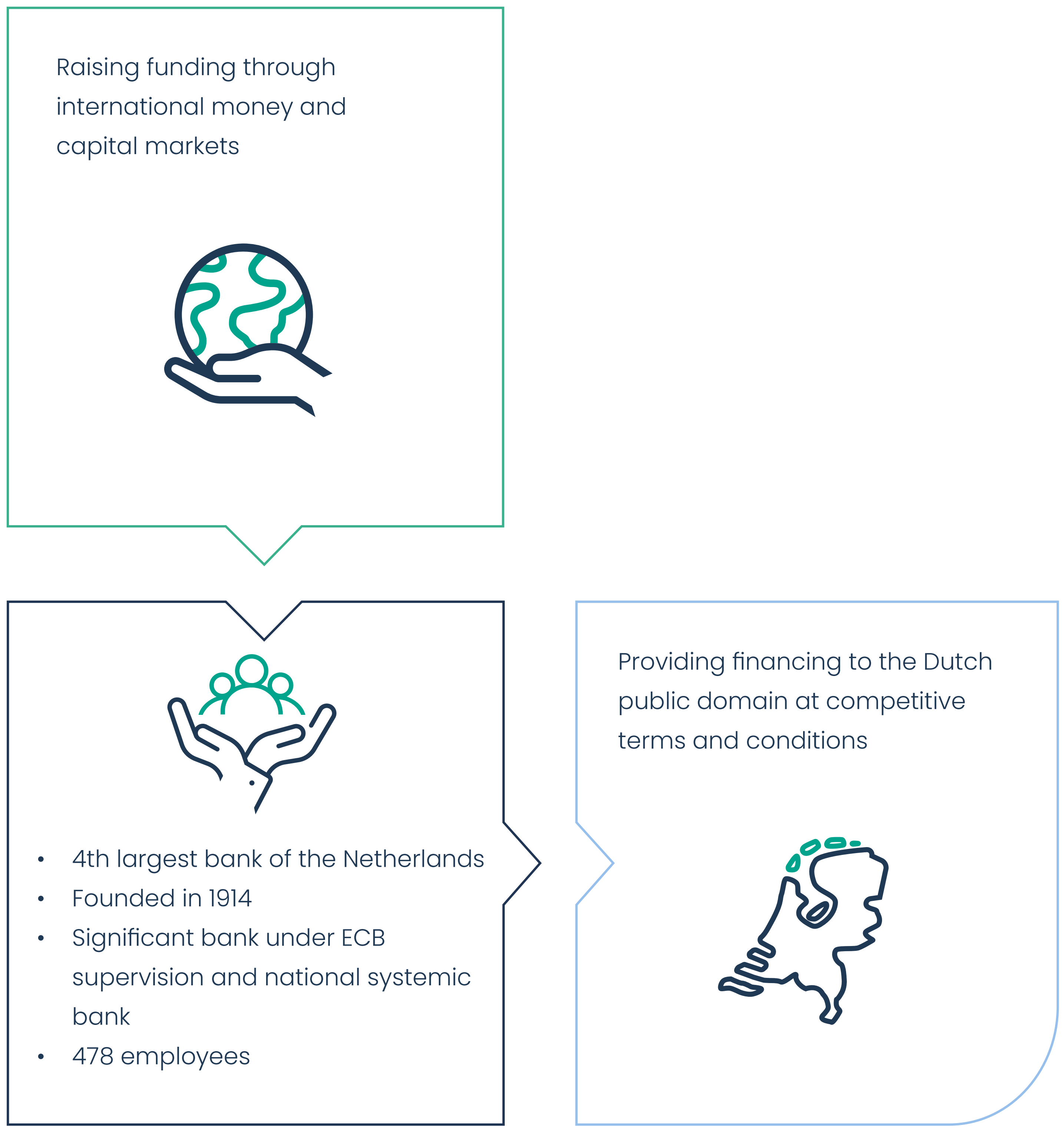
6.1 Corporate structure

We are a public statutory two-tier company under Dutch law and provide all our services under the name BNG Bank N.V. Our shareholders are exclusively governments. Half of the bank's share capital is held by municipal authorities, provincial authorities and one water board. The other half is held by the Dutch government. We receive no financial support from the government. As a systemically important bank at a national level, we are supervised directly by the European Central Bank (ECB). We are the fourth-largest bank in the Netherlands in terms of balance sheet total. We carry out our activities from our office in The Hague. Our size, structure, ownership and chain did not change significantly in 2024.

History

In 1914, the Association of Dutch Municipalities (VNG) established the Municipal Credietbank. This bank gave municipalities the financial clout they needed to tackle social problems at a time of high levels of poverty and pressing social-social-societal issues. The Municipal Credietbank grew into BNG. This original mission – contributing to societal solutions – is still at the heart of our activities.

Business model



We provide financing to the public sector on competitive terms and for all maturities. We continue to support our clients in difficult times, as well. Until now, we have always succeeded in this. More than 90 per cent of our loans go to or are guaranteed by government agencies. These loans, referred to as solvency loans, have a risk weighting of 0 per cent. We also take care of payment transactions for our clients. Thanks to the shareholding by Dutch governments and our focus on solvency loans, clients and partners see us as a safe bank. We have the highest external credit ratings (Moody's: Aaa; Fitch Ratings: AAA; S&P Global: AAA). This provides us with a strong funding position on international money and capital markets. This position allows us to attract short and long-term funding at low prices in different currencies . As a result, we offer our clients loans at low lending rates.

Governance structure

Our two-tier governance structure is comprised of a Supervisory Board (SB) and an Executive Committee (ExCo). The Executive Committee has five directors, three of whom are statutory directors. Together, they form the Management Board. The Supervisory Board appoints and dismisses the members of the Management Board. The Executive Committee constitutes the management body with an executive function as defined in the Capital Requirements Directive (2013/36/EU). It is responsible for the day-to-day management, the general state of affairs and the continuity of BNG.

The Executive Committee has set up committees to provide consultancy or carry out specific tasks. These committees are:

- Asset & Liability Committee
- Credit Policy Committee
- Credit Committee
- Treasury Credit Committee
- Non-Financial Risk Committee
- Integral Portfolio Committee
- Sustainable Banking Committee
- Client Acceptance & Review Policy Committee (“Policy CARC”)

The regulations of the Management Board/Executive Committee and the committees can be found on our website.

The Supervisory Board is the supervisory body as indicated in the Capital Requirements Directive. The Supervisory Board supervises the policy of the Executive Committee and the general course of affairs within the organisation. The members of the Supervisory Board are appointed and dismissed by the General Meeting. The Supervisory Board has four committees that prepare the decision-making process:

- Audit Committee
- Risk Committee
- HR Committee
- Remuneration Committee

The regulations of the Supervisory Board and its committees have also been published on our website.

ESG policy governance

The CEO is accountable for the strategy, including the ESG strategy. Management takes care of the implementation of this. The Strategy and Sustainability department and the Executive Committee Sustainable Banking Committee (SBC) prepare proposals for changes in the purpose, strategy, ESG policy and ESG objectives. The Executive Committee decides on these proposals. The SBC ensures that BNG has, implements and reports on an integrated sustainability policy. ESG factors with an impact on an existing risk are managed by the relevant ExCo committee. The Strategy and Sustainability department reports each quarter on the progress of the strategy, including the material topics. Measuring the impact that BNG has through its clients is part of the ESG policy. This task lies with the Strategy and Sustainability department. We report annually in our Annual Report on the impact on society through our clients. More information is provided in Chapter 2 of this report.

Stakeholders

Our principal stakeholders are clients, investors, shareholders and employees. We invest in long-term relationships by engaging with them regularly. We do this through consultations, regional meetings, sector meetings and investigations. These dialogues give us insight into their expectations and the value we can create for them. Stakeholders' responses are used to improve our products, services and processes. We also consult with the Client Council, a permanent group of about ten directors from different client groups. We discuss strategic topics with them that are important for both us and our clients. We organise annual meetings on current topics for municipal clients. We also make substantive contributions to meetings concerning real estate in the healthcare, education, municipal and housing association sectors. We are a member of the Dutch Banking Association (NVB), the European Association of Public Banks (EAPB), the European Banking Federation (EBF) and the International Capital Market Association (ICMA).

Subsidiaries and associates

BNG Gebiedsontwikkeling B.V. is the only BNG subsidiary specialising in risk-based participation in land development, process design and process guidance for municipalities and other public or semi-public organisations. In March 2018, the Supervisory Board of BNG Gebiedsontwikkeling and the Executive Board of BNG jointly decided to hold off on initiating any new activities or projects within BNG Gebiedsontwikkeling and to complete the projects in the existing portfolio over the coming years.

6.2 Composition of the management body and organisation

BNG is managed by a five-member Executive Committee (ExCo). The portfolios of the Executive Committee members have been allocated in such a way that the Three Lines of Responsibility policy can be fully implemented.

In 2024, there were several changes in the composition of the Executive Committee. The vacant role of CCO was filled by the appointment of Peter Nijsse and Philippine Risch was appointed as CEO on 1 October, succeeding Gita Salden. Early 2025, Jaco van Goudswaard (COO) and Cindy van Atteveldt (CRO) annonced they will leave the bank. Irene van Oostwaard (former Head of Internal Audit at the bank) has been named CRO as from 4 March 2025.

Composition Executive Committee in 2024

Name	Gender	Year of birth	Nationality	Date of first appointment	Date of reappointment
Philippine Risch, CEO	F	1972	NL	01-10-2024	
Olivier Labe, CFO	M	1969	Fr/NL	01-05-2015	01-05-2019, 01-05-2023
Cindy van Atteveldt, CRO	F	1972	NL	15-02-2021	n.a.
Jaco van Goudswaard, COO	M	1967	NL	22-06-2021	n.a.
Peter Nijsse, CCO	M	1969	NL	01-05-2024	

Composition of the Executive Committee as per 21 March 2025

Philippine Risch, **CEO**
Is responsible for strategy & sustainability, communications, developing of the organisational and HR policy, the internal audit department and the board secretariat. In addition, she is responsible for general coordination and stakeholder relations. She is also the chair of the Client Acceptance & Review Policy Committee and the policymaker for the Money Laundering and Terrorist Financing (Prevention) Act. She is member of the Sustainable Banking Committee, the Non-Financial Risk Committee and the Integral Portfolio Committee. In connection with her position at BNG, she is a board member of the Dutch Banking Association. She is also a board member of the Stichting Princess Maxima Centrum Foundation.

Olivier Labe, **CFO**
Is responsible for financial reporting, funding and treasury, asset & liability management, capital management, investor relations, and legal and tax matters. He is also responsible for the back office and financial restructuring and recovery (special management). He is the chair of the Asset & Liability Committee and member of Sustainable Banking Committee and the Credit Committee Treasury. He is also a member of the Steering Committee of the Public Sector Issuer Forum of the International Capital Market Association and a member of the Board of Advisors of Agence France Locale.

Irene van Oostwaard, **CRO**
Is responsible for risk management and compliance. She is chair of the Non-Financial Risk Committee, the Credit Policy Committee and the Credit Committee Treasury and member of the Asset & Liability Committee, the Credit Committee and the Client Acceptance & Review Policy Committee. In connection with her position at BNG, she is a member of the Supervisory Affairs Committee of the Dutch Banking Association.

Vacancy, **COO**
Is responsible for operations, processing, data governance and ICT and chair of the Integral Portfolio Committee.

Peter Nijsse, **CCO**
Is responsible for relationship banking, lending, client services & payments and business strategy & control. He is chair of the Credit Committee and member of the Credit Policy Committee. In connection with his position at BNG, he is a member of the Supervisory Board of BNG Gebiedsontwikkeling B.V.

Organisation chart as per 21 March 2025

Irene van Oostwaard
CRO

- **Compliance** – Carole Wishaupt
- **Financial Risk Management** – Wouter Dikkers
- **Non-Financial Risk Management** – Matthijs van Winden
- **Integrated Risk Management** – Paul Kamerbeek

Vacancy
COO

- **IT Architecture & Data** – Marcel Kroese
- **Cloud & Infrastructure** – Klaas Veenbaas
- **IT Control & Support** – Shek Gainda
- **IT Delivery** – Zenobie Verkijk
- **Security** – Sanne Rog

Philippine Risch
CEO

- **Human Resources** – Monique Zandbergen
- **Internal Audit** – *Vacancy*
- **Communications** – Frederike Versloot
- **Board Secretariat** – Aart Rietveld
- **Strategy & Sustainability** – Freya van der Kroef

Olivier Labe
CFO

- **Back Office** – Marco Noordzij
- **Treasury / Capital Markets** – Koen Westdijk
- **Finance & Control** – Sander Dijkman
- **Financial Restructuring & Recovery** – Arjen Smit
- **Legal & Fiscal Affairs** – Monica Spiegel

Peter Nijsse
CCO

- **Business Strategy & Control** – Marleen Nieboer
- **Client Services & Payments** – Leonie van Heusden
- **Lending** – Matthieu Vermeeren
- **Relationship Banking** – Rob Schreppers

7. Corporate governance statement

The internal risk management and audit systems are an important point of attention within BNG. The Risk Governance Framework forms the basis for all risk management activities within our bank. It clarifies the principles behind the internal control and risk management system. The Risk Appetite Statement describes the risks we wish to accept in order to achieve our objectives. The various risks posed by the bank's activities are discussed each year in BNG's Annual Report. The process owners or department heads responsible for the primary and key supporting processes annually issue an 'In Control Statement' to the Executive Committee, in which they highlight the risks in relation to the risk appetite, the management of risks and any deficiencies in this respect. All process owners or department heads provide 'in control' information in their quarterly reports. In addition, in the annual plans they explain how they aim to fulfil their responsibility to comply with BNG's risk policy. At various times during the year, the second line reports to the Executive Committee on compliance with the risk appetite. This overall framework is closely linked to the bank's Capital Management Policy, which is periodically reviewed and discussed with the supervisory authority.

Audits by the Internal Audit department (IAD) are aimed at independently determining the design and operating effectiveness of the internal risk management and control systems. The external auditor audits the financial statements and evaluates internal control in respect of the financial reporting insofar as relevant to an efficient and effective audit of the financial statements. The findings of the IAD and the external auditor are reported to the Executive Committee and to the Supervisory Board. The head of the IAD and the external auditor attend the meetings of the Supervisory Board's Audit Committee where the financial statements are discussed.

The Annual Report provides sufficient insight into deficiencies in the operating effectiveness of BNG's internal risk management and control systems. The aforementioned systems provide a reasonable degree of assurance that the financial reporting contains no material misstatements. These systems alone are of course incapable of providing absolute assurance as to the achievement of the company's objectives and the prevention of all misstatements, instances of fraud and non-compliance with laws and regulations. A detailed explanation is provided in the 'Risk' section of the notes to the financial statements. The consolidated financial statements have been prepared on the basis of the going-concern principle. No material risks and uncertainties have been identified which are relevant to the expectation that the company will be able to continue as a going concern for a period of twelve months after the preparation of the report.

In the opinion of the Management Board under the Articles of Association, the financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of BNG and its consolidated subsidiaries. The Annual Report provides a true and fair view of the bank's position on the balance sheet date, the performance during the reporting year and the expected developments of BNG and its consolidated subsidiaries, for which figures have been included in the consolidated financial statements. The Annual Report also describes the material risks facing BNG.

The Hague, 21 March 2025

Management Board under the Articles of Association
Philippine Risch (CEO)
Olivier Labe (CFO)
Irene van Oostwaard (CRO)

8. Report of the Supervisory Board

8.1 Foreword

The Dutch economy and society are on the move, driven by major themes, such as sustainability, affordable housing, digitisation and social security. Complex social problems can only be solved through intensive cooperation between various players in our society. Contributing to social issues is, therefore, firmly embedded in the bank's strategy. The connection with other social parties, such as the government, municipalities, housing associations and healthcare institutions, plays a key role in this.

Driving sustainable investment

BNG has been a financial service provider for over a century that does more than just provide credit. In 1983, for example, the bank played a role in the establishment of the Social Housing Guarantee Fund (WSW), through which affordable housing can be financed. More recently, BNG together with the Association of Netherlands Municipalities (VNG) advocated the creation of a guarantee fund for heat networks. At a meeting last year, the bank further mapped out the challenges surrounding heating networks. Thus, with its expertise and by establishing new social connections, BNG contributes to finding joint solutions for the major task the Netherlands faces in the context of the energy transition.

The role of BNG in the social dialogue and financing of heat networks underscores how the bank is actively positioning itself in society. Whether it concerns municipalities, housing associations or innovations at healthcare institutions or waste processors, BNG is showing itself to be an engaged and decisive partner.

Tightened strategy and solid results

The Supervisory Board oversees the implementation of BNG’s strategy. This year, the Supervisory Board was also closely involved in strategy formation. The Supervisory Board firmly supports the “Bank of added value” strategy. In meetings with the Executive Committee (ExCo), we discussed the direction for 2024-2026, strengthening the focus on the public sector.

In 2024, BNG created clear social value, achieved solid financial results and secured funding at favourable rates. A significant part of this funding is raised through Sustainability Bonds. This means that the bank is meeting a need for green, sustainable and social investments among (institutional) investors. The favourable lending rates for funding are an important condition for making capital available to BNG clients at the lowest possible cost, so that they can achieve their social challenges at a low cost.

The Supervisory Board is satisfied with the bank’s performance. Solvency, liquidity and profitability remain at a healthy level, which underlines the bank’s strong position.

Impact of regulations and risk management

At the same time, new regulations pose significant challenges for the financial sector. In 2024, the bank prepared thoroughly for the Digital Operational Resilience Act (DORA) and the Corporate Sustainability Reporting Directive (CSRD). These developments not only have an impact on our internal organisation, but also extend to our clients and the broader chain of stakeholders within which BNG operates. The Supervisory Board is closely monitoring the progress of these developments and is closely involved in, for example, decisions on the double materiality assessment in the context of the CSRD. In addition, social developments, such as the ever-increasing threat of cybercrime, continue to place high demands on IT security. This topic has also been high on the agenda of the Supervisory Board over the past period.

New appointments in the Executive Committee and Supervisory Board

We are very pleased with the appointment of Philippine Risch as the new CEO. With her experience in the financial sector and her ability to link strategy and execution, she is the right person to strengthen the bank further. Her client-oriented approach and the ability to connect employees will contribute to BNG's social added value. With her arrival, the succession of Gita Salden has been completed. Gita led BNG expertly and with great commitment over six years. She professionalised the organisation and strengthened the bank's position in the public domain. We thank her for her vision and dedication, which have had a lasting impact on BNG, and wish her every success at De Nederlandsche Bank.

> *BNG is showing itself to be an engaged and decisive partner*

We also welcome the appointment of Peter Nijsse as our Chief Commercial Officer and Irene van Oostwaard as our Chief Risk Officer (effective March 4 , 2025). Peter's in-depth knowledge of BNG and its clients makes him a valuable asset and contributes to the continuity of the organisation. Irene brings extensive experience and expertise and will play a key role in strengthening our risk governance.

In addition, we welcome Marja Elsinga and Constant Korthout as new members within the Supervisory Board. Their valuable expertise in the housing market and the financial sector, in particular, will strengthen the Supervisory Board further.

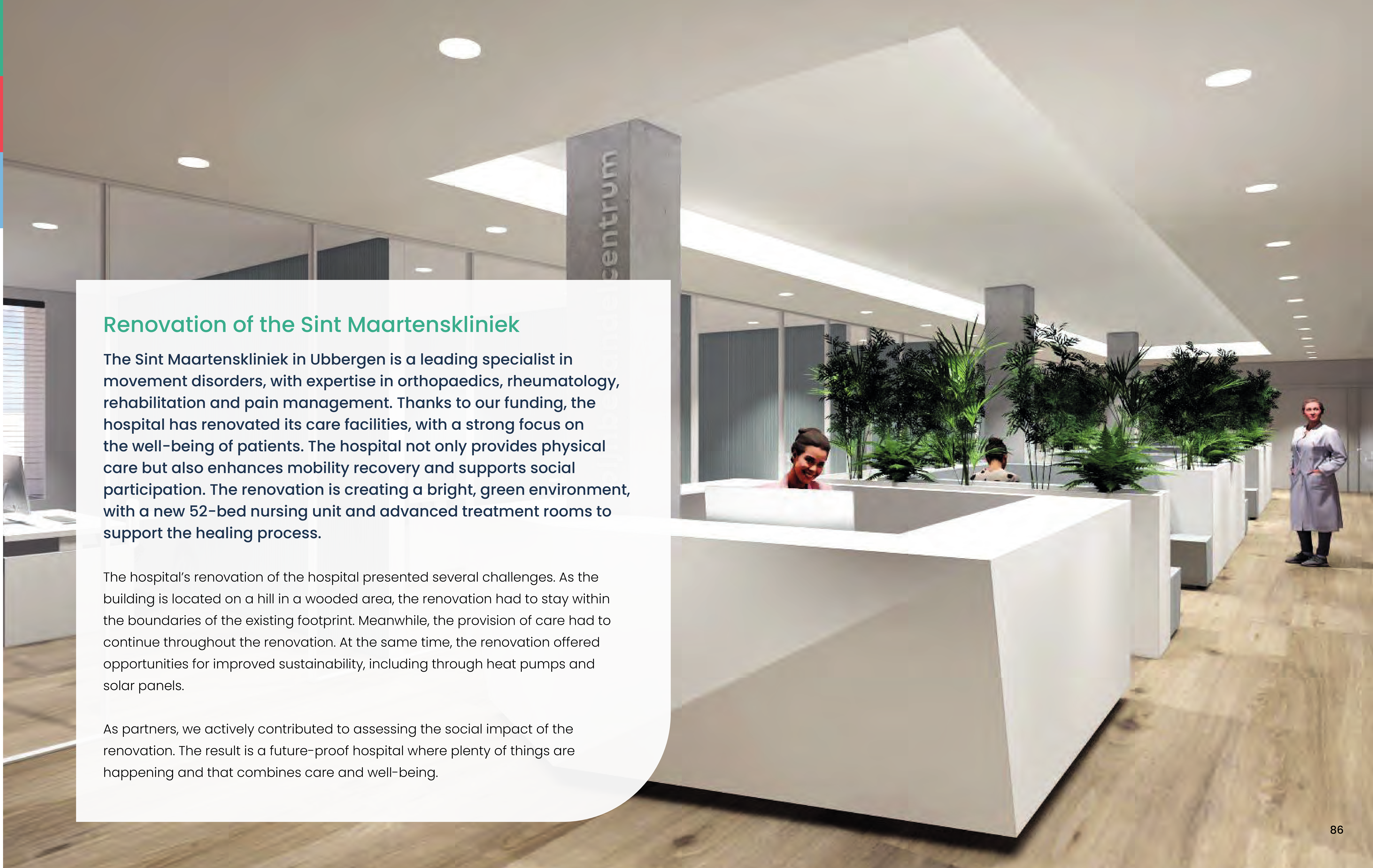
Finally, we would like to express our great appreciation for Cindy van Atteveldt (Chief Risk Officer) and Jaco van Goudswaard (Cheif Operational Officer) for their dedication over the past years. Both made significant contributions to BNG's activities. We also extend our gratitude to Johan Conijn and Jan Rutte, who have served as supervisory directors for eight years. Their commitment, collegiality and expertise as Supervisory Board members will be missed.

Moving forward with confidence

A changing society and major social challenges demand a great deal of effort and flexibility from our employees. They have, once again, worked with great dedication for BNG and its clients over the past year and we would like to thank them sincerely for this. Their involvement with BNG's clients and their expertise are crucial to the success of the bank. We are convinced that BNG will face the future with confidence and enthusiasm and will continue to deliver added social value.

On behalf of the Supervisory Board,

Huub Arendse, Chair
The Hague, 21 March 2025



Renovation of the Sint Maartenskliniek

The Sint Maartenskliniek in Ubbergen is a leading specialist in movement disorders, with expertise in orthopaedics, rheumatology, rehabilitation and pain management. Thanks to our funding, the hospital has renovated its care facilities, with a strong focus on the well-being of patients. The hospital not only provides physical care but also enhances mobility recovery and supports social participation. The renovation is creating a bright, green environment, with a new 52-bed nursing unit and advanced treatment rooms to support the healing process.

The hospital's renovation of the hospital presented several challenges. As the building is located on a hill in a wooded area, the renovation had to stay within the boundaries of the existing footprint. Meanwhile, the provision of care had to continue throughout the renovation. At the same time, the renovation offered opportunities for improved sustainability, including through heat pumps and solar panels.

As partners, we actively contributed to assessing the social impact of the renovation. The result is a future-proof hospital where plenty of things are happening and that combines care and well-being.

8.2 Composition of the Supervisory Board and committees

The Supervisory Board is composed of seven members and has extensive knowledge and experience of the markets relevant to BNG. The current or most recent principal position held by each member of the Supervisory Board is listed on the following pages. Additional positions held by the Supervisory Board members are stated in this Annual Report insofar as they are relevant. A register with all of the ancillary positions reported has been published on the website. All of the Supervisory Board members are independent within the meaning of the best-practice provisions of the Dutch Corporate Governance Code.

The Supervisory Board monitors the policy of the Executive Committee, the way in which the Executive Committee implements the strategy and oversees general affairs within the company. In doing so, the Supervisory Board focuses on long-term sustainable value creation for BNG's clients and for society. The Supervisory Board also monitors the effectiveness of the internal risk management and control systems, as well as the integrity and quality of the financial and non-financial reporting. Depending on the situation, the Supervisory Board fulfils the role of supervisor, employer or adviser for the Executive Committee.

The Supervisory Board has four committees, namely the Audit Committee, the Risk Committee, the HR Committee and the Remuneration Committee. The committees report verbally and in writing to Supervisory Board. If the approval of the Supervisory Board is required, the committee concerned gives consultancy to the Supervisory Board.

New members of the Supervisory Board follow an onboarding programme. This programme is adapted for each new member, as their knowledge and experience will vary. The purpose of the onboarding is to ensure that the new members have sufficient knowledge of BNG, its strategy and activities, so that the new members can fulfil their role.

In 2024, the attendance rate for the Supervisory Board meetings reached 100% (2023: 100%) and for committee meetings at 96% (2023: 90%). The combined attendance rate for all meetings was 98% (2023: 94%).

Huub Arendse (1958), chair
Huub Arendse is former CFO and Executive Board member for the cooperative insurance group Achmea. Chairman of the Supervisory Board of Achmea Bank.

Femke de Vries (1972)
Femke de Vries is consultant in behavior, culture and leadership and member of the Supervisory Board of ABN AMRO Bank.

Karin Bergstein (1967)
Karin Bergstein is former member of the Executive Board of a.s.r. Nederland N.V. Member of the Non-Executive Board of Van Lanschot Kempen, Non Executive Director at Chesnara and member of the Supervisory Board of UMC Groningen.

Composition of the Supervisory Board

Name	Gender	Year of birth	Nationality	Date of first appointment	End of first term	End of second term
Huub Arendse *Chair*	M	1958	NL	18-04-2019	2023	2027
Femke de Vries *Vice-Chair*	F	1972	NL	22-04-2021	2025	
Karin Bergstein	F	1967	NL	22-04-2021	2025	
Marja Elsinga	F	1964	NL	25-04-2024	2028	
Marlies van Elst	F	1966	NL	19-04-2018	2022	2026
Leonard Geluk	M	1970	NL	22-04-2021	2025	
Constant Korthout	M	1962	NL	25-04-2024	2028	

Marja Elsinga (1964)
Marja Elsinga is a professor Housing Institutions & Governance at TU Delft and member of the Supervisory Board of Ymere. She was vice-chair of the Board of Experts of Stichting Visitatie Woningcorporaties Nederland.

Marlies van Elst (1966)
Marlies van Elst is former COO ING Bank in Belgium and Poland and member of the Operations & IT Management Team of ING Group. She is chair of the supervisory Board of Nederlands Hypotheken Fonds.

Constant Korthout (1962)
Constant Korthout was CFRO at Robeco Group and Van Lanschot Kempen. He is a member of the Supervisory Board of APG Group, ANWB and a member of the Supervisory Board of Blauwtrust Groep.

Leonard Geluk (1970)
Leonard Geluk is chair of the Board of Directors of VNG (Association of Netherlands Municipalities). Former alderman for Youth and Education at the municipality of Rotterdam.

Composition of the Supervisory Board Committees and attendance

Supervisory Board member	Supervisory Board meetings	Audit Committee meetings	Risk Committee meetings	HR Committee meetings	Remuneration Committee meetings	Total %
Huub Arendse	100%			100%	100%	100%
Karin Bergstein	100%	100%	83%			90%
Johan Conijn	100%	100%	100%			100%
Marlies van Elst	100%		100%			100%
Leonard Geluk	100%	100%		100%	100%	100%
Jan van Rutte	100%	100%				100%
Femke de Vries	100%		100%	100%	100%	100%
Marja Elsinga	100%			50%		75%
Constant Korthout	100%	100%	100%			100%
Total	**100%**	**100%**	**96%**	**91%**	**100%**	**96%**

8.3 Activities of the Supervisory Board

The Supervisory Board met seven times in 2024. All Exco members attend Supervisory Board member meetings. Prior to the meetings, there is a "private session" without the ExCo. The fixed topics are financial information, progress on strategic projects, (commercial) developments in the various client segments, IT, operational progress, the budget, progress on implementation of the funding plan, corporate governance and HR-related topics.

The Supervisory Board has reviewed and approved the Annual Report 2024 and the financial results for 2024. PwC audited the report and the financial statements. We convene the General Meeting (AGM) to approve the annual figures and to grant discharge to the Executive Committee and the Supervisory Board for execution and supervision respectively in 2024.

In addition, the following topics were discussed at the Supervisory Board meetings in 2024:

- Update of the 2024-2026 strategy
- Climate action plan
- Update on CSRD progress and determination of the Double Materiality Analysis (DMA)
- Sustainability direction and targets
- IT roadmap
- Prioritisation of projects to increase effectiveness
- Quickscan of the Anti-Money Laundering and Anti-Terrorist Financing Act & sanctions legislation
- Projects related to DORA
- Presentation of the Housing client segment
- Annual Report 2023, dividend proposal for 2023 and Pillar 3 report
- SIRA 2023
- SREP letter 2024 from the ECB
- Budget 2025 and 2025 funding plan
- Filling the CCO vacancy and recruiting a CEO follow-up
- Appointment of EY as the new auditor as from financial year 2026
- Status of non-strategic exposures
- Price model in relation to return on equity
- Developments at Centric FSS
- Developments arising from ECB supervision
- Cyber resilience action plan
- Selection of a new payment transactions supplier
- Analysis of the Main Line Agreement of the new government
- Extension of Japanese shelf registration
- Update of the debt issuance programme and increase of limit (DIP)

The Supervisory Board received the information necessary to perform its duties. In addition, it received information from the external auditor, with whom a confidential meeting also took place twice per year. Employees from the organisation regularly attend topic briefings, which also introduces the Supervisory Board to senior management. This is important for the purposes of internal succession planning. In addition, there is an annual lunch with the entire Works Council, during which we discuss a current subject. In addition to the updates on the various client segments, an outdoor day is organised every year, during which Supervisory Board and the Executive Committee discuss the challenges they face with several clients from a segment. In that context, this year we were a guest at the Municipality of Deventer and we spoke with various representatives from municipalities and the grid operator Enexis about the dilemmas surrounding heating networks. It was an inspiring meeting.

In addition, the Executive Committee and the Supervisory Board took part in two continuing education sessions. Cybersecurity & DORA was one theme, as well as non-strategic exposures.

Twice per year, two members of the Supervisory Board contact representatives of the Ministry of Finance as part of the government’s 50% interest in BNG. Regular discussions are also held with the supervisory authority about, among other things, the SREP (Supervisory Review and Evaluation Process).

The Supervisory Board values structural self-evaluation to learn from and become more effective. In addition to evaluation at the end of a meeting, one self-evaluation is carried out per year. This is carried out once every three years by an external party. This took place in 2022. The outcome of this self-assessment was discussed by the Supervisory Board in a private session in 2023, after which the results were followed up in 2024. The general picture that emerged from the self-evaluation is positive and an encouragement to continue on the path taken. The Supervisory Board intends to provide more explicit direction on the concretization of the strategy and to actively monitor the progress of projects. In addition, the Supervisory Board will continue bilateral consultations with individual Executive Committee members. The Supervisory Board has asked the Executive Committee to give extra attention to succession planning and fleet planning in the HR Committee and to pay attention to cultural and behavioural elements.

The Supervisory Board is also responsible for the evaluation of the functioning of the ExCo and the assessment of the ExCo members. This is done using individual performance and development targets for each ExCo member. Discussions on the individual targets took place with all Executive Committee members in 2024.

There were no situations in which there was a conflict of interest. In order to maintain a focus on this, this is determined at the start of each meeting.

8.4 Audit Committee

Composition and engagement

The Audit Committee (AC) consists of Karin Bergstein (chair), Constant Korthout and Leonard Geluk. The committee supports and advises the Supervisory Board on the design and operating effectiveness of the internal risk management and control systems, the internal and external audit process, material considerations regarding financial reporting and material risks and uncertainties of the company and its affiliated company.

Working method

In addition to the members of the AC – including the chair of the Risk Committee – the CEO, CFO and the CRO, the head of IAS, the head of Finance & Control and the external auditor participate in the meetings of the AC. The chair of the Executive Committee is present at the discussion of the Annual Report and half-yearly report. The AC holds a private session with the external auditor and the head of IAD prior to some of the meetings. Prior to the regular meetings, the chair shall speak separately with the head of IAS and with the external auditor. The AC met four times in 2024 and in one joint session with the Risk Committee.

The AC discussed the financial statements and the 2024 Annual Report and gave the AC positive advice on the approval of the financial statements and the management statement included in the Annual Report. The committee also provided a positive consultancy on the proposal to make a dividend of 50% of the net profit for 2024 available for distribution.

Recurring topics in 2024

In preparation for the discussion by the full Supervisory Board, the AC dealt with the following recurring topics.

- During the year under review, the committee was informed of key trends, developments and prospects in the areas of business, profitability, solvency, capital, liquidity and funding, as well as progress on non-financial KPIs (so-called DSs) through quarterly reports. In discussing the quarterly reports, the committee paid particular attention to the standard price, interest result, costs and result of financial transactions.
- the mid-year report 2024, after discussing the findings of the external auditor, the AC issued a positive recommendation to the Supervisory Board.
- The Pillar 3 Disclosure report for 2023 was discussed and submitted to Supervisory Board with positive consultancy. The interim report for 2024 was approved by the Supervisory Board at the beginning of December.
- The AC follows the work of the IAD during each meeting. The most important findings of the IAD and their follow-up are also discussed. With regard to the IAD Audit Plan 2024, the Committee issued a positive recommendation to Supervisory Board.

Key points for attention

- BNG must report in accordance with the CSRD for the first time for the year 2025. The AC discussed the action plan for the implementation of the CSRD and the progress of the project, including the implementation of the DMA.
- Specifically, the committee advised Supervisory Board on the material topics in the DMA.
- Prior to discussing the financial statements in the full Supervisory Board, the AC also discussed its *board report* on the financial statements with the external auditor. The most important subjects were the audit scope, materiality and key audit issues: provisions for loans and debtors, the valuation of financial instruments and design and the existence and operation of IT general controls (ITGCs).
- The determination of the provisions for loans and debtors is a key audit matter, because BNG's loan portfolio contains not only guaranteed, but also unguaranteed loans. The calculation of the provisions is complex and also requires judgement. The AC was informed of the calculation methods used and the results and the manner in which the external auditor formed an opinion on them. Based on the discussion and taking into account an acceptable range in the uncertainties, the AC agreed with the Management Board that the provisions reported give a true and fair view of the credit risks in the loan portfolio.
- The valuation of financial instruments is a key audit matter, because market information is not available on all instruments or because the models used are complex. Regarding the first category, the AC discussed with the external auditor how it *challenged* and assessed the assumptions and method used. Regarding the second category, the external auditor explained to the AC the independent valuation of a number of positions that it had performed. The AC has been informed that the system used has not changed and has been assessed as adequate. The AC discussed the adjustment of the presentation of the result in relation to derivatives, with the aim of providing a better insight.
- The IT general controls are also a key audit matter. With a view to auditing the financial statements, the Committee also directs its attention to the reliability and continuity of automated data processing. In the year under review, the AC focused specifically on logical access security, change management and the KPIs for the multi-year Data Insight programme, focusing on *data warehousing*, *data governance* and data quality.
- After discussion with the external auditor – the AC took note with approval of the audit plan for 2024 and the audit engagement as laid down in the engagement letter for 2024.
- The AC was informed on two occasions in detail about the content of the funding plan and the progress of the funding programme, as well as about the management measures at Treasury.
- The ILAAP and ICAAP were discussed in a joint meeting with the Risk Committee, after which the Capital Adequacy Statement and the Liquidty Adequacy Statement were approved.
- The process to select and appoint a new auditor was started and completed in 2024. Two accountant organisations were invited and selection interviews took place with both of them. The AC has positively advised the Supervisory Board to select EY. The Supervisory Board adopted this decision and the appointment of EY as a new auditor was approved in an EGM in October 2024.

8.5 Risk Committee

Composition and engagement

The Risk Committee is composed of Constant Korthout (chair), Marlies van Elst, Karin Bergstein and Femke de Vries. The Risk Committee supports the Supervisory Board and the supervisory authority in supervising the activities of the ExCo with regard to risk management and the management of the various risks and corresponding risk areas. The Risk Committee periodically discusses the effectiveness of the design and operation of the internal risk management systems, which are aimed at managing financial and non-financial risks.

Working method

In addition to the members of the Risk Committee, the CRO, CEO, CFO and COO, the head of IAS, the head of Financial Risk Management, the head of Non-Financial Risk Management, the head of Integrated Risk Management and the head of Compliance participate in the meetings of the Risk Committee. Depending on the subject, the chair of the Supervisory board also participates in the meeting.

At least once per year, the chair of the Risk Committee speaks additionally and separately to the head of Risk Management (Financial, Non-Financial and/or Integrated), or to the head of Compliance. In addition, meetings are held between the chair of the Risk Committee and the CRO and the head of Compliance, prior to the meetings of the Risk Committee. The Risk Committee met six times in the year under review and also in a joint session with the Audit Committee. Furthermore, the committee members have agreed that a 'private session' of the committee members will take place prior to each meeting as from 2025.

Recurring topics

In preparation for the discussion by the full Supervisory Board, the Committee dealt with the following recurring topics.

- The committee discussed the 2024 and 2025 annual plans of (Financial, Non-Financial and/or Integrated) Risk Management and Compliance.
- Each quarter, the Risk Committee discussed the *Integrated Risk Report*, a joint report by Risk Management, Compliance and Security, followed by advice from the second line to the ExCo. In the Integrated Risk Report, Risk Management reports on the risk profile of the bank in relation to the Risk Appetite approved by the Supervisory Board. This discusses the development of the credit, market and liquidity-based risks, as well as the bank's operational and strategic risks. In addition, managing *Climate & Environmental Risks* is an increasingly important point of attention. Compliance reports on integrity risks, on compliance with existing laws and regulations and on the preparation and implementation of new legislation and regulations. The third pillar of the Integrated Risk Report is the reporting from the Security department.
- The Risk Committee has been informed extensively about the cascading of the *Risk Appetite Statement* (RAS), the system of limits, targets and information figures that forms the basis for the Risk Report. The committee discussed *incidental losses* In connection with this. The committee prepared and positively recommended the annual adoption of the RAS 2025 by the Supervisory Board.
- The *Compliance* and *Risk Section* in the 2023 Annual Report were discussed by the Committee and submitted to the Supervisory Board for approval with positive consultancy.
- The Risk Committee discussed the outcome of the Systematic Integrity Risk Analysis (SIRA) 2023 and found that the SIRA has become more embedded in the organisation. Where possible, actions under the SIRA will be included in existing plans. It is important that all of the action points remain well in view and are carried out as planned. In particular, the SIRA was discussed at *Financial & Economic Crime* (FEC).
- The Committee prepared the discussion in the Supervisory Board of the final letter from the supervisory authority about the *Supervisory Review and Evaluation Process*

(SREP) 2024. The observations and recommendations have been recognised and, where possible, placed with ongoing projects to be addressed further.

Key points for attention

- When discussing the operational risk profile, the committee paid specific attention to the operational risks arising from the outsourcing.
- The Committee sought extensive information on the management of *Climate and Environmental Risk* (C&E Risk), the C&E Risk programme and the relationship with other programmes within the bank, such as for the CSRD and ESG. A deep dive shared with the committee what the bank is doing currently and what is being done to become compliant.
- The committee noted the progress made in the ongoing programmes to become CSRD and DORA compliant. The committee was also informed of developments regarding payment transactions.
- In a general sense, the Risk Committee discussed the compliance risk arising from the Anti-Money Laundering and Anti-Terrorist Financing Act (Wwft). In particular, in an in-depth session, the committee discussed transaction monitoring and the material risks, in particular, as well as related aspects of FEC. The committee also discussed an internally conducted *Risk Culture* study that focused on aspects such as ownership and *tone at the top*.
- The committee gave extensive consideration to the preliminary results of the *On-Site Inspection* by the supervisor of *Market Risk*. In this context, the committee discussed sub-aspects of the investigation in more detail and gave an initial reflection on the findings.

8.6 HR Committee

Composition and engagement

The HR Committee consists of Huub Arendse (chair), Marja Elsinga, Femke de Vries and Leonard Geluk. The HR Committee's responsibilities include the recruitment and selection of members of the Supervisory Board and statutory members of the ExCo, the periodic evaluation of the performance of the Supervisory Board and the ExCo as a whole and the assessment of the performance of individual statutory members of the Supervisory Board and the ExCo. The HR Committee also supervises BNG's broader HR policy. The HR Committee prepares the Supervisory Board's decision-making and supports the Supervisory Board in its role as employer.

Working method

In addition to the members of the HR Committee, the CEO and the head of HR participate in the meetings of the HR Committee. The HR Committee met three times in 2024.

Recurring topics

- A recurring topic in the meetings was the progress of the HR strategy, on which BNG reports quarterly in the HR Dashboard. As a result, the development of the workforce was discussed, as well as the positive fact that the number of *regretted losses* is decreasing and the lead time for filling vacancies is decreasing. The committee also discussed strategic personnel planning as well as leadership and development programmes.
- The HR Committee spoke extensively about the results of the periodic employee survey, in particular about the focus points that emerged from this, such as the importance of collaborating in efficient work processes and clear roles and responsibilities.

- In the year under review, the committee prepared the appointment of Philippine Risch and the new CRO, as well as the reappointment of CFO Olivier Labe. Finally, the committee prepared the annual self-assessment of the Supervisory Board.

Special topics

The *Diversity & Inclusion policy SB/ExCo* was discussed and the HR Committee issued positive consultancy to the Supervisory Board.

8.7 Remuneration Committee

Composition and engagement

The Remuneration Committee is composed of Femke de Vries (Chair), Huub Arendse, Marja Elsinga and Leonard Geluk. The Remuneration Committee is responsible for preparing the decision-making in the Supervisory Board concerning the remuneration of the Supervisory Board, the ExCo and senior management, including decisions about remuneration that have consequences for risk management within the company. As is the case for the activities of the HR Committee, this primarily centres around the employer role of the Supervisory Board.

Working method

In addition to the members of the Remuneration Committee, the CEO and the head of HR participate in the meetings of the Remuneration Committee. The Remuneration Committee met once in 2024.

Recurring topics

- The committee discussed the implementation of the remuneration policy for the ExCo and the employees for 2023 and advised the Supervisory Board positively on its approval.
- The committee also took note of the outcome of the annual risk analysis of the controlled remuneration policy. This did not reveal any points for attention on which decision-making by Supervisory Board was necessary or desirable; the remuneration policy contributes to effective risk management and does not invite taking more risk than is acceptable.
- The committee advised the Supervisory Board on the Remuneration Report (published on the website). In it, the SB reports on the remuneration policy of the ExCo and the employees and on the implementation of the remuneration scheme for the SB.

Special topics

- The Remuneration Committee gave the Committee a positive opinion on the explanation of the remuneration policy for the ExCo, which was included in the notice convening the General Meeting on 25 April.

The committee paid attention to *market value supplements* as an instrument and its application.

9. Supplementary Information

9.1 Reporting principles

In its 2024 Annual Report, BNG accounts for its activities during the 2024 financial year. The Annual Report represents a balanced and complete analysis of the situation on the balance sheet date and the development and the results during the financial year and it contains financial and non-financial performance indicators.

Guidelines and definition of the reporting used

Legislation and reporting guidelines

BNG prepares the Annual Report in accordance with Section 2:391 Dutch Civil Code and the EU directives "Annual financial statements, consolidated financial statements and related reports of certain types of companies" (2013/34/EU) and is in accordance with the GRI Standards (Sustainability Reporting Guidelines of the Global Reporting Initiative). The report provides an overview of the principal developments and the performance of BNG in 2024 and shows how the bank deals with opportunities, risks and uncertainties. The Annual Report is based on the topics designated as material by the ExCo and stakeholders.

Defining the scope of the Annual Report

Non-financial information for the 2024 calendar year is included in the 2024 Annual Report. This is done to inform stakeholders about the public role of BNG in relation to its mission, strategy and objectives. The information in this report relates to BNG Bank N.V., including its subsidiaries. There were no (potential) acquisitions in 2024. The performances of suppliers, sources of funding, clients and other parties in the chain are not included in the figures.

Codes and guidelines observed

BNG endorses a number of codes of conduct and international conventions and guidelines. BNG undertakes to comply with the Dutch Banking Sector Agreement on international responsible business conduct regarding human rights (2016). As of 2020, and pursuant to the latter agreement, BNG has applied the Equator Principles, a Risk Management Framework for determining, assessing and managing environmental and social risk in projects. Along with other financial institutions, BNG has committed to the Climate Agreement in 2019. BNG endorses the future-oriented banking package of the Dutch Banking Association (NVB), which brings together the Social Charter, the Dutch Banking Code and a set of rules of conduct associated with the banker's oath. Through this, the banking sector explicitly states how it strives for service-orientated and sustainable banking. BNG adheres to the recommendations under the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises and has implemented these recommendations in its relevant procedures. BNG complies with the provisions of the Dutch Corporate Governance Code (2022 revised version) including by ensuring that its working methods align as closely as possible with the Code. An overview of compliance with the principles and best practice provisions of the Dutch Corporate Governance Code can be found on BNG's website.

Data collection

The quantitative and qualitative information in this Annual Report was collected on the basis of desk research and through interviews. Sources include staff records, financial reports, incident registration, and the registration of reports from internal confidential counsellors and the Compliance Officer. Information was provided by the Compliance, Finance & Control, HR, Risk Management, Security and Treasury & Capital Markets departments. Interviews were also conducted with employees of the Business Strategy & Control, Relationship Banking and Lending departments. BNG follows the GRI Standards for the quality of the data included in this Annual Report. The non-financial data in this report relates to 2024. Where possible, data and results have also been reported for previous years.

Management cycle

The ExCo is responsible for strategy, company objectives, content and the implementation of policy. Senior management, which reports directly to the Exco, is responsible for achieving the objectives in accordance with the policy frameworks and for measuring performance. The ExCo monitors policy implementation and the achievement of objectives on the basis of monthly or quarterly reports. This takes place on the basis of reports prepared by senior management, heads of department and control functions. Any adjustments are made on the basis of progress against the objectives. Performance against the objectives set is reported externally each year in the Annual Report. In turn, the ExCo and senior management evaluate policy and the designated objectives, in preparation for the annual management cycle. The lessons drawn from the evaluation are incorporated into the subsequent management cycle and reported to the Supervisory Board. New policy and procedures are assessed in terms of coherence with existing policy and procedures, and implemented by means of work meetings and publication on the intranet. The policies, procedures and support systems of BNG and its subsidiaries are subject to internal audits.

Reporting on sustainability

An important objective of the European Commission resulting from the European Green Deal is to promote the financing of sustainable activities. To achieve this, legislation and regulations have been published, with which (financial) institutions are increasingly required to comply. BNG started implementing CSRD regulations in 2024. As part of this implementation, the double materiality analysis will be introduced and processes and IT systems will be created to support the collection and processing of data underlying the sustainability information to be published.

The EU Taxonomy was drawn to define sustainable activities in a uniform way. BNG endorses the objective of the EU Taxonomy. Because of the public nature of the bank, we are playing an important role in the transition to a more sustainable society. At the same time, the EU Taxonomy does not seem to be properly applicable to BNG's business model as a public bank. BNG's clients are mainly government institutions or institutions affiliated to the government (including housing associations), to which balance sheet financing is provided. The vast majority of these clients do not fall within the scope of the EU Taxonomy and, therefore, fall outside the scope of the activities that can be classified as green for the purposes of determining the Green Asset Ratio (GAR). The GAR for BNG for the 2025 financial year is, therefore, expected to be very low.

To be able to report on its implementation of the EU Taxonomy on a voluntary basis, BNG relies on the willingness and capacity of borrowers to provide information voluntarily. Many clients (sectors) will only be able to do so in 2025 to a very limited extent or not at all yet. BNG is discussing with the various sectors how and to what extent this can be implemented in the future.

Principles and methods used in determining the CO_2e emissions of the loan portfolio

Methodology

The PCAF methodology was used to calculate the greenhouse gas emissions caused by our loan portfolio. This is what BNG has been doing since the Annual Report of 2019, in which calculations were made about the financed emissions from our lending in 2018. The methodology uses estimates and assumptions that are subject to uncertainties regarding external data.

Based on the general principles of PCAF, BNG applies the following principles in its approach:

- Where possible, the seven greenhouse gases from the Kyoto Protocol are included in the calculation and converted to CO_2-equivalent;
- Absolute emissions are expressed in metric tons of CO_2-equivalent (tCO_2e);
- Relative emissions are expressed in metric tons of CO_2-equivalent per million Euro (tCO_2e/EUR mln);
- The attribution method is applied. This means that we only report our share of the customer's emissions. This share is determined by comparing the financing provided by BNG to the customer's total balance sheet or project. This share is also known as the attribution factor. The emissions attributable to BNG from the customer are calculated by multiplying the attribution factor of that customer (or project) by the total emissions

of that customer. For the calculation of the attribution factor, all financing provided (both equity and loans) must be included in the calculation. Any deviations from this must be explained;

- In principle, the emission calculation includes the customer's scope 1, scope 2, and relevant parts of scope 3 activities. Any deviations from this must be explained;

- To monitor the development of financed emissions, it is important that the annually reported emission data are consistent and comparable. The methodology for emission calculation is still under development. Continuous improvement in data availability and/or methodological progress will enable more accurate calculations in the future. In the event of a change in methodology that makes emissions between years no longer comparable, BNG will recalculate the emissions for both the penultimate year and the base year, 2018, based on the new methodology;

- 'Follow the money' is the principle in the CO_2e emissions of financial assets. Financing must be followed as far as possible in the chain to understand the impact of CO2e emissions on the economy. This means that BNG also tries to calculate scope 3 emissions for customers and other assets.

The methodology that has been used in current study, is based on a couple of reporting standards: The Greenhouse Gas Protocol, A corporate accounting and reporting standard, revised edition, The harmonized approach for the financial sector in the Netherlands and The global GHG accounting & reporting standard. The overall reporting requirements and recommendations are:

- Principles: GHG accounting and reporting by financial institutions shall be based on the following principles: relevance, completeness, consistency, transparency, and accuracy.

- Purpose: A financial institution's reporting should be aligned with its specific business objectives; for instance, to identify and manage climate-related transition risks or to achieve a specific emissions reduction target.

- Frequency: Financial institutions shall disclose at least annually and at a fixed point in time in line with the financial accounting cycle. Financial institutions shall ensure that the chosen point in time provides a representative view of the emissions for that reporting year and shall transparently disclose if major changes close to (before or after) the reporting date have affected the results.

- Recalculation and significance thresholds: Financial institutions shall, in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard requirement, establish a baseline recalculation policy to define under which circumstances a recalculating of (reference year) financed emissions is necessary to ensure the consistency, comparability, and relevance of the reported GHG emission data over time. As part of this reference year emissions recalculation policy, financial institutions shall establish and disclose the significance threshold that triggers reference year emissions recalculations.

- Form of reporting: Financial institutions shall disclose in publicly available reports such as (semi) Annual Reports, website articles, or other publicly available sources as deemed appropriate by the financial institution.

- Past performance: Where appropriate and relevant to their business objectives, financial institutions should disclose their financed emissions for multiple comparable time periods, e.g., years.

Data used

Owing to the availability of data, reported financed CO_2e emissions are based on data from the year prior to the bank's reporting year. The emission calculation for the reporting year 2024 is, therefore, based on the bank's outstanding loans as at year-end 2023. Data for 2023 was used to calculate the emissions linked to these loans.

An emission calculation was made for 99.6 per cent of the loan portfolio. The visual in chapter 4 'CO_2e emissions 2023 linked to the loan portfolio' shows per segment the percentage of the portfolio that is included in the emission calculation. BNG aims for a 100 per cent coverage of the loan portfolio in the near future. Since this year, we have been mapping the CO_2e emissions for almost all our financing to public infrastructure companies, joint arrangements, and other public institutions. Public infrastructure companies include, for example, airports, seaports, network companies, and waste processing companies. This portfolio is therefore diverse and mainly includes non-real estate-related emission sources.

As a result, we could not use the same approach as with the other segments. Where possible, we used emission data from customers' annual reports. Because many customers do not yet report their emissions, we have calculated part of the emissions using a sector approach. This approach has a lower PCAF data quality score than that of the other sectors. In the coming years, we will work on better data quality for the emission measurement of these customers.

The financed emissions of BNG are calculated by the research agency Het Pon & Telos. Our clients’ emissions are derived from or calculated on the basis of public data from, among others, three energy suppliers (Enexis, Liander and Stedin), Statistics Netherlands (CBS), the Land Registry, the Inspectorate for the Environment and Transport (ILT), CBIG, the Department for Implementation of Training (DUO) and sustainability reports from the financed institutions. The emission factors from www.CO2emissiefactoren.nl have been used in most cases.

Every year, BNG, together with Het Pon & Telos, tries to improve the methodology further, for example, by changing the calculation method or using alternative data sources.

For the reporting year 2024, the following changes have been made:

- Housing Corporations: Small changes have been made to the scope 2 calculations. The latest available data for district heating is from 2022, which is one year behind compared to the energy consumption data for electricity and natural gas. The allocation key used to distribute the GJ (gigajoule) district heating per municipality among the housing corporations has changed compared to previous years. This year, a dataset from Republiq was used for the distribution. This dataset contains information about the number of homes connected to district heating per housing corporation per municipality. Based on the availability of district heating networks and energy consumption, an estimate was made of the presence of district heating per home. This dataset made the allocation key more accurate.

- Municipalities: The calculation method for scope 3 has changed. The expenditure-based method has been adjusted by including tangible assets in the calculations. Additionally, only expenditures in the task field and the economic subcategories with the highest greenhouse gas emissions are included in the scope 3 calculation. Compared to previous years, the emission factors used in the scope 3 calculations have also changed. Previously, an emission factor was calculated by dividing the greenhouse gas emissions of the Dutch economy (kg CO_2e) by the monetary value of all goods and services produced in the Netherlands (euro). The new method uses emission factors in tCO2e/million euro turnover from the PCAF database.

- Healthcare: For the 2023 calculations, no energy consumption data was requested from grid operators, but only core figures were used. In the previous year, energy consumption was requested from grid operators for 10 to 15% of healthcare institutions.

- Education: For the 2023 calculations, no energy consumption data was requested from grid operators, but only core figures were used based on energy consumption known to CBS.

For more detail on the data used per customer segment please refer to the PCAF BNG 2024 report on the website.

Data quality

The PCAF platform has drawn up an assessment framework per asset class for the quality of the data, based on which it is given a score. This score runs from 1 to 5, with 1 being the highest score. The PCAF BNG 2024 report describes the PCAF data quality score per component of the emissions calculation. For example, the data quality per segment can differ for the scope 1, 2 and 3 emission calculation. By means of a weighted average, these different quality scores are combined into one PCAF data quality score per segment. These can be found in the visual in chapter 4 "CO_2e emissions 2023 linked to the loan portfolio" and in the last table of this paragraph. Despite the changes in the methodology of emission calculations for scope 3 of municipalities, the PCAF data quality score for these calculations has remained almost the same at 4 because the emission factors used are based on Dutch proxy data. For the other sectors, the data quality score has remained almost the same as last year. The weighted average data quality of the portfolio has remained stable at 2.8. This score is difficult to compare because more loans fall within the scope of the measurement this year and the bank's portfolio has grown.

The table below shows the loan portfolio and what part of it is included in the emission calculations.

Market Segment	Sector	Total loan portfolio (million euro)			Coverage ratio by GHG footprint of total loan portfolio (%)		
		2018	2022	2023	2018	2022	2023
Housing	Social housing associations	38,947	44,118	45,957	94.0	96.8	100.0
	Housing related	496	715	784	0.0	0.0	100.0
Public sector	Municipalities	26,066	25,765	25,104	99.6	100.0	100.0
	Provinces	137	421	449	100.0	100.0	100.0
	Water boards	233	197	220	100.0	100.0	100.0
	Joint arrangements	1,362	1,270	1,303	0.0	2.8	100.0
	Other public institutions	768	560	510	0.0	0.0	100.0
Healthcare	Healthcare	7,031	6,724	6,629	87.7	95.7	100.0
Education	Educational institutions	979	1,057	1,035	54.2	62.2	100.0
Public infrastructure	Public transport	909	986	1,153	0.0	27.7	100.0
	Infrastructure	1,220	1,126	1,028	72.6	71.4	100.0
	Waste collection and processing	754	710	697	0.0	0.0	100.0
	Drinking water companies#	811	548	677	0.0	94.3	92.2
	Spatial planning	754	631	592	0.0	0.0	100.0
	Network companies (energy, telecom)	451	603	486	0.0	0.0	100.0
Other	Other	381	317	281	0.0	18.3	100.0
Energy	Renewable energy	309	867	808	0.0	0.0	65.9
	Sustainability projects	19	48	52	0.0	0.0	0.0
Total		**81,628**	**86,664**	**87,767**	**86.4**	**89.8**	**99.6**

The following table shows the absolute and relative financed issues of the credit portfolio and the data quality.

Market segment	Sector	Scope	Loan portfolio (clients with GHG footprint) (million euro)			Financed GHG emissions (tCO2e)			Relative financed GHG emissions (tCO2e/million euro)			Data quality
			2018	2022	2023	2018	2022	2023	2018	2022	2023	2023
Housing	Social housing associations	1-2	36,617	42,688	45,957	635,242	492,426	458,99	17.3	11.5	10.0	2.0
	Housing related	1-2-3	0	0	784	-	-	5,395	-	-	6.9	5.0
Public sector	Municipalities	1-2-3	25,973	25,765	25,104	1,078,520	881,339[1]	913,282	41.5	34.2	36.4	3.7
	Provinces	1-2-3	137	421	449	8,703	16,537	12,546	63.6	39.2	27.9	4.0
	Water boards	1-2-3	233	197	220	33,677	15,675	14,244	144.4	79.4	64.7	2.8
	Joint arrangements	1-2-3	0	36	1,303	-	513	86,175	-	14.2	66.1	5.0
	Other public institutions	1-2-3	0	0	510	-	-	32,008	-	-	62.7	5.0
Healthcare	Healthcare	1-2-3	6,167	6,432	6,629	285,245	207,946	199,885	46.3	32.3	30.2	3.2
Education	Educational institutions	1-2	531	657	1,035	15,923	12,919	13,679	30.0	19.7	13.2	3.4
Public infrastructure	Public transport	1-2-3	0	273	1,153	-	1,099	16,592	-	4.0	14.4	3.6
	Infrastructure	1-2-3	885	804	1,028	14,017	120,520	237,024	15.8	149.9	230.6	3.8
	Waste collection and processing	1-2-3	0	0	697	-	-	270,500	-	-	387.8	2.0
	Drinking water companies	1-2-3	0	517	624	-	20,356	21,717	-	39.3	34.8	2.2
	Spatial planning	1-2-3	0	0	592	-	-	66,444	-	-	112.2	5.0
	Network companies (energy, telecom)	1-2-3	0	0	486	-	-	74,226	-	-	152.7	4.2
Other	Other	1-2-3	0	58	281	-	214	22,717	-	3.7	80.7	5.0
Energy	Renewable energy (net avoided emissions)	3	0	0	533	-	-	-	-	-	-	-
Total	**All Sectors**		**70,542**	**77,848**	**87,388**	**2,071,328**	**1,769,542**	**2,445,423**	**29.4**	**22.7**	**28.2**	**2.8**

1 *This value is significantly lower than the value reported last year (1,844,274), due to some changes made in the scope 3 methodology.*

For more detailed information on the PCAF data quality score per component of the emissions calculation, please refer to paragraph 2.3 of the PCAF BNG 2024 report.

Preparing for CSRD reporting

In 2024, we prepared to report in accordance with the Corporate Sustainability Reporting Directive (CSRD). A steering group and working groups on the CSRD were established to develop a targeted approach and to prepare the internal organisation for its implementation.

9.2 Supplementary information on material topics

The table below shows the progress of the material topics from 2023 to 2024.

Material topics for 2023	Decision	Notes	Material topics 2024
1. Market leader in the public sector	Tighten up	This topic remains very relevant for BNG. We help our clients to carry out their social tasks by offering our loans and advances at competitive lending rates. We are able to achieve these competitive lending rates by structurally ensuring low funding costs, by actively managing our organisational costs and by generating additional income from our treasury activities. In addition to lending, we will continue to offer payment transactions as a service in accordance with the wishes of our clients.	Market leader in the public sector
2. Sustainability embedded in business operations **3. Partnerships and stimulating the social impact by clients on five SDGs**	Merge	Merge and reformulate material topics 2 and 3 with reference to the demonstrable Sustainable programme, within which the sustainability strategy is now being developed. This includes embedding Sustainability in business operations, as well as the impact on five SDGs (including SDG 13 Climate/CO2). Together with them, through our loans and advances and our knowledge, we want to achieve a positive impact on making the Netherlands more social and sustainable. We are transparent about our social and sustainability performance.	We are demonstrably sustainable
4. Compliance with laws and regulations	Remove	Material topic 4 compliance with regulatory requirements is not reflected in the strategy, is seen as an edge conditional for BNG and is, therefore, not a specific objective.	N/A
5. Data security and high-quality data	Rollover	Data is a crucial business asset that enables us to work in a data-driven manner. By working in a data-driven manner, we are able to respond in a substantiated and proactive manner to client and market changes and we are able to better manage our strategic objectives and results. High-quality and easily accessible data is also necessary to work in efficient and controlled value chains. A safe and modern IT landscape supports our organisation in achieving its strategic goals. There is great pressure on information technology to be able to change quickly. Society is digitising further and clients are calling for more digital services. BNG's online visibility is growing and our employees need adequate workplace facilities, all in line with BNG's strategy. This not only requires a fast and agile system. The IT landscape must also be secure. The security of our system to guarantee the security (of data) of our clients, stakeholders, investors and employees is a prerequisite in this objective.	Data security and high-quality data
6. Efficient organisation	Tighten up	In 2024, we will start working in value chains, starting with value chain credit. In this value chain, we work on both the efficiency and control of our processes. This is in the interests of our client and the impact we can make, as well as for the job satisfaction and ease of our employees.	Efficient organisation
7. Attracting, developing and retaining talent	Tighten up	This material topic has been tightened up for 2024 and is now focusing further and explicitly on inclusiveness and diversity. We are aiming to attract and develop the right knowledge and skills to achieve our objectives. We are accountable for our behaviour and our results and put cooperation first.	We are a bank with a heart

The table below shows the policy and actions relating to the material subjects.

Material topic	Impact	Involvement	Policy and Commitments 2024	Management actions taken
Market leader in the public sector	Actual, Positive	Activities	BNG has a pricing policy that leaves room for interventions when the market situation requires it.	Efforts were made in 2024 to improve commercial reporting, which provides better insight into all income.
We are demonstrably sustainable	Potential, Positive	Activities	We see an improvement in the ESG performance of our clients and ourselves. The CO_2e emissions of our clients and ourselves have decreased	Through SBC, greater control over the ESG performance of our clients and BNG itself. An active program to further strengthen BNG's ESG rating. There was no active management of this KPI, but the focus was on improving data quality.
Efficient organisation	Actual, Positive	Activities	The handling time of the credit value chain has improved	A risk-based review has been implemented. Chain meetings have been set up and are being improved continuously.
Data security and high-quality data	Actual, Positive	Activities	In 2024, we will bring the Critical Data Elements (CDEs) and DI 2.0 report-linked Business Data Attributes (BDAS) of the bank under governance, including data lineage recording and data quality monitoring. In 2024, the execution of the (multi-year) Business Roadmap follows, from the tactical triangle, via the CPO manager	In 2024, the focus is on bringing the CDEs under governance. In 2024, efforts were made to prioritise more tightly and to focus on established priorities.
Bank with a heart	Actual, Positive	Activities	In the coming years, we want to achieve our ambition by seeing a positive movement in the areas of diversity and inclusiveness, the involvement of employees, direction on our own development and cooperation compared to the previous year.	The focus was set on diversity and inclusion and attracting employees who are at a distance from the labour market. The Archipel learning platform has been developed further

Definitions color score KPIs 2024

Material theme	KPI	Colour of KPI score	Definition of colour score
Market leader in the public sector	Scoring percentage >60%	Green	Scoring percentage >60%
		Orange	Scoring percentage = 60%
		Red	Scoring percentage <60%
We are demonstrably sustainable	Our ESG rating is among the top 39%	Green	Average rating is among the top 39% of of our peer group
		Orange	Average rating is among the top 41% of of our peer group
		Red	Average rating is not among the top 41% of our peer group
	The reduction of the CO_2e emissions of BNG's loan portfolio (scope 1 and 2 absolute emissions) is greater than zero	Green	The reduction of the CO_2e emissions of the loan portfolio (scope 1 and 2 absolute emissions) compared to the previous year (which we have been measuring since 2018: housing associations, municipalities, provinces, water boards, healthcare, educational institutions and drinking water companies) of BNG is greater than zero
		Orange	The reduction of the CO_2e emissions of the loan portfolio (scope 1 and 2 absolute emissions) compared to the previous year (which we have been measuring since 2018: housing associations, municipalities, provinces, water boards, healthcare, educational institutions and drinking water companies) of BNG is zero
		Red	The reduction of the CO_2e emissions of the loan portfolio (scope 1 and 2 absolute emissions) compared to the previous year (which we have been measuring since 2018: housing associations, municipalities, provinces, water boards, healthcare, educational institutions and drinking water companies) of BNG is less than zero
Efficient organisation	Savings of at least a 5% reduction in the processing time of revisions in the credit chain	Green	Savings of at least a 5% reduction in the processing time of revisions in the credit chain compared to the baseline measurement in the first quarter of 2024
		Orange	Savings of at least a 3% reduction in the processing time of revisions in the credit chain compared to the baseline measurement in the first quarter of 2024
		Red	No savings in the processing time of revisions in the credit chain compared to the baseline measurement in the first quarter of 2024

Material theme	KPI	Colour of KPI score	Definition of colour score
Data security and high-quality data	Percentage of Critical Data Elements (CDE) under governance is 100%	Green	Percentage of Critical Data Elements (CDE) under governance is 100%
		Orange	Percentage of Critical Data Elements (CDE) under governance is higher than or equal to 95% but lower than 100%.
		Red	Percentage of Critical Data Elements (CDE) under governance is less than 95%
	Percentage of delivery reliability of features done compared to committed is at least 80%	Green	Percentage of delivery reliability of features done compared to committed is at least 80%
		Orange	Percentage of delivery reliability of features done compared to committed is at least 75%
		Red	Percentage of delivery reliability of features done compared to committed is less than 75%
We are a bank with a heart	Workforce is at least 40% male and 40% female	Green	Workforce is at least 40% male and 40% female
		Orange	Workforce is not at least 40% male and 40% female, but there has been an improvement compared to last year.
		Red	Workforce is not at least 40% male and 40% female and there has been no improvement compared to last year.
	Percentage of employees aged below 45 >50%	Green	Percentage of employees aged below 45 >50%
		Orange	Percentage of employees aged below 45 is less than or equal to 50%, but there has been an improvement compared to last year.
		Red	Percentage of employees aged below 45 is less than or equal to 50% and there has been no improvement compared to last year.

9.3 Glossary

Demonstrably sustainable: For this KPI, we take the weighted average of our ESG ratings from 3 ESG rating providers and compare it to our peers. For 2024, we aim to be at least in the top 39% of our peers.

Asset & Liability Committee (ALCO): The Asset & Liability Committee manages and monitors the bank's liquidity, market, refinancing and solvency risks.

Processing time revisions in the credit chain: This KPI measures the reduction of the processing time of all completed revisions in the credit chain compared to the baseline measurement. The baseline measurement was done in the first quarter of 2024.

CEO: Chief Executive Officer, chair of the ExCo and the statutory board.

CCO: Chief Commercial Officer, member of the ExCo.

CFO: Chief Financial Officer, member of the ExCo and the statutory board.

Compliance: Complying with laws and regulations and working according to the standards and rules that an institution has drawn up itself.

Compliance Risk: The risk of insufficient compliance with or recognition of companyvalues, codes of conduct, generally accepted social norms and values, laws and regulations, and supervisory requirements. Compliance risk includes integrity risk and regulatory compliance risk.

Compliance Management Framework (CMF): Policies, working conditions, roles and responsibilities to ensure that BNG properly complies with applicable laws and regulations, thereby reducing and manageable the risk of financial or reputational loss due to insufficient compliance with laws and regulations.

COO: Chief Operating Officer, member of the ExCo.

Corporate governance: Corporate governance is the system of principles and best-practice provisions regulating relations between the Executive Committee, the Supervisory Board and the General Meeting of Shareholders. The Dutch corporate governance model is characterised by the two-tier board structure, which provides for a Supervisory Board with supervisory duties and a managing body with executive management duties.

Credit Committee STMP: The Credit Committee for statutory market partners is tasked with taking individual credit decisions within the Credit Committee's mandate.

Credit Committee Treasury: The Credit Committee Treasury is mandated to set and manage the credit policy of financial counterparties and to approve individual agreements with financial counterparties.

Credit Policy Committee STMP: The Credit Policy Committee for statutory market partners is mandated to establish and manage the credit risk policy for statutory market partners and to monitor the implementation of this policy.

CRO: Chief Risk Officer, member of the ExCo and the statutory board.

Customer Due Diligence Policy (CDD): A policy to ensure that banks know and monitor their clients well in order to prevent and combat financial and economic crime. This policy enables banks to fulfil their important gatekeeper function, the aim of which is to prevent funds obtained through financial and economic crime from gaining access to the financial banking system.

Critical Data Element (CDE): A critical data element is a data element that is most crucial to business functions and processes. These critical data elements are identified by departments with a data steward. The management and responsibilities of each data element are assigned to a data owner.

Services of general economic interest (SGEI): Economic activities which serve a public interest and which cannot normally be carried out in a profitable manner. As a result, undertakings entrusted with an SGEI may be compensated.

ESG bond: A bond issued in line with BNG's Sustainable Finance Framework.

ESG rating (external): An ESG rating reflects how ESG raters view BNG. ESG raters do this based on criteria that they determine themselves, based on information that they have managed to gather themselves, by comparing us with parties that they consider to be similar to us (peers), with the (limited) sources that they have for this. Therefore, the ESG rating is not an absolute reality of BNG's performance in the field of sustainability.

The KPI provides good insight into how our performance is valued by the outside world. It is an ESG statistic that investors can look at for their assessment of BNG. The KPI provides insight into how we compare to our peers. BNG has received three ESG ratings, distributed by three fundamental ESG rating providers. The KPI of the ESG ratings is based on the most recent ratings that BNG received in 2024 from these three ESG raters. The ratings are based on research by the ESG raters using data from the previous year. The KPI is determined by comparing a weighted average of BNG's three ESG ratings with our peers. This weighted average is based on a study from 2022.

ESG rating (internal): This is the rating that BNG gives to clients as part of the identification, assessment and management of ESG risks.

Executive Committee (ExCo): BNG’s management body in its executive function.

Full-time equivalent (FTE): A unit to measure the scope of an employment contract or the workforce. Within BNG, one FTE represents one employee with a full-time working week of 36 hours.

Funding: Raising short-term and long-term capital in various currencies in international money and capital markets.

Global Reporting Initiative (GRI): Sustainability guidelines for reporting on economic, social and environmental performance.

Integral Portfolio Committee (IPC): The Integral Portfolio Committee's task is to maintain an overview, insight into and to monitor the manageability of BNG's total change portfolio.

Integrated Reporting: Reporting framework originating from the International Integrated Reporting Council (IIRC) resulting in an integrated report covering value creation: the external environment influencing the organisation, the incoming and outgoing resources and the way that the organisation interacts with the external environment. The value creation model is used to record the results.

Internal Governance Framework (IGF): Overview of the internal governance organisation that forms the basis for internal decision-making. The IGF describes the Three Lines of Defence model and the position of risk management within this model.

Laws and Regulations: Timely completion of more than 95% of Customer Due Diligence investigations. This KPI is calculated by dividing the number of customers with an expired KYC date as of 12/31/2023 by the total number of customers with a CDD obligation.

Leverage ratio: The ratio between a bank's Tier 1 capital and the adjusted balance sheet total.

Liquidity risk: The risk of losses to earnings and capital due to the possibility, at any given time, that the bank will not be able to fulfil its payment obligations without incurring unacceptable costs or losses. Liquidity risk comprises of short-term liquidity risk and long-term liquidity risk (or refinancing risk).

Loans subject to solvency: Loans for which regulations require a certain amount of equity to be held as a buffer against the risk of non-repayment.

Long-term lending: The provision of loans with a term of more than one year.

Market leader in the public domain: BNG wants to be market leader in the public domain by financing governments and public/social organisations. The scoring percentage for new long-term loans is higher than 60% in 2024. This is calculated as the volume of actually concluded long-term loans divided by the volume of loans that clients requested a quotation for.

Market risk: The risk of losses to earnings and capital due to the fluctuation of market prices. Market risk includes the interest rate risk, exchange risk and fluctuations in credit spreads and liquidity spreads.

Material topics: Topics identified using the 'materiality analysis' which are sufficiently important to be reported on in the Annual Report.

Materiality analysis: Process in which it is determined with input from stakeholders which topics, known as 'material topics', are sufficiently important to be reported on in the Annual Report.

Net promoter score (NPS): In order to calculate the NPS, BNG asks how likely it is that a client recommends the bank to a colleague or relation. Clients can answer with a score on a 0-10 scale, with the following distribution: promoters (9 or 10); passives (7 or 8); detractors (0-6). NPS is calculated as the percentage promoters minus the percentage detractors.

Non-Financial Risk Committee: The Non-Financial Risk Committee (NFRC) supports the ExCo on issues that fall under operational, compliance and security risks, including the impact that ESG factors may have on this risk.

Operational risk: The risk of losses of earnings or capital due to shortcomings of internal processes, people and systems, or as a result of external events. Operational risk comprises process risk, people risk, model risk, IT risk, data management risk, outsourcing risk, legal risk, business continuity risk and external event risk.

Partnerships and social impact of customers on five SDGs: Reduction of CO2 emissions by customers greater than 0%.

Percentage of Critical Data Elements (CDEs) under governance: This refers to the percentage of critical data elements that have been identified and for which management and responsibilities have been assigned to a data owner.

Percentage of delivery reliability of features done vs. committed: This percentage allows us to measure what percentage of the IT changes commited in the bank-wide quarterly planning (features committed) have been completed (features done) in that quarter.

Promotional loan: A loan granted directly or via an intermediary credit institution, by a credit institution under public law or an entity established by the central, regional or local government of a member state, on a non-competitive, not-for-profit basis, in order to promote the policy objectives of the central, regional or local government of a member state of the European Union.

Rating: Rating of the creditworthiness of banks, the ability of banks to meet their obligations. The assessment is carried out by independent credit rating agencies, such as the recognised credit rating agencies Moody's, Fitch and Standard & Poor's.

Reduction of CO_2e emissions: The Greenhouse Gas Protocol (GHG protocol) forms the basis for the CO_2e-registration. In compliance with Partnership for Carbon Accounting Financials (PCAF) BNG uses a methodology that operates according to the basic accounting principles of completeness, consistency, transparency, prudence, balance, and accuracy. For the calculation of the KPI on CO2e emission reduction of the credit portfolio, the absolute scope 1 and 2 emissions are used. The reduction calculation only considers the sectors that we have been measuring since 2018. These sectors are Housing Corporations, Municipalities, Provinces, Water Boards, Healthcare, Education, and Drinking Water Companies.

Return on equity (ROE): Calculated by dividing the net profit minus the distributed dividend on additional Tier 1 capital divided by the aggregate of the equity minus the additional Tier 1 capital and the unrealised reserves at the start of the financial year. The unrealised reserves are the revaluation reserve, the cash-flow hedge reserve, the own credit adjustment and the cost of hedging reserve.

Risk Appetite Framework (RAF): Includes policy, processes, controls and systems used to determine, communicate and monitor the bank's risk appetite, including the Risk Appetite Statement, risk limits and an overview of the roles and responsibilities of those who supervise the implementation and monitoring of the framework.

Risk Appetite Statement (RAS): Description of the risks that the bank wishes to accept in order to achieve its objectives.

Risk based review: This means that more time can be spent on credit reviews for clients with a higher risk profile. This risk profile is based, among other factors, on ratings and limits per client sector.

Risk Management Framework (RMF): Consists of overarching policy on general and specific risk-related topics: risk governance, risk appetite framework and specific risks, and is tailored to the specific company profile. The framework forms part of the Internal Governance Framework.

Scope 1: Direct CO_2 emissions caused by fuels that the institution itself purchases and consumes. This concerns emissions from the institution's own buildings and transport and production-related activities.

Scope 2: Indirect CO_2 emissions in the business operations of the institution. This concerns the consumption of electricity and heat, physically generated elsewhere.

Scope 3: Other indirect CO_2e emissions for which the institution does not itself handle procurement, as well as direct emissions beyond the institution's direct control. This includes, among other things, the commuting by employees of the institution without lease cars and the consumption by external parties from which the institution procures services (such as air travel).

Scoring percentage: The volume of actually concluded long-term loans divided by the volume of loans that clients requested a quotation for.

Services of general economic interest: Economic activities that serve the public interest but could not typically be carried out profitably (DAEB: Diensten van Algemeen Economisch Belang). This allows companies assessed with a DAEB to be compensated.

Social impact: BNG's impact on social issues, translated into SDGs.

Social Return On Investment (SROI): Agreement between the contracting authority (government) and the contractor regarding the provision of a social contribution as part of the contract. An SROI obligation can be met by deploying people who are at a disadvantage on the labour market in the execution of the contract, or by making a social contribution by purchasing from a social enterprise or by carrying out a social activity.

Solvency-free loans: Loans for which no equity is required because they are considered to be (virtually) free of credit risk. Loans to or under guarantee from the Dutch government are considered to be (nearly) free of credit risk.

Stakeholders: Groups or individuals who can reasonably be expected to be significantly affected by the institution's activities, products or services and/or whose actions affect the ability of the institution to implement its strategies or achieve its objectives.

Strategic risk: The risk that an organization's strategic decisions result in losses of earnings and capital due to changes beyond its control with regard to political climate, regulatory developments, reputation, business climate and ESG.

Supervisory Board (SB): BNG's management body in its supervisory function.

Sustainable Banking Committee (SBC): The SBC's mission is to ensure that BNG has, implements and reports on an integrated sustainability policy.

Sustainable Development Goals (SDGs): 17 sustainability goals aimed at ensuring peace and prosperity for people and the planet, now and in the future. These goals are endorsed by all member states of the United Nations in 2015.

Sustainable Finance Framework: Framework in line with which various types of sustainable financial instruments can be issued, such as bonds, loans, commercial papers and deposits.

Three Lines of Responsibility model: Risk management framework that spreads responsibility for operational risk management across three roles. Line management in the first line is the owner of and directly manages risks. The second line supervises the first line, determines policy, defines risk tolerance limits and ensures that these are observed. The third line, consisting of internal audit, provides independent assurance of the first two lines.

Time to hire: The lead time for recruiting internal staff for a permanent position.

Value creation and the value creation model: Value creation models in integrated reporting provide stakeholders with an understanding how the business model of a company create value on the short-, medium- and long term.

10. Financial statements

10.1 Consolidated financial statements

Consolidated balance sheet

Amounts in millions of euros	NOTE	31-12-2024	31-12-2023
Assets			
Cash and balances held with central banks	1	6,625	1,617
Amounts due from banks	2	804	622
Cash collateral posted	3	3,545	4,751
Financial assets at fair value through the income statement	4	757	911
Derivatives	5	3,979	3,011
Financial assets at fair value through other comprehensive income	6	11,322	10,193
Interest-bearing securities at amortised cost	7	9,133	8,829
Loans and advances at amortised costs	8	94,537	90,497
Value adjustments on loans in portfolio hedge accounting	9	-2,953	-5,037
Joint ventures	10	16	22
Property & equipment	11	17	15
Other assets	12	104	89
Current tax assets	20	55	18
Assets held for sale	10	-	2
Total assets		**127,941**	**115,540**

Amounts in millions of euros	NOTE	31-12-2024	31-12-2023
Liabilities			
Amounts due to banks	13	1,639	905
Cash collateral received	14	1,533	656
Financial liabilities at fair value through the income statement	15	254	260
Derivatives	16	5,546	6,363
Debt securities	17	103,383	93,039
Funds entrusted	18	10,517	9,302
Subordinated debts	19	19	18
Deferred tax liabilities	20	39	19
Other liabilities	21	234	257
Total liabilities		**123,164**	**110,819**
Equity			
Share capital		139	139
Share premium reserve		6	6
Retained earnings		4,089	3,970
Revaluation reserve		-172	-8
Cash flow hedge reserve		9	6
Own credit adjustment		9	4
Cost of hedging reserve		94	41
Net profit		294	254
Equity attributable to shareholders	22	**4,468**	**4,412**
Additional Tier 1 capital	22	309	309
Total equity	22	**4,777**	**4,721**
Total liabilities and equity		**127,941**	**115,540**

Consolidated income statement

Amounts in millions of euros	NOTE	2024	2023
• Interest revenue calculated using the effective interest method		6,691	6,051
• Other interest revenue		255	425
Total interest revenue		6,946	6,476
• Interest expenses calculated using the effective interest method		6,348	5,894
• Other interest expenses		62	65
Total interest expenses		6,410	5,959
Interest result	23	**536**	**517**
• Commission income		34	29
• Commission expenses		4	3
Commission result	24	30	26
Result on financial transactions	25	-15	-32
Results from joint ventures	26	0	4
Other results	27	1	1
Total income		**552**	**516**

Amounts in millions of euros	NOTE	2024	2023
Staff costs	28	101	91
Other administrative expenses	29	47	48
Depreciation	30	4	3
Other operating expenses		0	0
Total operating expenses		**152**	**142**
Net impairment losses on financial assets	31	-35	-8
Net impairment losses on joint ventures	32	1	-1
Contribution to resolution fund	33	0	14
Bank levy	33	31	23
Total other expenses		**-3**	**28**
Profit before tax		**403**	**346**
Income tax expense	20	109	92
Net profit		**294**	**254**
• of which attributable to the holders of Additional Tier 1 capital		15	14
• of which attributable to shareholders		279	240

The references refer to the notes to the consolidated financial statements. The notes to the consolidated financial statements are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

Amounts in millions of euros. All figures in the statement are after taxation.	2024	2023
Net profit	**294**	**254**
Recyclable results recognised directly in equity		
Changes in cash flow hedge reserve:		
- Unrealised value changes	3	-8
- Realised value changes transferred to the income statement	0	0
	3	-8
Changes in cost of hedging reserve:		
- Unrealised value changes	62	30
- Realised value changes transferred to the income statement	-9	-6
	53	24
Changes in the revaluation reserve for financial assets at fair value through other comprehensive income:		
- Unrealised value changes	-181	-35
- Realised value changes transferred to the income statement	17	23
	-164	-12
Total recyclable results	**-108**	**4**
Non-recyclable results recognised directly in equity:		
Change in fair value attributable to change in credit risk of financial liabilities at fair value through profit or loss	5	2
Total non-recyclable results	**5**	**2**
Results recognised directly in equity	**-103**	**6**
Total	**191**	**260**
- of which attributable to the holders of Additional Tier 1 capital	15	14
- of which attributable to shareholders	176	246

Consolidated cash flow statement

Amounts in millions of euros	2024	2023
Cash flow from operating activities		
Profit before tax	403	346
Adjusted for:		
• Depreciation	4	3
• Impairments	-34	-8
• Unrealised results through the income statement	-4	49
Changes in operating assets and liabilities:		
• Changes in Amounts due from and due to banks (not due on demand)	491	-3,573
• Changes in Cash collateral posted and received	1,736	-1,551
• Changes in Loans and advances	-1,913	1,076
• Changes in Funds entrusted	687	910
• Changes in Derivatives	273	663
Corporate income tax paid	-88	-118
Other changes from operating activities	286	386
Net cash flow from operating activities	**1,841**	**-1,817**
Cash flow from investing activities		
Investments and acquisitions pertaining to:		
• Financial assets at fair value through the income statement	-7	-19
• Financial assets at fair value through other comprehensive income	-4,797	-5,823
• Interest-bearing securities at amortised cost	-1,726	-2,714
• Property and equipment	-5	-5
Disposals and redemptions pertaining to:		
• Financial assets at fair value through the income statement	182	150
• Financial assets at fair value through other comprehensive income	3,886	3,630
• Interest-bearing securities at amortised cost	1,728	1,955
• Investments in joint ventures	4	3
Net cash flow from investing activities	**-735**	**-2,823**

Amounts in millions of euros	2024	2023
Cash flow from financing activities		
Amounts received on account of:		
• Financial liabilities at fair value through the income statement	52	74
• Debt securities	342,743	473,761
Amounts paid on account of:		
• Financial liabilities at fair value through the income statement	-59	-1
• Debt securities	-338,698	-474,225
• Subordinated debt	-	-21
• Compensation on Additional Tier 1 capital	-15	-14
• Dividend distribution to shareholders	-120	-140
• Repayments on Additional Tier 1 capital	-	-
Net cash flow from financing activities	**3,903**	**-566**
Net change in cash and cash equivalents	**5,009**	**-5,206**
Cash and cash equivalents as at 1 January	1,618	6,824
Cash and cash equivalents as at 31 december	**6,627**	**1,618**
Cash and cash equivalents as at 31 December:		
Cash and balances held with central banks	6,625	1,617
Cash equivalents in the Amount due from banks item	2	2
Cash equivalents in the Amount due to banks item	-	-1
	6,627	**1,618**
Notes to cash flow from operating activities		
Interest income received	7,906	6,399
Interest expenses paid	-6,757	-4,991
	1,149	**1,408**

Consolidated statement of changes in equity

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	**-**	**-**	**-12**	**-8**	**2**	**24**	**-**	**254**	**260**	**-**	**260**
Redemption of Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-	**-**
Dividend distribution to the bank's shareholders	-	-	-	-	-	-	-140	-	-140	-	**-140**
Compensation to holders of Additional Tier 1 capital	-	-	-	-	-	-	-14	-	-14	-	**-14**
Appropriation from previous year's profit	-	-	-	-	-	-	300	-300	-	-	**-**
Balance as at 31/12/2023	**139**	**6**	**-8**	**6**	**4**	**41**	**3,970**	**254**	**4,412**	**309**	**4,721**
Total comprehensive income	**-**	**-**	**-164**	**3**	**5**	**53**	**-**	**294**	**191**	**-**	**191**
Redemption of Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-	**-**
Dividend distribution to the bank's shareholders	-	-	-	-	-	-	-120	-	-120	-	**-120**
Compensation to holders of Additional Tier 1 capital	-	-	-	-	-	-	-15	-	-15	-	**-15**
Appropriation from previous year's profit	-	-	-	-	-	-	254	-254	0	-	**-**
Balance as at 31/12/2024	**139**	**6**	**-172**	**9**	**9**	**94**	**4,089**	**294**	**4,468**	**309**	**4,777**

BNG has not recognised any results from minority interests in the consolidated equity which is attributable to third parties. With the exception of Additional Tier 1 capital, the entire equity is attributable to the shareholders.

Accounting principles for the consolidated financial statements

General company information

BNG Bank N.V. (BNG), based in The Hague in The Netherlands, is a statutory two-tier board company under Dutch law, that is driven by social impact. Our focus is on the public domain and increasing our 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 N.V.is a public limited company and has its office address at Bordewijklaan 18, 2591 XR, The Hague (listed under Chamber of Commerce number 27008387) in the Netherlands and has no branch offices. The principal place of business is the Netherlands. The name of the ultimate parent of the group is BNG Bank N.V.

The consolidated financial statements were prepared and issued for publication by the Executive Board on 21 March 2025 and will be presented to the General Meeting of Shareholders for adoption on 24 April 2025.

Applicable laws and regulations

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted in the European Union, and with Part 9, Book 2 of the Dutch Civil Code.

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

Going concern

The consolidated financial statements are prepared on the basis of the going-concern principle. The Executive Board considers this to be appropriate considering that the bank is liquid, has a high quality loan portfolio with impairments that are limited in size and number and proven track record of stability. This is supported by the triple A rating of the bank, the high Core Equity Tier 1 capital and Liquidity Coverage Ratio. No substantial changes are expected based on the outcome of BNG's funding plan, forecast and budget process.

Valuation of balance sheet items

Most balance sheet items are valued at amortised cost. The balance sheet items Financial assets at fair value through the income statement, Financial assets at fair value through other comprehensive income, Derivatives and Financial liabilities at fair value through the income statement are recognised at fair value. The balance sheet item Associates and joint ventures is stated according to the equity method. The balance sheet item Property and equipment is stated at cost less accumulated depreciation.

Accounting principles for determining the result

Income is recognised if it is more likely than not that the economic benefits will accrue to BNG 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.

Reporting currency

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

Accounting principles for consolidation

Each year, BNG prepares, as the parent company, the consolidated financial statements for the company and its subsidiary BNG Gebiedsontwikkeling B.V. The financial statements of the parent company and its subsidiary which are used to prepare the consolidated financial statements are drawn up at the same reporting date, and are based on uniform principles.

All intra-group transactions and balances, including income, expenses and dividends, have been fully eliminated in the consolidated financial statements. The consolidated financial statements comprise all subsidiaries over which BNG has control. The consolidation base subject to prudential regulation (CRR/CRD IV) is identical to the consolidation base under International Financial Reporting Standards (IFRS). We refer to the disclosure note 'Related parties' for more details.

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

Changes in presentation of comparative figures

The presentation of financial results in the income statement in relation to derivatives was changed in 2024 to provide better insights in the drivers underpinning the line-item Result on financial transactions in the income statement. The new presentation is applied retrospectively to the income statement as of 31 December 2023 and the impact was a net profit neutral adjustment from Interest revenue to Result on Financial Transactions. A decrease of EUR 46 million in interest result resulted in a EUR 40 million increase in Result on hedge accounting for portfolio hedging and a EUR 6 million increase in Result on hedge accounting for micro hedging respectively.

Also, in the financial statements the classification of privately issued bonds with characteristics of both debt securities and funds entrusted have been moved from Debt securities issued to Funds entrusted. Reconsiderations regarding the characteristics of privately issued bonds, such as tradability and the method of cash flow settlement, have led to this classification change, which has no impact on the bank’s equity or results. The comparative figures for the balance sheet items Debt securities and Funds entrusted have been adjusted accordingly, leading to a decrease of EUR 3,305 million in Debt securities issued and an increase for the same amount in Funds entrusted.

Impact of events on Financial Statements

In 2024, BNG’s excellent capital and liquidity position continued to contribute to the bank’s ability to provide public domain clients with funding at competitive rates.

The main driver behind our net profit is the net result on interest. Compared to last year, net profits are higher due to the increase in interest result, the decrease in the negative result on financial transactions, the decrease in impairments due to settlements and the absence of further contributions to the Resolution fund.

Throughout the year, BNG monitors the credit worthiness developments in the various sectors we operate in and whether clients are experiencing financial difficulties. The creditworthiness of BNG’s portfolio remains high.

If relevant, further details of the impact on significant estimates and methods used is provided in the relevant notes.

Involvement in non-consolidated structured entities

BNG assesses involvement in non-consolidated structured entities on a case-by-case basis, with due regard for the nature, purpose, size and activities of those entities. Investments in investment funds through participating interests or in securitisation positions and covered bond programmes (issued by ‘special-purpose entities’) are non-consolidated structured entities for BNG. Due to its involvement in these entities, BNG is exposed to variable returns, partly based on their performance. These structured entities have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, but rather control is determined by contractual provisions. As a result, BNG does not have control over these non-consolidated entities, in which it only acts as an investor.

Accounting estimates and judgements

The most significant accounting estimates and judgements applied in these consolidated financial statements relate to fair value measurement of financial instruments and impairment of financial assets. The most important methods and estimates relate to the fair value measurement of financial instruments for which there is no active market (for a more detailed description, see section 'Fair value of Financial Instruments’).
BNG uses generally accepted valuation models to measure the fair value of these financial instruments. For level 2 instruments, BNG uses observable inputs to determine forward curves, discounting curves, volatility curves, inflation curves and spread curves. For level 3 instruments, the main unobservable inputs relate to recovery rates and correlation factors for bonds with credit and liquidity spreads.

The results of these models are based on various assumptions, including the discount rate and the future expected cash flows. Differences in the assumptions may have an effect on the reported values.

For the estimates and judgements to determine the impairment of financial assets we use internal estimation techniques to determine forward-looking information, Probability of Default (PD), Loss Given Default (LGD), Exposure At Default (EAD) and Significant Increase Credit Risk (SICR). Furthermore, for non-performing assets the bank assesses the net present value of expected future cash flows (including the valuation of underlying collateral) for three probability weighted scenarios. For further details please refer to 'Impairment of financial assets'.

For a detailed description of the methods and assumptions used, please refer to the accounting principles for the individual balance sheet items or topics. BNG periodically evaluates the estimates and assumptions that it applies. Any revisions are reported in the year in which the estimate is revised.

Balance sheet netting

Financial assets and financial liabilities are only netted on the balance sheet if and insofar it is certain that the net and simultaneous settlement of the amount receivable and the amount payable can be legally enforced under normal circumstances as well as in the event of default, insolvency and liquidation, and if there is a distinct intention to settle either the net amount as such, or both items simultaneously. Balance sheet item Amounts due from banks include a netted amount of repos. These items are only netted when there is an enforceable master agreement. For derivatives and taxes, please refer to the specific additional netting rules for the relevant balance sheet items.

Foreign currency

Foreign currency transactions are translated into functional currency on initial recognition at the exchange rate applicable on the transaction date. At the balance sheet date, foreign currency monetary assets and liabilities are translated into functional currency at the closing rate. Exchange rate results are recognised at the balance sheet date in the income statement, under the Result on financial transactions item, with the exception of (the effective portion of) the foreign currency transactions that were designated in a cash flow hedge accounting relationship. These exchange rate differences are recognised in the cash flow hedge reserve.

Segmented information

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

New and Amended Standards Issued by the International Accounting Standards Board (IASB)

Applied accounting standards adopted by the EU effective on or after 1 January 2024

BNG applied the mandatory IFRS standards, amendments and interpretations stated below, as issued by the IASB and adopted by the European Union effective 1 January 2024, to our 2024 financial statements.

- Amendments to IFRS 16 Leases: Lease Liability in as Sale and Leaseback: issued by the IASB on 22 september 2022 and is endorsed by the EU on 20 November 2023. These amendments are effective as per 1 January 2024. There is no impact on the financial statements because BNG does not have any sale and leaseback constructions.
- Amendments to IAS 1 Presentation of Financial Statements: issued by the IASB on 31 October 2022 and is endorsed by the EU on 19 December 2023. These amendments are effective as per 1 January 2024. The impact on the financial statements is limited.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: issued by the IASB on 25 May 2023 and is endorsed by the EU on 15 May 2024. These amendments are effective as per 1 January 2024. There is no impact on the financial statements, because the amendments are subjected to supplier finance arrangements which BNG does not have.

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.

Accounting standards endorsed by the EU effective on or after 1 January 2025

BNG has decided against early application of amended standards and interpretations endorsed by the EU whose application is mandatory for the financial years on or after 1 January 2025.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangebility: issued by the IASB on 15 August 2023 and is endorsed by the EU on 12 November 2024. These amendments will become effective as per 1 January 2025. There is (limited) impact on BNG as BNG uses foreign currencies to fund or finance the activities, although BNG uses mostly exchangeable currencies.

Summary of material accounting policies

Classification and measurement of financial instruments

BNG classifies its financial assets into the following measurement categories:
those to be measured at fair value (either through other comprehensive income, or through the income statement); and those to be measured at amortised cost.
The classification depends on BNG's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

BNG classifies its financial liabilities at amortised cost, unless it has designated liabilities at fair value through the income statement or it is required to measure liabilities at fair value through the income statement, such as derivative liabilities.

Financial assets measured at amortised cost

Financial instruments are measured at amortised cost where they:

- have contractual terms that give rise to cash flows on specified dates, which represent solely payments of principal and interest (SPPI test) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below under Impairment of financial assets. Financial assets measured at amortised cost are included in the balance sheet items Cash and balances held with central banks, Amounts due from banks, Cash collateral posted, Interest-bearing securities at amortised cost and Loans and advances at amortised cost. Interest revenue from these financial assets is included in Interest revenue calculated using the effective interest method.

Financial assets measured at fair value through other comprehensive income

Investments in debt instruments are measured at fair value through other comprehensive income where they:

- have contractual terms that give rise to cash flows on specified dates, which represent solely payments of principal and interest (SPPI test) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses. Interest revenue from these financial assets is included in Interest revenue calculated using the effective interest method. Impairment losses or reversals and foreign exchange gains and losses are also recognised in the income statement.

Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement. The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost. The expected credit loss model is described below under Impairment of financial assets.

Financial assets or liabilities at fair value through the income statement

Items at fair value through the income statement comprise:

- debt instruments with contractual terms that do not represent solely payments of principal and interest (mandatory);
- items specifically designated at fair value through the income statement on initial recognition;
- derivatives; and
- equity instruments.

Financial instruments held at fair value through the income statement are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement within result on financial transactions as they arise. Interest revenue or expenses from these financial assets and liabilities (except for derivatives involved in hedge accounting) are included in Other interest revenue or Other interest expenses. Interest revenue or expenses from derivatives involved in hedge accounting are included in Interest revenue using the effective interest method or Interest expenses using the effective interest method.
Derivatives are measured at fair value, including market value changes due to the counterparty credit risk (Credit Valuation Adjustment) and due to own credit risk (Debit Valuation Adjustment) for derivative transactions without a daily or limited exchange of collateral.

Financial instruments designated as measured at fair value through the income statement

Upon initial recognition, financial instruments may be designated as measured at fair value through the income statement. A financial asset may only be designated at fair value through the income statement if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. it eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

A financial liability may be designated at fair value through the income statement if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through the income statement, the movement in fair value attributable to changes in the bank's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is recognised separately in other comprehensive income within equity.

Equity instruments

BNG does not make use of the option under the standard to measure equity instruments at fair value through other comprehensive income. As a result, investments in equity instruments are measured at fair value through the income statement.

Derecognition of financial instruments

A financial asset is derecognised if:

- the contractual right to receive cash flows from the asset has expired; or
- BNG has retained the right to receive cash flows from the asset but has assumed a contractual obligation to pass on these cash flows, in full and without material delay, to a third party pursuant to a special arrangement; or
- the contractual rights to receive cash flows from the asset and virtually all the risks and benefits of this asset have been transferred, i.e. when control over the asset has been transferred.

A write-off is regarded as a derecognition event and is recognised when BNG has no reasonable expectations of recovering (a portion of) the contractual cash flows on a financial asset. In case of a write-off, BNG will directly reduce the gross carrying amount of the financial asset.

If the terms of a financial asset are modified, BNG evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

BNG derecognises a financial liability when its terms are modified and the cash flows of the modified financial liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit and loss. A financial liability is also derecognised when the obligation specified in the contract has been discharged or cancelled or has expired.

In case of partial derecognition of financial instruments, BNG applies the First In, First Out (FIFO) principle. The difference between the amount settled and the carrying amount of the asset or liability is immediately and fully recognised in the income statement. If an existing financial asset or liability is contractually exchanged for another contract with the same counterparty on substantially the same terms, the new asset or liability is treated as a continuation of the existing asset or liability. No result is recognised in this case.

Collateral (bonds) furnished by BNG under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because BNG retains all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Transfer of financial assets

BNG retains the financial assets transferred on its balance sheet if all or most of the risks and benefits attached to (components of) the financial assets transferred are retained. For example, the bank may transfer financial assets while retaining all or nearly all of the risks and benefits in the context of repurchase transactions.

Impairment of financial assets

BNG has assessed the current loan portfolio with regards to the macro economic factors. These macro economic factors are used to translate historical PDs into forward looking PDs, as required per IFRS 9 standard. These factors are determined on a portfolio basis. The economic situation of our clients present in the healthcare sector concerns us, due to low margins, shortage of staff, high energy and construction prices.

BNG assesses whether the credit risk on an exposure has increased significantly on an individual basis. The expected credit losses (ECL) is calculated for the following categories of financial assets that are not measured at fair value through the income statement:

- debt instruments measured at amortised cost;
- debt instruments measured at fair value through other comprehensive income;
- loan commitments; and
- financial guarantee contracts.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition. When a modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified asset, the date of modification shall be regarded as the date of initial recognition.

Stage 1: 12-month ECL

BNG recognises an ECL allowance reflecting default events that are possible within the next 12 months for exposures without a significant increase in credit risk (SICR) since initial recognition. In addition, BNG makes use of the Low Credit Risk Exemption (LCRE). This avoids exposures with a low credit risk to move to Stage 2 even when there is a SICR, provided that the increase is such that the total credit risk is still low. In both cases, a 30-day past due period acts as a backstop indicator for movement to Stage 2. The 12-month ECL allowance is calculated for all individual exposures as a function of the Exposure At Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) and incorporates forward-looking information.

Stage 2: lifetime ECL – performing exposures

BNG recognises an ECL allowance reflecting default events that are possible during the remaining lifetime of the financial assets for exposures which have had a significant increase in credit risk since initial recognition, but which are not considered credit-impaired. This mainly includes exposures with a credit rating that is not considered to be investment grade and for which the credit rating dropped at least one notch since initial recognition.

In addition, it also includes exposures with payment arrears between 30 and 90 days, as well as exposures subject to forbearance measures. Other qualitative factors considered are significant adverse changes in business, financial and/or economic conditions in which the borrower operates and actual or expected significant adverse change in operating results of the borrower.

The Stage 2 lifetime ECL is calculated for all individual exposures as a function of the Exposure At Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) and incorporates forward-looking information.

Stage 3: lifetime ECL – non-performing exposures
BNG assesses on an individual exposure level whether exposures are non-performing which is fully aligned with the definition of default. This assessment is based on whether one or more events have occurred that have a detrimental impact on the estimated future cash flows of that asset. This includes, but is not limited to, exposures with payment arrears exceeding 90 days. In the event that BNG determines that a counterparty is in default, all related financial assets are considered to be in Stage 3. For exposures that have become non-performing, the bank recognises a lifetime ECL that is determined by taking into account all relevant information, including any collateral or guarantees that apply to the exposure at hand. An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria. This will be assessed for each instrument individually.

Determining the stage for impairment
At each reporting date, the bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The bank considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information, as well as forward-looking analysis. BNG also makes use of the Low Credit Risk Exemption (LCRE) in order to avoid exposures to move to Stage 2 even when there is a significant increase in credit risk, as long as the total credit risk is still low. An exposure will always migrate to a higher probability of default as asset quality deteriorates.

If asset quality improves up to a point that there is no longer any question of SICR since origination, the ECL allowance reverts from lifetime ECL to 12-month ECL. The allowance for these financial assets is based on a 12-month ECL. When an asset is uncollectible, it is written off against the related provision.

Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

Classification of ECL
The classification of the ECL depends on the type of instrument and is as follows:
- Financial assets that are performing at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to BNG in accordance with the contract and the cash flows that the bank expects to receive.
- Financial assets that are non-performing at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the bank if the commitment is drawn down and the cash flows that the bank expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the bank expects to recover.

ECLs are recognised using a net impairment of financial assets account in the income statement. In the case of debt instruments measured at fair value through other comprehensive income, the measurement of ECLs is based on the three-stage approach as applied to financial assets at amortised cost. The bank recognises the impairment charge in the income statement, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the balance sheet.

Hedge accounting
The bank's derivative instruments used to manage interest rate and currency risk are recognised on a trade-date basis at fair value as derivative either on the asset or on the liability side of the balance sheet. The goal is to achieve stability of the annual result, in particular the interest result and to manage the unrealised gains and losses. BNG applies micro hedge accounting in accordance with IFRS 9 and portfolio hedging in accordance with IAS 39 when the conditions set out by the standard are met. Hedge accounting is

based on a clearly documented relationship between the hedged item and the hedging instrument. When there is a high (negative) correlation between the hedging instrument on the one hand and the value change of the hedged item or the cash flows generated by the hedged item on the other hand, the hedge is regarded as effective. The hedging relationship is documented at the time that the hedge transaction is entered into. The hedging relationship is then continually tested in order to assess whether it meets the hedge accounting requirements.

In principle, BNG only uses derivatives as hedging instruments. They are mandatorily measured at fair value in the balance sheet. The counterpart in the hedging relationship is the hedged item, which is generally recognised at amortised cost. Insofar as the hedge accounting relationship is effective, hedge accounting enables the bank to neutralise the difference in measurement and result recognition between the hedging instruments and the hedged items. BNG applies both fair value and cash flow hedge accounting.

Fair value hedge accounting

BNG applies two types of fair value hedge accounting: micro hedge accounting and portfolio hedge accounting.

Micro hedge accounting

When a derivative is designated as the hedging instrument in a hedging relationship, the changes in the fair value of the derivative are recognised immediately in the income statement together with changes in the fair value of the hedged item that are attributable to the hedged risk. Sometimes, a derivative may be a component of a hybrid financial instrument that includes both the derivative and a host contract. Such embedded derivative instruments are part of a structured financing transaction that is hedged against changes in fair value by means of matching swap contracts. In such cases, both the hedged item and the hedging derivative instrument are recognised at fair value with changes in fair value in the statement of comprehensive income or as a value adjustment of the hedged item. Currently the bank’s fair value hedges mainly relate to swapping fixed to floating rate transactions. The balance sheet items financial assets measured at fair value through other comprehensive income, financial assets measured at amortised cost, funds entrusted and debt securities are involved.

If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, or BNG decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively. If the relationship does not meet the hedge effectiveness criteria, BNG discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated.

Portfolio hedge accounting

Portfolio hedge accounting concerns a group of transactions in euros that are hedged for interest rate risk using a portfolio of derivatives. BNG applies portfolio hedge accounting to the majority of long-term fixed rate loans and a limited number of fixed rate securities. There is no direct relationship between individual hedged items and hedging instruments, but it is shown at the portfolio level that the derivatives involved offset the value changes in the related assets arising from interest rate movements.

Due to the lack of a direct relationship between the assets and the derivatives used for hedging, the value adjustments of the hedged interest rate risk are recognised in the Value adjustments on loans in portfolio hedge accounting balance sheet item.

Cash flow hedge accounting

When a derivative is designated as the hedging instrument in a cash flow hedge relationship, the effective portion of changes in the fair value of the derivative is recognised directly in other comprehensive income and presented in the cash flow hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.
The amount recognised in the cash flow hedge reserve is reclassified to the income statement as a reclassification adjustment in the same period as the hedged cash flows affect the income statement. BNG applies cash flow hedge accounting on floating foreign currency transactions and the credit spread of fixed foreign currency transactions. The balance sheet line items Funds entrusted and Debt securities are involved. If the hedge accounting relationship is terminated, the accumulated fair value hedge adjustment is amortised over the remaining term of the financial instrument. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

Foreign currency basis spread

Following the adoption of IFRS 9 the forward component of a hedging instrument is no longer part of the hedge relationship. The foreign currency basis spread of a cross-currency interest rate swap is accounted for the same way as the forward element of a forward contract. The change in the foreign currency basis spread of this derivative that relates to the hedged item is recognised in the cost of hedging reserve within equity. The amount accumulated in the cost of hedging reserve is reclassified to the income statement at the same time as the hedged item affects the income statement.

Discontinuance of hedge accounting

The hedge accounting relationship is discontinued when it no longer meets the conditions for hedge accounting, or when the hedged item or hedging instrument is sold or matures. The difference between the preceding balance sheet value and the amortised cost of the hedged item is amortised over the remaining period of the hedged item, to the extent that it is retained on the balance sheet. If all or part of a hedged item is sold or purchased, the relevant portion of the cumulative fair value changes is taken into account in the income statement when determining the result on sales.

Recognition and accounting of financial assets and liabilities

Financial assets and liabilities are recognised at settlement date. This means that they are recognised from the moment that the bank is entitled to the benefits or is liable for the obligations arising from the contractual provisions of the financial instrument. This includes both traditional financial instruments (loans, interest-bearing securities and debt securities) and derivatives. Financial assets and liabilities are initially recognised at the transaction price, in other words the fair value plus the transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liability, with the exception of the transactions recognised at fair value. The transactions recognised at fair value are measured at fair value without taking into account the transaction costs.

If the value of transactions recognised at fair value differs from the transaction price on initial recognition, the profit or loss is included as follows:

- For fair value level 1 or 2 transactions, the difference is recognised directly in the Result on financial transactions item of the income statement.
- For fair value level 3 transactions, the difference is included in the balance sheet as a transitory item, and amortised over the term of the transaction.

After initial recognition, financial assets and liabilities are measured at either amortised cost or fair value, depending on the classification of the transaction. In addition to the notional amount, the amortised cost consists of accrued interest, settled transaction costs and/or premiums or discounts distributed in accordance with the effective interest method over the interest rate maturity of the transaction.

Recognition and accounting of derivative financial instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying prices, indexes or other variables, and typically comprise of instruments such as swaps, forward rate agreements, futures and options. From initial recognition, derivatives are in principle carried at fair value and classified as held for trading. The carrying value of a derivative is remeasured at fair value throughout the life of the contract and any fair value movements are recognised under the Result on financial transactions item in the income statement. Derivatives are included under assets if they have a net positive fair value or under liabilities for a net negative fair value, with the exception of derivative transactions entered under a central clearing house. For these derivatives, netting takes place of the fair value of all derivatives with a financial counterparty that acts as an intermediary between the bank and the central clearing house. If the derivative transactions are entered under a central clearing house and are also part of a Settle to Market (STM) derivative contract the derivative position is also netted with the collateral posted/received.

Separated derivatives embedded in financial liabilities

Derivatives embedded in financial liabilities are classified and valued separately if all of the following conditions have been met:

- there is no close relationship between the economic characteristics and risks of the embedded derivative on the one hand and those of the financial instrument;
- the financial instrument is not carried at fair value, with value movements recognised through the income statement; and
- a separate derivative instrument on the same terms would match the definition of a derivative.

Derivatives that meet these conditions are recognised in the Derivatives balance sheet item and carried at fair value. Contracts are only reassessed if there is a change in the contractual terms which materially affects the expected cash flows.

Non-separated derivatives embedded in financial liabilities

Derivatives that do not meet the conditions to be separated are included in the balance sheet item where the financial instrument is recognised. This usually concerns options relating to early redemption. The measurement of these derivatives follows the measurement of the financial instrument. If this is the amortised cost, the option is in principle measured at zero. In all other cases, the option is measured at fair value.

Fair value of financial instruments

The fair value is the price (not adjusted for transaction costs) which, regardless of the company's intention or capability, would be received if a financial asset was sold, or the price that would be paid if a financial liability was transferred in an orderly transaction between market participants as at the measurement date under the current market conditions. The starting point is that the valuation must be viewed from the perspective of market parties, for which only the specific characteristics and limitations of the financial instrument may be taken into consideration. Fair value is based on quoted market prices in active markets or, if unavailable, on modelled valuation techniques.
Valuation techniques are generally used to determine the fair value of unlisted assets and liabilities and over-the-counter (OTC) derivatives. This concerns generally accepted techniques and methods such as option pricing models, discounted cash flows, forward pricing and credit and liquidity spreads. Contractual conditions are taken into account and available objective market data are used, such as market-based yield curves for discounting, correlations, volatilities, cross-currency basis spreads, credit spreads, valuation adjustments and other factors, estimates and assumptions which market parties would use to determine the price. Fair value Level 3 valuations are based in part on assumptions that are not observable in the market. For a detailed description of how the fair value measurement is determined, please refer to section 'Fair value of financial instruments' in the consolidated financial statements.

Value adjustments on loans in portfolio hedge accounting

This balance sheet item includes value adjustments resulting from the fair value portfolio hedge accounting. This refers to the effective portion of movements in market value resulting from hedging the interest rate risk in financial assets at the portfolio level. The value adjustments recognised are amortised over the maturity period of the hedged financial assets in the income statement.

Amounts due to banks, cash collateral received, debt securities, funds entrusted and subordinated debts

Borrowings (including repurchase transactions) and debt securities are carried in the balance sheet at amortised cost unless the liabilities are measured at fair value through the income statement. As regards transactions in Debt securities and Funds entrusted that are involved in a micro fair value hedge accounting relationship, the amortised cost is adjusted for the effective portion of the movements in fair value arising from interest rate risk. Any repurchased obligations are removed from the balance sheet, and the difference between the carrying amount and the transaction value is recognised in the income statement.

Associates and joint ventures

Associates and joint ventures are stated according to the equity method. Associates are companies over which BNG has significant influence on operational and financial policy but no control. In general, significant influence is assumed when BNG holds between 20% and 50% of the shares or voting rights. Joint ventures are collaborations in which BNG and other parties with joint control over the contractual agreements have contractual entitlements to the net assets. These contractual agreements are structured by means of separate legal entities. The joint control of the arrangement is contractually agreed and only exists if the relevant activities under the arrangement require the unanimous consent of the parties sharing control. For a description of the bank's associates and joint ventures, please refer to section 'Joint ventures' of this document.

Property and equipment

All property and equipment owned by the bank is valued at cost less accumulated depreciation. Property relates to land, buildings and technical installations. Equipment relates to office machinery, inventory, furniture, hardware, software and artworks. Right-of-use asset are presented under property and equipment and represents the right to use the underlying leased asset.

The depreciation period is determined on the basis of the estimated useful life of the assets (see note 11 to the consolidated financial statements). The estimated useful life and residual value are reviewed annually. Depreciation is calculated on a straight-line basis and charged to the income statement. The right-of-use assets are depreciated over the lease term on a straight-line basis. Land is not depreciated.

Estimated useful life	
Buildings	30 years
Technical installations	15 years
Machinery and inventory	5 years
Right-of-use asset	1-5 years
Hardware and software	3 years

Impairment of non-financial assets

The carrying amount of BNG's non-financial assets (property and equipment, investments in associates and joint ventures), with the exception of deferred tax assets, is assessed when there is an objective indication of impairment. To determine impairments, an estimate is made of the realisable value and individual assets are divided into groups at the lowest level at which future cash flows can be identified (cash flow generating units). BNG has not recognised any goodwill. The realisable value of an asset or cash flow generating unit is equal to the higher of the value in use and the fair value minus selling costs.

In determining the value in use, the present value of the estimated future cash flows is calculated using a discount rate before tax which reflects both the current market appraisals of the time value of money and the specific risks relating to the asset. Impairments recognised in respect of cash flow generating units are first offset against the carrying amount of any goodwill allocated to the units and subsequently offset pro rata against the carrying amount of the other assets of the unit (or group of units). Non-financial assets which were subject to impairment are reassessed at each balance sheet date. Impairment of a non-financial asset, with the exception of goodwill included in non-financial assets, is reversed through the income statement (Impairments item) if it is possible to establish reliably that the negative effects of the indication for the impairment recognised earlier are mitigated. An impairment is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount minus depreciation or amortisation, which would have been determined if no impairment had been recognised.

Employee pensions

The bank classifies its multi-employer pension plan as a defined contribution plan. Under this plan, the members bear almost all of the actuarial and investment risks, while the employer members of the plan are under no obligation to make any supplementary contributions if a deficit occurs in the fund. The obligation consists of payment of the contribution determined by the pension fund. The pension fund determines the contribution each year based on the information contained in its own dataset, taking account of the parameters and requirements specified by the regulatory authority. The obligation to pay a contribution takes effect upon becoming a pension fund member in the relevant year, and not from membership in previous years. The employer's share of the pension contribution and any supplementary amounts are charged to the result in the year to which the contribution relates.

Other employee benefits

Other employee benefits are classified as defined benefit plans for which separate provisions have been formed. These other employee benefits include the future costs of interest rate discounts on mortgage loans for the benefit of both active and retired BNG employees.
The level of the provision is determined on the basis of calculations using the Projected Unit Credit Method (PUCM). The provision associated with the mortgage interest rate discount is stated under the Other liabilities balance sheet item. The costs relating to the employee benefits are recognised as staff costs in the income statement. All actuarial results are recognised directly through equity and cannot be recycled to the income statement in subsequent periods. This item also includes a provision for a vitality leave scheme. Under this scheme, active employees with seven or more years of service can take two consecutive months of leave once every seven years while retaining part of their monthly

income. The vitality leave scheme is recognised as a defined benefit plan and the costs are recognised as staff costs in the income statement.

Taxes

The nominal tax amount is calculated on the basis of the statutory nominal tax rates and the tax legislation in force. Tax rate adjustments relating to previous years, participation exemptions and non-deductible costs are also applied when determining the effective tax amount in the income statement. Group companies that form part of the fiscal unit use the applicable nominal tax rate.

Deferred tax assets and deferred tax liabilities are both carried at nominal value. All deferred tax assets and liabilities are stated in the accounts of the parent company of the fiscal unit. Deferred tax assets and liabilities are recognised as temporary differences between the carrying amounts on the one hand and the tax bases of assets and liabilities on the other. The bank has registered deferred tax assets and liabilities for the actuarial results for the employee benefits provision, for the revaluation reserve, for own credit adjustments and for the cash flow hedge reserve.

These deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods in which they are expected to be realised. Differences in deferred tax assets and liabilities resulting from a change in tax rates are recognised in the income statement. Deferred tax assets are recognised only to the extent to which taxable profits are expected to be available in the near future to compensate for these temporary differences. Tax assets and liabilities, both current and deferred separately, are netted if they concern the same tax authority and the same type of tax and if netting of these assets and liabilities is permitted by law.

Global minimum top-up tax

BNG operates in the Netherlands, which enacted new legislation to implement the global minimum top-up tax. The bank does not expect a top-up tax because the effective tax rate is above the minimum tax rate. Also BNG does not have any operations in other countries.

Equity

The balance sheet is drawn up before profit appropriation. This means that the total net result for the financial year is presented in equity. The revaluation reserve for financial assets at fair value through other comprehensive income and the cash flow hedge reserve are adjusted by recognising a deferred tax liability.

Additional Tier 1 capital

Additional Tier 1 capital concerns perpetual loans involving an annual non-cumulative discretionary payment on the outstanding principal amount, subject to temporary write-down in the event that the CET1 ratio falls below 5.125%. In case of write-down, this amount will be transferred to the Retained earnings. Write-down from the Retained earnings can be reversed (write-up) under certain conditions at the moment that the trigger ratio is back above 5.125% again. BNG is entitled to distribute the interest payment on a discretionary basis in the form of a compensation charged to the Retained earnings. The compensation is determined on the basis of the prevailing principal amount.
BNG has the unilateral contractual option to call the Additional Tier 1 capital issued. As from May 2022, the tranches issued in 2016 (a nominal amount of EUR 309 million) can be redeemed every year in May.

Revaluation reserve

Equity includes a revaluation reserve in which the unrealised changes in fair value of Financial assets at fair value through other comprehensive income, net of tax, are recognised. In the event of a sale of a financial instrument, the cumulative revaluation is recognised in Results on financial transactions. The effective portion of fair value changes in transactions involved in hedge accounting is either credited or charged to the income statement during the period in which the transactions are involved in a hedge accounting relationship.

Own credit adjustment

Financial liabilities at fair value through the income statement are recognised at the relevant funding curve, including the spread for own credit risk. The bank recognises the amount related to changes in fair value attributable to change in credit risk of financial liabilities designated at fair value through the income statement as Own credit adjustment (net of deferred tax assets and liabilities) in Other Comprehensive income within equity.

Cost of hedging reserve

Under IFRS 9, the foreign currency basis spread of a hedging instrument is no longer part of a hedge relationship. The cost of hedging reserve records movements in foreign currency basis spreads in cross-currency (interest rate) swaps involved in hedge accounting. The amount accumulated in the cost of hedging reserve is reclassified to the income statement at the same time as the hedged item affects the income statement.

Cash flow hedge reserve

Furthermore, equity includes a cash flow hedge reserve, in which the effective portion of the unrealised changes in the fair value of derivatives in cash flow hedge accounting, net of taxes, resulting from changes in the foreign exchange rates and the credit spread component is recognised. The ineffective portion of the hedged risk for cash flow hedge accounting is recognised under Results on financial transactions.

Interest revenue and interest expenses

Interest revenue and Interest expenses for all interest-bearing instruments included in the balance sheet are calculated on the basis of the effective interest rate. This method is used for calculating the amortised cost of a financial asset or a financial liability and for allocating the interest income or interest expense to the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). If a transaction measured at amortised cost is sold, the difference between the carrying amount and the net proceeds of the sale is recognised under Interest result.

Commission income and commission expenses

In this item, the commission and fees paid or received are recognised in the period in which the services were provided.

Result on financial transactions

This item comprises unrealised market value changes in:

- all financial instruments due to foreign exchange rate fluctuations;
- derivatives measured at fair value, including market value changes due to the counterparty credit risk (Credit Valuation Adjustment) and due to own credit risk (Debit Valuation Adjustment) for derivative transactions without a daily or limited exchange of collateral;
- financial instruments measured at fair value, with changes in fair value recognised through the income statement;
- effective portions of the hedged interest rate risk in financial assets and liabilities involved in a fair value hedge accounting relationship;
- the amortisation of the balance sheet item Value adjustments on loans in portfolio accounting; and
- the ineffective portion of the hedged risk for cash flow hedge accounting.

This item also includes sales and buy-out results for financial instruments measured at fair value. These realised results consist of the difference between the net proceeds of the sale and the carrying amount, including the release of value movements accumulated in equity. Returns from the participating interests (equity instruments) measured at fair value are also recognised under this item. Finally, differences between the fair value on initial recognition and the transaction price regarding to level 1 and 2 financial instruments measured at fair value are also included.

Results from associates and joint ventures

This item includes the results from associates and joint ventures, valued in accordance with the equity method. Dividend payments are recognised in the income statement when they are received.

Other results

The other results includes the results not relating to BNG's core operational activities. This mainly consists of income from consultancy services provided by BNG Gebiedsontwikkeling B.V.

Depreciation

Please refer to the Property and equipment section.

Contribution to resolution fund

The European resolution regime is based on the EU Bank Recovery and Resolution Directive (BRRD). The full amount payable will be charged to the income statement in the month of payment. The annual contribution to the European resolution fund is recognised in the income statement under the item Contribution to resolution fund.

Bank levy

In accordance with the Banking Tax Act, banks are required to pay a bank levy in October each year. The full amount payable will be charged to the income statement in the month of payment. The annual levy is recognised in the income statement under the item Bank levy.

Consolidated statement of comprehensive income

The consolidated statement of comprehensive income presents the aggregate net result of the reporting period and the direct changes in equity, net of taxes where applicable. In the statement, the amounts net of taxes are presented in groups of items that can be reclassified from equity to the income statement in the future on the one hand and items that can never be reclassified on the other.

Consolidated cash flow statement

The consolidated cash flow statement has been drawn up in accordance with the indirect method. The cash flows are categorised as cash flows from operating, investing and financing activities. Cash and cash equivalents include cash at hand, the available balances with banks and central banks and overnight interbank loans. These funds have less than three months' maturity from the date of acquisition, are readily convertible into a known amount of cash and are subject to a negligible risk of changes in value. The changes in loans and advances, funds entrusted, derivatives, cash collateral posted and received, and amounts due from and due to banks are included in the cash flow from operating activities. Investing activities comprise purchases, sales and redemptions in the investment portfolio, purchases and sales of associates and joint ventures as well as property and equipment. Drawdowns and repayments of subordinated debt and bond loans, as well as the dividend paid, are presented as financing activities.

Amounts in millions of euros.

1. Cash and balances held with central banks

	31-12-2024	31-12-2023
Cash on hand	0	0
Current account balances with the central bank (due on demand)	6,625	1,617
Total	**6,625**	**1,617**

2. Amounts due from banks

The amounts due from banks item includes all receivables from banks measured at amortised cost.

	31-12-2024	31-12-2023
Short-term loans and current account balances	2	2
Long-term lending	800	620
Repos	2	0
Total	**804**	**622**

We refer to section 'Credit Risk' for a detailed overview of repos under netting conditions.

3. Cash collateral posted

The cash collateral amounts to EUR 3,545 million (2023: EUR 4,751 million) and is posted with third parties under credit support annexes in netting agreements and as such is not freely available to BNG.

4. Financial assets at fair value through the income statement

This item includes:

- Financial assets mandatorily measured at fair value through the income statement. This concerns financial assets that have failed to pass the SPPI test; and
- Financial assets designated as measured at fair value through the income statement.

	31-12-2024	31-12-2023
Mandatorily measured at fair value through the income statement		
Loans and advances	31	32
Designated as measured at fair value through the income statement		
Loans and advances	210	235
Interest-bearing securities	516	644
Total	**757**	**911**

The total redemption value of these loans and advances and interest-bearing securities at year-end 2024 is EUR 757 million (2023: EUR 894 million).

5. Derivatives

This balance sheet item includes the derivatives with a positive fair value.

	31-12-2024	31-12-2023
Derivatives not involved in a hedge accounting relationship	476	96
Derivatives involved in a portfolio hedge accounting relationship	1,195	1,385
Derivatives involved in a micro hedge accounting relationship	2,259	1,239
Receivables related to STM derivative contracts	49	291
Total	**3,979**	**3,011**

6. Financial assets at fair value through other comprehensive income

This includes purchased interest-bearing securities that are held within the Hold-to-Collect and Sell business model and for which the bank has not used the fair value option.

	31-12-2024	31-12-2023
Governments	5,478	4,782
Supranational organisations	2,556	2,244
Credit institutions	2,908	3,167
Other institutions	380	-
Total	**11,322**	**10,193**

At year-end 2024, BNG had transferred EUR 325 million (2023: EUR 269 million) financial assets at fair value through other comprehensive income in repurchase transactions without derecognition.

7. Interest-bearing securities at amortised cost

This includes purchased interest-bearing securities that are held within the Hold-to-Collect business model and for which the bank has not used the fair value option.

	31-12-2024	31-12-2023
Governments	1,299	1,578
Supranational organisations	2,443	1,936
Credit institutions	4,145	4,682
Non-financial corporations	1,246	634
Allowance for credit losses	-0	-1
Total	**9,133**	**8,829**

At year-end 2024, BNG had transferred EUR 2,374 million (2023: EUR 1,062 million) interest-bearing securities at amortised cost in repurchase transactions without derecognition.

8. Loans and advances at amortised costs

The Loans and advances item includes short-term and long-term loans to clients insofar as they pass the SPPI test, as well as current account debit balances held by clients. All positions are held within the Hold-to-Collect business model.

	31-12-2024	31-12-2023
Short-term loans and current account balances	1,182	1,173
Long-term lending	93,412	89,423
Total loans and advances	**94,594**	**90,596**
Allowance for credit losses	-57	-99
Total	**94,537**	**90,497**

At year-end 2024, the collateral value of the portion of the loans and advances contributed as collateral to DNB amounted to EUR 32.2 billion (2023: EUR 29.2 billion).

9. Value adjustments on loans in portfolio hedge accounting

This refers to the value adjustments of the effective portion of the hedged interest rate risk of hedged assets involved in a portfolio hedge accounting relationship.

	2024	2023
Movements of value adjustments on loans in portfolio hedge accounting		
Opening balance	-5,037	-8,679
Movements in the unrealised portion in the financial year	1,719	3,059
Amortisation in the financial year	352	583
Movements in the realiserd portion in the financial year	13	0
Closing balance	**-2,953**	**-5,037**

10. Joint ventures

	31-12-2024	31-12-2023
	Balance sheet value	
Joint ventures		
Various participations	16	22
Total	**16**	**22**

BNG Gebiedsontwikkeling B.V. is, as a 100% subsidiary, part of the consolidated financial statements. The joint ventures referred to are held by BNG Gebiedsontwikkeling B.V. For summarised financial information on joint ventures, please refer to the 'Joint ventures'-section of the consolidated financial statements.

At year-end 2024 there are no assets held for sale (2023: EUR 2 million).

11. Property and equipment

	2024	2023	2024	2023	2024	2023	2024	2023
	Property		Equipment		Right-of-use-asset		Total	
Historical cost								
Opening balance	**50**	**49**	**29**	**27**	**4**	**2**	**83**	**78**
Investments	5	1	1	2	0	2	6	5
Divestment	-42	-	-11	-	-	-	-53	-
Value as at 31 December	**13**	**50**	**19**	**29**	**4**	**4**	**36**	**83**
Depreciation								
Accumulated depreciation as at 1 January	40	39	26	25	2	1	68	65
Depreciation during the year	2	1	2	1	0	1	4	3
Divestments depreciation	-42	-	-11	-	-	-	-53	-
Accumulated depreciation as at 31 December	**0**	**40**	**17**	**26**	**2**	**2**	**19**	**68**
Total	**13**	**10**	**2**	**3**	**2**	**2**	**17**	**15**

Renovation of our headoffice

Our headoffice on Koninginnegracht 2 is being renovated. As per November 2023, the headoffice is temporary moved to another location in The Hague. In 2024 property and equipment relating to the headoffice on Koninginnegracht 2 have been divested for an amount of EUR 53 million (2023: nil). The expenses of the current renovation are capitalized, resuling in investments of EUR 5 million in property 2024 (2023: nil). The investments will be depreciated once the building is in use.

No property or equipment is pledged as security of liabilities.

12. Other assets

The other assets at year-end 2024 of EUR 104 million (2023: EUR 89 million) primarily comprise of amounts receivable from lending to clients.

13. Amounts due to banks

	31-12-2024	31-12-2023
Current account balances	0	1
Deposits	917	174
Private loans	722	730
Repos	-	0
Total	**1,639**	**905**

14. Cash collateral received

The cash collateral at year-end 2024 of EUR 1,533 million (2023: EUR 656 million) is received from third parties under credit support annexes as opposed to netting agreements and as such is not freely available to BNG.

15. Financial liabilities at fair value through the income statement

This item includes debt securities and deposits designated as measured at fair value with changes in fair value recognised through the income statement.

	31-12-2024	31-12-2023
Debt securities	238	243
Deposits	16	17
Total	**254**	**260**

The total redemption value of these debt securities and deposits at year-end 2024 is EUR 219 million (2023: EUR 232 million). The difference between the financial liability's carrying amount and the redemption value at year-end 2024 is EUR 35 million (2023: EUR 28 million). Financial liabilities are measured at fair value through the income statement on the relevant funding curve including a mark-up for own credit risk. The total change in value (before tax) was EUR 12 million positive (2023: EUR 5 million positive). Changes in fair value due to own credit risk are recognised through other comprehensive income. These changes are determined by comparing the valuation using the relevant funding curve including a mark-up for own credit risk and the valuation using the relevant funding curve without this mark-up.

16. Derivatives

This balance sheet item includes the derivatives with a negative fair value.

	31-12-2024	31-12-2023
Derivatives not involved in a hedge accounting relationship	279	407
Derivatives involved in a portfolio hedge accounting relationship	3,698	3,603
Derivatives involved in a micro hedge accounting relationship	1,569	2,353
Total	**5,546**	**6,363**

17. Debt securities

This includes bonds and other issued debt securities with either fixed or variable interest rates. Any sold portion of an issue is deducted from the relevant bond.

	31-12-2024	31-12-2023
Bond loans	91,844	86,579
Privately placed debt securities	1,922	1,712
Commercial Paper	9,617	4,748
Total	**103,383**	**93,039**

The comparative figures of the debt securities have been adjusted as described in the section 'Changes in presentation of comparative figures' under 'Accounting principles for the consolidated financial statements'.

18. Funds entrusted

	31-12-2024	31-12-2023
Current account balances	3,857	3,693
Short-term deposits	2,331	1,229
Long-term deposits	4,329	4,380
Total	**10,517**	**9,302**

The comparative figures of the funds entrusted have been adjusted as described in the section 'Changes in presentation of comparative figures' under 'Accounting principles for the consolidated financial statements'.

19. Subordinated debt

	31-12-2024	31-12-2023
Subordinated debt	19	18
Total	**19**	**18**

20. Taxes

The bank has registered deferred tax liabilities for the actuarial results for the employee benefits provision, the revaluation reserve, the own credit adjustment, the compensation on additional Tier 1 capital and for the cash flow hedge reserve, for which the movements are recognised through equity.

	31-12-2024	31-12-2023
Current tax assets	55	18
Deferred tax liabilities	-39	-19
Total	**16**	**-1**

BNG and the Dutch tax authorities have concluded a bilateral agreement (‘vaststellingsovereenkomst’) on 14 February 2024 that the financial figures based on IFRS 9 can be applied for tax purposes for the period 2024-2026. The bilateral agreement applies to the BNG fiscal unit. Pursuant to the agreement, all financial instruments are stated – for both reporting and tax purposes – in accordance with the IFRS principles of valuation, with the exception of transactions classified as Financial assets at fair value through other comprehensive income. All transactions within this category are valued for tax purposes at the lower of either the cost price or the market value. The result for tax purposes differs from the result for reporting purposes if, on balance, unrealised gains have arisen.

The reconciliation between the effective tax rate and the nominal tax rate is as follows:

	2024	2023
Nominal and effective tax rate		
Profit before tax	403	346
Tax levied at the nominal tax rate	-104	-89
Tax adjustment from previous years	0	0
Participation exemption	0	0
Deductible interest on Additional Tier 1 capital	4	4
Non-deductible costs (bank levy)	-9	-6
Effective tax	**-109**	**-91**
Nominal tax rate	25.8%	25.8%
Effective tax rate	27.0%	26.4%

In 2024 there is no change in tax rates and the upper tax rate is equal to the rate in 2023: 25.8%.

The deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

2024

	Opening balance	Changes through equity	Changes through the income statement	Closing balance
Changes in deferred taxes				
Cash flow hedge reserve	-17	-19	-	-36
Own Credit Adjustment	-1	-2	-	-3
Additional Tier 1 capital	-2	0	-	-2
Employee benefits provision	0	-	0	0
Property	1	1	-	2
Total	**-19**	**-20**	**0**	**-39**

2023

	Opening balance	Changes through equity	Changes through the income statement	Closing balance
Changes in deferred taxes				
Financial assets at fair value through other comprehensive income	-1	1	-	0
Cash flow hedge reserve	-12	-5	-	-17
Own Credit Adjustment	0	-1	-	-1
Additional Tier 1 capital	-2	0	-	-2
Employee benefits provision	1	-	-1	0
Property	-	1	-	1
Total	**-14**	**-4**	**-1**	**-19**

21. Other liabilities

	31-12-2024	31-12-2023
Employee benefits provision	2	3
Other provisions	1	10
Amounts received in advance	152	164
Other liabilities	79	80
Total	**234**	**257**

The employee benefits provision is made up of two parts, a provision for the interest rate discount on mortgage loans to both active and retired employees of EUR 1 million (2023: EUR 2 million) and a provision for vitality leave of EUR 1 million (2023: EUR 1 million). Both provisions have a long-term character. The bank no longer offers mortgages to employees.

The movements in the present value of the net liability in relation to the defined benefits relating to the mortgage interest rate discount and the provision for vitality leave are as follows:

	2024	2023
Employee benefits provision		
Net liability as at 1 January	3	2
Movements in the provision	-1	1
Net liability as at 31 december	**2**	**3**

Amounts received in advance consists of a compensation for the lower return on cash collateral payments that has been received due to a discounting switch from EONIA to €STR that has taken place at clearing houses as part of the Interest Rate Benchmark Reform in 2020. This compensation is amortised over the weighted average of underlying derivatives at the moment of the switch. EUR 11 million will be amortised in the next year (2023: EUR 12 million).

The remaining other liabilities are mainly composed of amounts payable related to derivatives and other financial transactions which are settled in the next period.

Lease liability for right-of-use assets

The following amounts represent the future lease liabilites for the right-of-use assets:

in thousands	2024		2023	
Maturity	Property-lease	Car-lease	Property-lease	Car-lease
within 1 year	1,049	555	1,049	81
1 to 2 years	379	469	-	268
2 to 3 years	-	428	-	306
3 to 4 years	-	221	-	428
4 to 5 years	-	-	-	59
More than 5 years	-	-	-	-
Total right-of-use assets	**1,428**	**1,673**	**1,049**	**1,142**

22. Group equity

Since BNG has no minority interests after consolidation, the entire consolidated equity, excluding Additional Tier 1 capital, is attributable to shareholders. The items included in equity are explained in note 22 of the company financial statements.

	31-12-2024	31-12-2023
Share capital	139	139
Share premium reserve	6	6
Revaluation reserve	-172	-8
Cash flow hedge reserve	9	6
Own Credit Adjustment	9	4
Cost of hedging	94	41
Retained earnings	4,089	3,970
Unappropriated profit	294	254
Equity attributable to shareholders	**4,468**	**4,412**
Additional Tier 1 capital	309	309
Total	**4,777**	**4,721**

	2024	2023
Number of paid-up shares outstanding	55,690,720	55,690,720
Proposed dividend per share in euros	2.51	2.16
Proposed dividend pursuant to the Articles of Association	140	120

The proposed dividend distribution for 2024 is EUR 2.51 per share (2023: EUR 2.16 per share). For 2024, this takes into account the EUR 15 million (2023: EUR 14 million) compensation (before tax) that has already been paid on the Addtional Tier 1 capital in 2024. The payments are charged to the Retained earnings.

Share capital

The authorised capital is divided into 100 million shares with a nominal value of EUR 2.50 each, of which 55,690,720 shares have been issued and fully paid up. The number of shares in circulation remained unchanged during the financial year. BNG and its subsidiaries hold no company shares. None of the shares carry preferential rights, nor are they subject to restrictions. There are no options that can be exercised to obtain entitlement to the issue of shares.

Share premium reserve

There were no movements in 2024 and 2023.

Revaluation reserve

At year-end 2024, the revaluation reserve includes EUR 135 million in unrealised value changes (2023: EUR 125 million), excluding the value of the hedged part of the interest-rate risk of interest-bearing securities involved in hedge accounting, which is a part of the Financial assets at fair value through other comprehensive income. The revaluation reserve has been adjusted for taxes. Upon the sale of these assets, the associated cumulative result recognised in equity is transferred to the income statement.

Cash flow hedge reserve

The effective portion of the unrealised changes in the value of derivatives involved in a cash flow hedge relationship, resulting from changes in the foreign exchange rates, are recognised in the cash flow hedge reserve. The cash flow hedge reserve is adjusted for taxes.

Own credit adjustment

The Own credit adjustment amounts to EUR 9 million net of taxes (2023: EUR 4 million). This adjustment relates to changes in credit risk of financial liabilities measured at fair value through the income statement.

Cost of hedging reserve

The cost of hedging reserve records movements in foreign currency basis spreads in cross currency swaps involved in hedge accounting and is amortised over the life of the hedge. The cumulative movements will reduce to nil by maturity of the hedging instrument.

Retained earnings

After determination of the distributable profit appropriation pursuant to the Articles of Association, the General Meeting of Shareholders decides which portion of the remaining profit is added to the Retained earnings. In 2024, payment of dividend of EUR 120 million for 2023 to the bank's shareholders were scheduled. Payments took place in April 2024 and an amount of EUR 15 million (before tax) was distributed to the holders of the Additional Tier 1 capital in 2024 (2023: EUR 14 million) and charged to the Retained earnings.

Unappropriated profit

The balance sheet is prepared prior to profit appropriation. This item represents the total result achieved after deduction of corporate income tax.

Addtional Tier 1 capital

As per 31 December 2024 the bank's Addtional Tier 1 capital amounts to EUR 309 million. The instruments are structured in line with CRR requirements and the EBA guidelines and qualify as Additional Tier 1 capital. Addtional Tier 1 capital concerns perpetual loans involving an annual non-cumulative discretionary payment on the outstanding principal amount, subject to temporary write-down in the event that the CET1 ratio falls below 5.125%. In case of write-down, this amount will be transferred to the Retained earnings. Write-down from the Retained earnings can be reversed (write-up) under certain conditions at the moment that the trigger ratio is back above 5.125% again. BNG is entitled to distribute the interest payment on a discretionary basis in the form of a compensation charged to the retained earnings. The compensation is determined on the basis of the prevailing principal amount. The distributed compensation is deductible for corporate income tax. BNG has the unilateral contractual option to call the Additional Tier 1 capital issued. The tranches issued in 2016 (a nominal amount of EUR 309 million) can be redeemed every year from May 2022. The bank chose not to redeem the tranche in 2024.

23. Interest result

Interest revenue calculated by using the effective interest method includes all positive interest results from both financial instruments and derivatives involved in hedge accounting, including negative interest expenses on financial liabilities. In addition, other credit-related income received is included in this item. Interest revenues on assets that were subject to impairment are recognised on the original effective interest percentage, as long as the expected interest cash flows are received.

Interest expenses calculated by using the effective interest method include all negative interest results from both traditional financial instruments and derivatives involved in hedge accounting, including negative interest revenue on financial assets. The costs of borrowing as well as other interest-related charges are also recognised as interest expenses calculated by using the effective interest method.

Other interest revenue and expenses consist mainly of interest results of derivatives not involved in hedge accounting and interest results of financial assets and liabilities measured at fair value.

		2024		2023
Interest revenue				
Interest revenue calculated by using the effective interest method:				
- Financial assets at amortised cost	3,425		3,395	
- Financial assets at fair value through other comprehensive income	251		163	
- Derivatives involved in hedge accounting	2,990		2,472	
- Negative interest expenses on financial liabilities	25		21	
		6,691		6,051
Other interest revenue:				
- Financial assets designated at fair value through the income statement	40		38	
- Financial assets mandatory at fair value through the income statement	1		1	
- Derivatives not involved in hedge accounting	201		366	
- Other	13		20	
		255		425
Total interest revenue		**6,946**		**6,476**
Interest expenses				
Interest expenses calculated by using the effective interest method:				
- Financial liabilities at amortised cost	3,177		3,082	
- Derivatives involved in hedge accounting	3,050		2,726	
- Interest expenses on financial assets	121		86	
		6,348		5,894
Other interest expenses				
- Financial liabilities designated at fair value through the income statement	9		9	
- Derivatives not involved in hedge accounting	43		47	
- Other	10		9	
		62		65
Total interest expenses		**6,410**		**5,959**
Total interest result		**536**		**517**

The comparative figures of the interest result have been adjusted as described in the section 'Changes in presentation of comparative figures' under 'Accounting principles for the consolidated financial statements'.

24. Commission result

Commission income

This item includes income from services provided to third parties.

	2024	2023
Income from loans and credit facilities	24	19
Income from payment services	10	10
Total	**34**	**29**

Commission expenses

This item comprises expenses totalling EUR 4 million (2023: EUR 3 million) relating to services rendered by third parties in relation to loans, credit facilities and payment services.

25. Result on financial transactions

This item includes the result on financial transactions broken down into realised and unrealised market value adjustments.

		2024		2023
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		-7	
- Structured loans	-7		-6	
		-2		-13
Result on hedge accounting				
- Portfolio fair value hedge accounting	39		126	
- Micro fair value hedge accounting	-46		-126	

	2024		2023	
- Micro cash flow hedge accounting	1		-2	
		-6		-2
Change in counterparty credit risk of derivatives (CVA/DVA)		-2		3
Realised sales and buy-out results		-18		-25
Other market value changes		13		5
Total		**-15**		**-32**

The result from market value changes in financial assets at fair value through the income statement increased to EUR 2 million negative in 2024 (2023: EUR 13 million negative). Lower credit and liquidity spreads had a positive impact on the market value changes of interest-bearing securities compared to 2023.

The result on hedge accounting contains the fair value movements of the derivatives in hedge accounting relationships and the fair value movements of the hedged items. The result decreased to EUR 6 million negative in 2024 (2023: EUR 2 million negative). The result on hedge accounting consists mainly of a temporary ineffective portion of the hedge relationships.

The realised sales and buy-out results of EUR 18 million negative (2023: 25 million negative) are mainly due to on balance results on the sales of interest-bearing securities from the liquidity portfolio of the bank.

The comparative figures of the result on hedge accounting have been adjusted as described in the section 'Changes in presentation of comparative figures' under 'Accounting principles for the consolidated financial statements'.

26. Results from joint ventures

	2024	2023
Joint ventures	0	4
Total	**0**	**4**

For a description of the bank's joint ventures, please refer to section 'Related parties' of the consolidated financial statements.

27. Other results

The other results of EUR 1 million (2023: EUR 1 million) consist mainly of income from consultancy services provided by BNG Gebiedsontwikkeling B.V.

28. Staff costs

	2024	2023
Wages and salaries	48	42
Pension costs	7	6
Social security costs	5	4
Additions to the employee benefits provision	0	0
External employees	34	32
Other staff costs	7	7
Total	**101**	**91**

The increase in staff costs is mainly due to the increase in the number of internal employees during 2023. Expressed in FTEs, the number of employees with a fixed or indefinite contract at year-end 2024 is 479.9 FTE (2023: 474.7 FTEs).

There was no variable remuneration of identified staff members in 2024 and 2023. We refer to section 'Related parties' for the remuneration of the Executive Committee.

29. Other administrative expenses

These expenses include, among other things, outsourcing costs, maintenance costs of property and equipment, consultancy costs, training expenses and IT expenses. The total other administrative expenses for 2024 amounted to EUR 47 million (2023: EUR 48 million).

The fees paid to independent auditors are also included in Other administrative expenses.

In conformity with Section 382a of Part 9, Book 2 of the Dutch Civil Code, a breakdown of the fees paid to the independent auditors for audits and audit-related and non-audit-related services is given in note 34 to the consolidated financial statements.

30. Depreciation

A breakdown of this item is included in the note on Property and equipment (note 11). In total, the depreciation charges amounted to EUR 4 million in 2024 (2023: EUR 3 million).

31. Net impairment results on financial assets

The impairments in 2024 amounted to an income of EUR 35 million in the income statement (2023: EUR 8 million income). The decrease of impairments are due to the settlement of several items in Stage 3. Also as per June 2024 the healthcare overlay, which was first applied in 2022, is no longer present. After a thorough evaluation of the sector, we have concluded that our models currently reflect the situation of the healthcare sector

2024

	Stage 1	Stage 2	Stage 3	Total
Impairment results due to movements in allowances:				
- Increases in allowances due to origination and acquisition	1	0	0	1
- Changes in allowances due to changes in credit risk (net)	-2	-5	3	-4
- Decreases in allowances due to derecognition	-1	-1	-20	-22
	-2	**-6**	**-17**	**-25**
Impairment results not due to movements in allowances:				
- Impairment result due to closings (no write-off)	-	-	-5	-5
- Reversal of impairment due to cash flows received from past write-offs	-	-	-5	-5
	-	**-**	**-10**	**-10**
Net impairment result on financial assets	**-2**	**-6**	**-27**	**-35**

2023

	Stage 1	Stage 2	Stage 3	Total
Impairment results due to movements in allowances:				
- Increases in allowances due to origination and acquisition	1	0	6	7
- Changes in allowances due to changes in credit risk (net)	-1	-7	13	5
- Decreases in allowances due to derecognition	-3	-1	-5	-9
	-3	**-8**	**14**	**3**
Impairment results not due to movements in allowances:				
- Reversal of impairment due to cash flows received from past write-offs	-	-	-11	-11
- Impairments due to write-offs	-	-	-	-
	-	**-**	**-11**	**-11**
Net impairment result on financial assets	**-3**	**-8**	**3**	**-8**

Movement in allowances for expected credit losses

2024

	Stage 1	Stage 2	Stage 3	Total
- Increases in allowances due to origination and acquisition	1	0	0	1
- Changes in allowances due to changes in credit risk (net)	-2	-5	3	-4
- Decreases in allowances due to derecognition	-1	-1	-23	-25
- Decreases in allowance due to write-offs	-	-	-19	-19
Total movements in allowances	**-2**	**-6**	**-39**	**-47**

2023

	Stage 1	Stage 2	Stage 3	Total
- Increases in allowances due to origination and acquisition	1	0	6	7
- Changes in allowances due to changes in credit risk (net)	-1	-7	13	5
- Decreases in allowances due to derecognition	-3	-1	-5	-9
- Decreases in allowance due to write-offs	-	-	-60	-60
Total movements in allowances	**-3**	**-8**	**-46**	**-57**

Note 38 provides an overview of the breakdown of financial assets subject to impairment into impairment stages.

32. Net impairment losses on joint ventures

	2024	2023
Impairment of joint ventures	1	0
Reversal of impairment of joint ventures	-	-1
Total	**1**	**-1**

In 2024, impairments on BNG Gebiedsontwikkeling B.V. participations amounted EUR 1 million. In 2023, there was a reversal of impairments on participations of EUR 1 million. All participations are valued on a going concern basis.

33. Contribution to resolution fund and bank levy

Contribution to resolution fund

The European resolution regime arising from the Bank Recovery and Resolution Directive entered into force on 1 January 2015. The expenses for the resolution fund are deductible for corporate income tax purposes. No contribution was done in 2024 as the Single Resolution Funds reached its target at the end of 2023. BNG's contribution in 2023 amounted EUR 14 million.

Bank levy

The expenses concerning the bank levy are not deductible for corporate income tax purposes. As a consequence, the effective tax burden exceeds the nominal tax rate in 2024 and 2023. BNG is due to pay the bank levy in October of every year, which for 2024 amounted to EUR 31 million (2023: EUR 23 million). The increase is caused by a higher tax percentage and a higher balance sheet total as at 31 December 2023. The calculation of the levy is stated in note 31 of the Company financial statements.

34. Fees of independent auditors

The following audit fees were reported in the income statement:

(amounts in thousands of euros)	2024	2023
Audit of the financial statements	1,022	613
Other audit services	80	77
Tax services	-	-
Other non-audit services	165	123
Total	**1,267**	**813**

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties – Wta').

In the case of BNG this is only applicable to Dutch based accounting firms (PwC the Netherlands accountants ('PwC NL'), including its tax services and advisory groups) as BNG does not make use of foreign based accounting firms. The audit fees relate to the audit of the 2024 financial statements, regardless of whether the work was performed during the financial year.

Summary of services rendered by the independent auditor, in addition to the audit of the financial statements

Our independent auditor, PwC NL, has rendered, for the period to which our statutory audit relates, in addition to the audit of the statutory financial statements the following services to the company and its controlled entities:

Other audit services required by law or regulatory requirements

- Statutory audits of controlled entities;
- Review of interim financial statements;
- Audit of the regulatory returns for the Dutch Central Bank;
- Assurance engagement credit claims for the Dutch Central Bank.

Other audit services

- Assurance engagement on the sustainability report;
- Comfort letters on annual update of debt issuance prospectus and drawdowns under the debt issuance programme;
- Assurance engagement on the Deposito Garantee Scheme requirements.
- Assurance engagement on SWIFT.

35. Breakdown of balance sheet value by remaining contractual maturity of financial instruments

31-12-2024

	Due on demand	up to 3 months	3 - 12 months	1 - 5 years	over 5 years	Total
Cash and balances held with central banks	424	6,201	-	-	-	6,625
Amounts due from banks	2	19	76	344	363	804
Cash collateral posted	-	3,545	-	-	-	3,545
Financial assets at fair value through the income statement	-	11	-	84	662	757
Derivatives	-	359	634	1,135	1,851	3,979
Financial assets at fair value through other comprehensive income	-	109	432	4,602	6,179	11,322
Interest-bearing securities at amortised cost	-	0	114	1,041	7,978	9,133
Loans and advances	399	1,394	6,234	22,553	63,957	94,537
Value adjustments on loans in portfolio hedge accounting	-	-1	-8	-154	-2,790	-2,953
Current tax assets	-	55	0	-	-	55
Other assets	-	104	-	-	-	104
Total assets	**825**	**11,796**	**7,482**	**29,605**	**78,200**	**127,908**
Amounts due to banks	0	917	-	150	572	1,639
Cash collateral received	-	1,533	-	-	-	1,533
Financial liabilities at fair value through the income statement	-	22	-	67	165	254
Derivatives	-	18	185	634	4,709	5,546
Debt securities	-	8,692	12,673	38,229	43,789	103,383
Funds entrusted	3,857	1,741	851	1,300	2,768	10,517
Subordinated debt	-	-	-	19	-	19
Deferred tax liabilities	-	-	2	8	29	39
Other liabilities	-	88	8	30	108	234
Total liabilities	**3,857**	**13,011**	**13,719**	**40,437**	**52,140**	**123,164**

31-12-2023

	Due on demand	up to 3 months	3 - 12 months	1 - 5 years	over 5 years	Total
Cash and balances held with central banks	217	1,400	-	-	-	1,617
Amounts due from banks	2	19	31	251	319	622
Cash collateral posted	-	4,751	-	-	-	4,751
Financial assets at fair value through the income statement	-	-	49	90	772	911
Derivatives	-	322	119	678	1,892	3,011
Financial assets at fair value through other comprehensive income	-	188	347	3,400	6,258	10,193
Interest-bearing securities at amortised cost	-	-	49	807	7,973	8,829
Loans and advances	464	997	5,629	23,011	60,396	90,497
Value adjustments on loans in portfolio hedge accounting	-	-5	-8	-362	-4,662	-5,037
Current tax assets	-	-	18	-	-	18
Other assets	-	89	-	-	-	89
Total assets	**683**	**7,761**	**6,234**	**27,875**	**72,948**	**115,501**
Amounts due to banks	1	174	-	148	582	905
Cash collateral received	-	656	-	-	-	656
Financial liabilities at fair value through the income statement	-	-	-	138	122	260
Derivatives	-	53	370	953	4,987	6,363
Debt securities	-	7,963	11,277	32,329	41,470	93,039
Funds entrusted	3,693	901	538	1,376	2,794	9,302
Subordinated debt	-	-	-	18	-	18
Deferred tax liabilities	-	-	1	4	14	19
Other liabilities	-	97	11	34	115	257
Total liabilities	**3,694**	**9,844**	**12,197**	**35,000**	**50,084**	**110,819**

36. Breakdown of financial instruments by category

31-12-2024

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Cash and balances held with central banks	6,625	-	-	**6,625**
Amounts due from banks	804	-	-	**804**
Cash collateral posted	3,545	-	-	**3,545**
Financial assets at fair value through the income statement	-	757	-	**757**
Derivatives	-	3,979	-	**3,979**
Financial assets at fair value through other comprehensive income	-	-	11,322	**11,322**
Interest-bearing securities at amortised cost	9,133	-	-	**9,133**
Loans and advances	94,537	-	-	**94,537**
Value adjustments on loans in portfolio hedge accounting	-2,953	-	-	**-2,953**
Total assets	**111,691**	**4,736**	**11,322**	**127,749**
Amounts due to banks	1,639	-	-	**1,639**
Cash collateral received	1,533	-	-	**1,533**
Financial liabilities at fair value through the income statement	-	254	-	**254**
Derivatives	-	5,546	-	**5,546**
Debt securities	103,383	-	-	**103,383**
Funds entrusted	10,517	-	-	**10,517**
Subordinated debt	19	-	-	**19**
Total liabilities	**117,091**	**5,800**	**-**	**122,891**

31-12-2023

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Cash and balances held with central banks	1,617	-	-	**1,617**
Amounts due from banks	622	-	-	**622**
Cash collateral posted	4,751	-	-	**4,751**
Financial assets at fair value through the income statement	-	911	-	**911**
Derivatives	-	3,011	-	**3,011**
Financial assets at fair value through other comprehensive income	-	-	10,193	**10,193**
Interest-bearing securities at amortised cost	8,829	-	-	**8,829**
Loans and advances	90,497	-	-	**90,497**
Value adjustments on loans in portfolio hedge accounting	-5,037	-	-	**-5,037**
Total assets	**101,279**	**3,922**	**10,193**	**115,394**
Amounts due to banks	905	-	-	**905**
Cash collateral received	656	-	-	**656**
Financial liabilities at fair value through the income statement	-	260	-	**260**
Derivatives	-	6,363	-	**6,363**
Debt securities	93,039	-	-	**93,039**
Funds entrusted	9,302	-	-	**9,302**
Subordinated debt	18	-	-	**18**
Total liabilities	**103,920**	**6,623**	**-**	**110,543**

37. Reconciliation of movements of liabilities to cash flows arising from financing activities

2024

	Financial liabilities at fair value through the income statement	Debt securities	Sub-ordinated debt	Additional Tier 1 capital	Total
Balance at 1 January 2024	**260**	**93,039**	**18**	**309**	**93,626**
Cash flows from financing activities					
- Proceeds from financing activities	-	342,715	-	-	342,715
- Repayments on financing activities	-1	-337,080	-	-	-337,081
- Interest and other cash flows	-6	-1,456	-	-	-1,462
- Compensation on Additional Tier 1 capital	-		-	-15	-15
	-7	**4,179**	**-**	**-15**	**4,157**
Non-cash changes					
Unrealised results:					
- Foreign exchange movement	-3	1,820	-	-	1,817
- Fair value changes	-5	1,825	-	-	1,820
Realised results	9	2,520	1	-	2,530
Movement to Other liabilities (derecognised but not yet repaid)	-		-	-	-
	1	**6,165**	**1**	**-**	**6,167**
Compensation distributed from Retained earnings	-	-	-	15	15
Balance at 31 December 2024	**254**	**103,383**	**19**	**309**	**103,965**

2023

	Financial liabilities at fair value through the income statement	Debt securities	Subordinated debt	Additional Tier 1 capital	Total
Balance at 1 January 2023	**185**	**87,483**	**38**	**309**	**88,015**
Cash flows from financing activities					
- Proceeds from financing activities	63	473,573	-	-	473,636
- Repayments on financing activities	-	-471,360	-20	-	-471,380
- Interest and other cash flows	10	-2,396	-1	-	-2,387
- Compensation on Additional Tier 1 capital	-	-	-	-15	-15
	73	**-183**	**-21**	**-15**	**-146**
Non-cash changes					
Unrealised results:					
- Foreign exchange movement	-5	-742	-	-	-747
- Fair value changes	-2	4,061	-	-	4,059
Realised results	9	2,420	1	-	2,430
Movement to Other liabilities (derecognised but not yet repaid)	-	-	-	-	-
	2	**5,739**	**1**	**-**	**5,742**
Compensation distributed from Retained earnings	-	-	-	15	15
Balance at 31 December 2023	**260**	**93,039**	**18**	**309**	**93,626**

38. Impairment of 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 subject to impairment and off-balance sheet commitments into the 3 impairment stages:

Stage 1: performing exposures without significant increase in credit risk (SICR) since initial recognition.

Stage 2: performing exposures with significant increase in credit risk since initial recognition.

Stage 3: non-performing exposures.

The allowance for credit loss for financial assets at fair value through other comprehensive income is included in the comprehensive income and not in the (net) carrying amount.

31-12-2024

		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	6,625	6,625	-	-	-	-	-
Amounts due from banks	804	804	-	-	0	-	-
Cash collateral posted	3,545	3,545	-	-	-	-	-
Financial assets at fair value through other comprehensive income	11,322	11,322	-	-	-	-	-
Interest-bearing securities at amortised cost	9,133	9,133	-	-	0	-	-
Loans and advances	94,537	93,534	600	460	-3	-10	-44
Total	**125,966**	**124,963**	**600**	**460**	**-3**	**-10**	**-44**

31-12-2023

	Carrying amount	Gross carrying amount: Performing		Gross carrying amount: Non-performing	Allowance for credit loss: Performing		Allowance for credit loss: 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	1,617	1,617	-	-	-	-	-
Amounts due from banks	622	622	0	0	0	-	-
Cash collateral posted	4,751	4,751	-	-	-	-	-
Financial assets at fair value through other comprehensive income	10,193	10,193	0	-	0	-	-
Interest-bearing securities at amortised cost	8,829	8,769	61	-	0	-1	-
Loans and advances	90,497	88,802	1,195	599	-6	-13	-80
Total	**116,509**	**114,754**	**1,256**	**599**	**-6**	**-14**	**-80**

31-12-2024

	Nominal amount: Performing		Nominal amount: Non-performing	Provision: Performing		Provision: Non-performing
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Off-balance sheet commitments						
Contingent liabilities	499	0	1	-	-	-1
Revocable facilities	5,296	72	14	-	-	-
Irrevocable facilities	3,168	0	6	-	-	-
Total	**8,963**	**72**	**21**	**-**	**-**	**-1**

31-12-2023

	Nominal amount: Performing		Nominal amount: Non-performing	Provision: Performing		Provision: Non-performing
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Off-balance sheet commitments						
Contingent liabilities	474	3	1	-	-	-1
Revocable facilities	5,892	147	78	-	-	-2
Irrevocable facilities	3,937	10	12	-	-1	-2
Total	**10,303**	**160**	**91**	**0**	**-1**	**-5**

Movements in allowances and provisions for expected credit losses

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

2024

	Opening balance	Increases due to origination and acquisition	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
Allowances						
Cash and balances held with central banks	-	-	-	-	-	0
Amounts due from banks	0	0	0	0	-	0
Financial assets at fair value through other comprehensive income	0	0	0	0	-	0
Interest-bearing securities at amortised cost	1	0	0	-1	-	0
Loans and advances	99	0	-25	2	-19	57
	100	**0**	**-25**	**1**	**-19**	**57**
Provision						

2024

	Opening balance	Increases due to origination and acqui-sition	Decrease due to derecog-nition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
Off-balance sheet commitments	6	0	0	-5	-	1

2023

	Opening balance	Increases due to origination and acqui-sition	Decrease due to derecog-nition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
Allowances						
Cash and balances held with central banks	-	-	-	-	-	-
Amounts due from banks	0	0	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	158	7	-70	4	-	99
	160	**7**	**-70**	**3**	**-**	**100**
Provision						
Off-balance sheet commitments	3	1	0	2	-	6

Modifications of contractual cash flows

There were no financial assets for which the contractual cash flows have been modified during 2024 while they had a loss allowance measured at an amount equal to lifetime expected credit loss (i.e. stage 2 or 3). No financial assets which were modified in previous reporting periods while they had a loss allowance measured at an amount equal to lifetime expected credit loss (stage 2 or 3) have been moved back to stage 1 during 2024.

Key inputs and assumptions

The Expected Credit Loss (ECL) of the financial asset is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred. The total Expected Credit Loss 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 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 forward-looking information. BNG 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 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 is not able to create LGD models. Therefore, BNG 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 applies the Point-in-Time PD, which is adjusted for forward-looking information, 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 significant increase in credit risk. 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 significant increase in credit risk has occurred. BNG will consider financial assets with an investment grade rating to be of 'low credit risk'. For bonds, BNG 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 applies an expert judgement approach when determining the stage 3 impairment figures. The approach is performed on an instrument level by the Financial Restructuring & Recovery department.

Management overlay

As per June 2024 the healthcare overlay, which was first applied in 2022, is no longer present. After a thorough evaluation of the sector, we have concluded that our models currently reflect the situation of the healthcare sector. The result is that an exposure at default of almost EUR 150 million was transferred back from Stage 2 to Stage 1 during 2024.

Forward-looking macroeconomic information

Historical analyses are performed to identify the key macroeconomic variables, which are provided by Moody's Analytics. In 2024 the macroeconomic factors applied in determining the probability of default for securitisations are the purchasing power parity conversion factor to official exchange ratio, the unemployment rate, and the real net exports of goods and services. For government bonds, the representative credit default swap is used. For products that do not fall under either securitisations or government bonds, the non-accelerating inflation rate of unemployment, the interest rate on 30-year government bonds, and the compensation of employees are applied.

Impact of inflation

The impact of high inflation and increased economic uncertainty is reflected in the decrease of domestic spending and use of consumable goods. In 2024 there were no significant events related to inflation in the sectors in which the bank operates or to individual clients relating to BNG's client portfolio. However, the bank closely monitors the impact of inflation, in particular the healthcare and energy sectors receive additional attention.

Impact of climate-related matters

BNG has started to incorporate ESG credit risks in the internal control and risk management framework. To identify the material sectors for monitoring purposes, the bank is conducting an analysis per sector in which it operates, to define the material ESG-related credit risks. So far, the analysis demonstrates that most ESG-related credit risks are related to emissions and energy. BNG has not identified material impairment indications with respect to ESG risks. However, the bank will continue with the analysis in the first quarter of 2025 and will work on improving the modelling, amongst others the modelling for accouting ECL calculation, to include climate-related matters.

Government Bonds

Macroeconomic variable	**Horizon as per 31-12-2024**	**Horizon as per 31-12-2023**
Average CDS spread of 5 European governments	3 years	-
Scenario	**Weight as per 31-12-2024**	**Weight as per 31-12-2023**
Base scenario	46%	-

Government Bonds

Upward scenario	27%	-
Downward scenario	27%	-

Securitisations

Macroeconomic variable	Horizon as per 31-12-2024	Horizon as per 31-12-2023
Purchasing power parity conversion factor to official exchange ratio (Eurozone)	3 years	3 years
Unemployment Rate (Eurozone)	3 years	3 years
Real net exports of goods and services (Eurozone)	3 years	3 years
Scenario	**Weight as per 31-12-2024**	**Weight as per 31-12-2023**
Base scenario	46%	75%
Upward scenario	27%	10%
Downward scenario	27%	15%

Lending

Macroeconomic variable	Horizon as at 31-12-2024	Horizon as at 31-12-2023
Non-accelerating inflation rate of unemployment (NL)	3 years	3 years
Interest rate on government bonds 30y (NL)	3 years	3 years
Compensation of employees (NL)	3 years	3 years
Scenario	**Weighting as at 31-12-2024**	**Weighting as at 31-12-2023**
Base scenario	46%	75%
Upward scenario	27%	10%
Downward scenario	27%	15%

Non-performing exposures

BNG applies the following criteria to designate exposures as non-performing:

- BNG 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 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 as a result 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.

As per 31 December 2024 three different scenarios are used to calculate the sensitivity (in millions of euros) of the total credit loss allowances and are stated below.

31-12-2024

	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	0	1	0	1
Loans and advances	57	69	67	62
	57	**70**	**67**	**63**
Provision				
Off-balance sheet commitments	1	2	2	1

31-12-2023

	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	-	-
Financial assets at fair value through other comprehensive income	-	0	-	-
Interest-bearing securities at amortised cost	1	2	1	1
Loans and advances	99	101	117	111
	100	**103**	**118**	**112**

31-12-2023

	Actual Balance	Scenario A (1 notch down)	Scenario B (LGD from 0% to 10%)	Scenario C (through-the-cycle PDs)
Provision				
Off-balance sheet commitments	6	5	5	5

Hedging of risks with derivatives

BNG applies economic hedging in order to mitigate foreign exchange risks and keep interest rate risks at a desired level. To this end, the bank has put in place a system of limits and procedures that is strictly adhered to and is monitored on a daily basis. Foreign exchange and interest rate risks are hedged with derivatives. The treatment of derivatives and hedged items in the balance sheet and income statement is such that they are aligned as much as possible with the actual economic hedging. For accounting purposes, BNG processes this hedging relationship under IFRS by applying micro and portfolio fair value hedging, as well as cash flow hedging. The Accounting principles for the consolidated financial statements section describes the conditions that need to be met before these forms of hedge accounting can be applied.

Micro fair value hedge accounting (MH) is applied to individual transactions involved in an economic hedge relationship to offset interest rate risks and foreign exchange risks . This form of hedging is applied to fixed rate loans, fixed rate interest-bearing securities, debt securities issued and funds entrusted with a maturity over one year. The foreign exchange risks and interest rate risks are hedged by means of (cross-currency) interest rate swaps. The issues are fully offset against the derivatives so that, on a net basis, the fixed coupons of the issues are converted into variable interest amounts in euros. Both the issues and the accompanying derivatives can contain structures, such as options, which are also fully offset. The revaluation effect of hedged MH transactions with regard to fair value hedging is accounted for in the same balance sheet item as the hedged items.

BNG applies (micro) cash flow hedge accounting to virtually all long-term funding transactions in foreign currencies with a floating coupon in order to protect the bank's result against possible variability in future cash flows due to exchange rate fluctuations.
The bank applies cross currency swaps to hedge the foreign currency risk of the credit spread of fixed foreign currency transactions, and applies cash flow hedge accounting to these transactions. With the exception of voluntary early redemption of funding in foreign currencies or an immediate and complete withdrawal from the banking business, there are no circumstances under which these revaluations can lead to a realised result.

The cross currency basis swap spread is an important building block of the value of cross-currency (interest rate) swaps. The fluctuations of this basis spread can never be part of the hedge relationship. If micro hedging is applied the fluctuations of this basis spread are separated as 'cost of hedging' reserve within equity.

In portfolio fair value hedge accounting (PH), the interest rate risks of a group of transactions in euro are hedged by means of a group of derivatives. The hedging relationship is constructed and controlled at an aggregate level, thus precluding relationships with individual transactions. Within BNG, portfolio hedging, like micro hedging, has been highly effective. Any ineffectiveness that occurs is recognised in the income statement.

The effective part of PH is accounted for in the balance sheet item Value adjustments on loans in portfolio hedge accounting.

Although BNG uses derivatives for economic hedging purposes, it is not possible in all cases to include these in a hedge accounting relationship, as permitted by IFRS. In principal all derivatives that are not involved in a hedge accounting relationship are to economically hedge a financial instrument which is also recognised at fair value through the income statement. Consequently, in total, the volatility of the result due to interest rate and foreign exchange risks is limited.

The following table shows the maturity profile as at 31 December 2024 of all derivatives based on their notional amounts.

				31-12-2024				31-12-2023
	Up to 1 year	1 to 5 years	Over 5 years	Total	Up to 1 year	1 to 5 years	Over 5 years	Total
Derivatives involved in portfolio hedge accounting								
Interest rate swaps	6,485	31,885	106,271	144,641	8,886	28,843	101,632	139,361
Derivatives involved in micro hedge accounting								

	31-12-2024				31-12-2023			
	Up to 1 year	1 to 5 years	Over 5 years	Total	Up to 1 year	1 to 5 years	Over 5 years	Total
Interest rate swaps	7,407	26,917	59,878	94,202	6,321	24,620	57,659	88,600
Cross-currency swaps	5,919	20,350	6,080	32,349	8,765	15,097	6,573	30,435
Derivatives not involved in hedge accounting								
Interest rate swaps	13,541	212	524	14,277	8,168	225	501	8,894
Cross-currency swaps	9	226	239	474	35	179	316	530
FX-swaps	8,266	0	0	8,266	3,317	-	-	3,317
Other derivatives	910	1,570	449	2,929	48	3,133	428	3,609
Total	**42,537**	**81,160**	**173,441**	**297,138**	**35,540**	**72,097**	**167,109**	**274,746**

The following table shows the total notional amounts of the derivatives in relation to the fair value.

	31-12-2024		31-12-2023	
	Notional amount	Fair value	Notional amount	Fair value
Derivatives involved in portfolio hedge accounting				
Interest rate swaps	123,972	5,772	118,292	13,504
Derivatives involved in micro hedge accounting				
Interest rate swaps	87,904	-4,403	81,100	-11,723
Cross-currency swaps	23,480	2,149	8,998	1,141
Derivatives not involved in hedge accounting				
Interest rate swaps	13,341	11	8,483	17
Cross-currency swaps	229	40	300	56
FX-swaps	8,179	400	719	3
Other derivatives	459	10	320	13
Total derivatives stated as assets	**257,564**	**3,979**	**218,212**	**3,011**

	31-12-2024		31-12-2023	
	Notional amount	Fair value	Notional amount	Fair value
Derivatives involved in portfolio hedge accounting				
Interest rate swaps	20,669	3,699	21,069	3,603
Derivatives involved in micro hedge accounting				
Interest rate swaps	6,298	364	7,500	527
Cross-currency swaps	8,869	1,205	21,437	1,827
Derivatives not involved in hedge accounting				
Interest rate swaps	936	107	411	196
Cross-currency swaps	245	123	230	114
FX-swaps	87	3	2,598	41
Other derivatives	2,470	45	3,289	55
Total derivatives stated as liabilities	**39,574**	**5,546**	**56,534**	**6,363**

BNG receives collateral from counterparties with respect to credit risk on derivatives. As at 31 December 2024, this collateral amounted to EUR 1,533 million (2023: EUR 656 million), all in cash.

With regard to derivatives, BNG provided EUR 8,249 million in collateral in 2024 (2023: EUR 8,658 million), of which EUR 1,973 million in cash (2023: EUR 3,704 million) and EUR 6,276 million in interest-bearing securities (2023: EUR 4,953 million).

Fair value hedge accounting

The following table shows the changes in fair value of the hedged items and the hedging instruments due to fair value hedge accounting in the reporting period, used as the basis for recognising ineffectiveness.

31-12-2024

	Gross carrying amount of hedged items	Accumulated amount of fair value adjustments on the hedged items or through OCI	Gains/Losses attri-butable to the hedged item	Gains/Losses attri-butable to the hedging instru-ment	Hedge ineffect-iveness
Fair value hedges					
Micro fair value hedges (hedged items stated as assets)					
Fixed rate bonds in Financial assets at fair value through the income statement	11,159	91	210	-221	-11
Fixed rate bonds in Interest-bearing securities at amortised cost	3,554	-359	-11	19	8
	14,713	**-268**	**199**	**-202**	**-3**
Micro fair value hedges (hedged items stated as liabilities)					
Fixed rate loans in Amounts due to banks	-722	3	-11	11	0
Fixed rate bonds in Debt securities	-91,781	4,924	-2,806	2,764	-42
Fixed rate loans in Funds entrusted	-3,258	62	-54	53	-1
	-95,761	**4,989**	**-2,871**	**2,828**	**-43**
Total micro fair value hedges	**-81,048**	**4,721**	**-2,672**	**2,626**	**-46**
Portfolio fair value hedges (hedged items stated as assets)					
Fixed rate loans in Amounts due to banks	40	-2	1	-1	0
Fixed rate bonds in Financial assets at fair value through the income statement	163	6	1	4	5
Fixed rate bonds in Interest-bearing securities at amortised cost	1,700	-47	33	-33	0
Fixed rate loans in Loans and advances	89,545	-2,903	2,036	-2,002	34
Total portfolio fair value hedges	**91,448**	**-2,946**	**2,071**	**-2,032**	**39**
Total fair value hedges	**10,400**	**1,775**	**-601**	**594**	**-7**

31-12-2023

	Gross carrying amount of hedged items	Accumulated amount of fair value adjustments on the hedged items or through OCI	Gains/Losses attri-butable to the hedged item	Gains/Losses attri-butable to the hedging instru-ment	Hedge ineffect-iveness
Fair value hedges					
Micro fair value hedges (hedged items stated as assets)					
Fixed rate bonds in Financial assets at fair value through the income statement	9,951	-119	478	-479	-1
Fixed rate bonds in Interest-bearing securities at amortised cost	2,950	-256	95	-99	-4
	12,901	**-375**	**573**	**-578**	**-5**
Micro fair value hedges (hedged items stated as liabilities)					
Fixed rate loans in Amounts due to banks	-730	14	-46	46	0
Fixed rate bonds in Debt securities	-85,480	6,737	-3,398	3,281	-117
Fixed rate loans in Funds entrusted	-3,748	115	-127	123	-4
	-89,958	**6,866**	**-3,571**	**3,450**	**-121**
Total micro fair value hedges	**-77,057**	**6,491**	**-2,998**	**2,872**	**-126**
Portfolio fair value hedges (hedged items stated as assets)					
Fixed rate loans in Amounts due to banks	45	-3	2	-2	0
Fixed rate bonds in Financial assets at fair value through the income statement	242	5	7	3	10
Fixed rate bonds in Interest-bearing securities at amortised cost	1,328	-81	58	-57	1
Fixed rate loans in Loans and advances	85,066	-4,953	3,582	-3,467	115
Total portfolio fair value hedges	**86,681**	**-5,032**	**3,649**	**-3,523**	**126**
Total fair value hedges	**9,624**	**1,459**	**651**	**-651**	**0**

Cash flow hedge accounting

The following table shows the notional amount and the changes in fair value of the hedging instruments, as well as the gross carrying amounts of the hedged items involved in micro cash flow hedge accounting in the reporting period, used as the basis for recognising ineffectiveness.

31-12-2024	Notional amount of hedging instruments	Gross carrying amount of hedging items		Changes in fair value of hedging		Reclassified as interest result calculated using the effective interest method
		Assets	Liabilities	Effective portion recognised in OCI	Hedge ineffectiveness recognised in profit or loss	
Cash flow hedges						
Micro cash flow hedges						
Cross currency swaps	1,352	15	-1,615	-8	1	-39
Total cash flow hedges	**1,352**	**15**	**-1,615**	**-8**	**1**	**-39**

31-12-2023	Notional amount of hedging instruments	Gross carrying amount of hedging items		Changes in fair value of hedging		Reclassified as interest result calculated using the effective interest method
		Assets	Liabilities	Effective portion recognised in OCI	Hedge ineffectiveness recognised in profit or loss	
Cash flow hedges						
Micro cash flow hedges						
Cross currency swaps	962	16	-1,092	-15	-2	-31
Total cash flow hedges	**962**	**16**	**-1,092**	**-15**	**-2**	**-31**

Foreign exchange rates

The following table shows the weighted average FX rates for the major currencies of the final exchange of cross-currency swaps involved in a micro cash flow hedge accounting relationship as at 31 December 2024.

31-12-2024

FX rate	up to 1 year	1 to 5 years	over 5 years	Total
USD to EUR	1.10669	1.07857	1.09819	1.08297
GBP to EUR	0.86197	1.32208	0.97991	1.05036
AUD to EUR	0.89816	0.92968	0.95370	0.93362
CHF to EUR	1.66171	1.11665	1.21333	1.32376

31-12-2023

FX rate	up to 1 year	1 to 5 years	over 5 years	Total
USD to EUR	0.97391	1.03551	1.03233	1.00822
GBP to EUR	0.98355	0.97669	0.90774	0.99460
AUD to EUR	0.91506	0.98271	0.93716	0.95515
CHF to EUR	1.30908	1.48561	1.33290	1.39670

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 is viewed from the perspective of market participants, 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 which 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 influence 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 uses quoted market prices (Level 1). Quoted market prices are based on bid prices (for financial assets) and ask prices (for financial liabilities). Using mid-market prices is permitted if the market risk of the financial assets and liabilities is offset. BNG uses mid-market prices on the reporting date for valuation purposes.

In many cases, the bank is reliant on theoretical valuations (Level 2). In such cases, the fair value is determined on the basis of 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 on the basis of 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 determining the fair value of derivative transactions, a credit value 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 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.

	31-12-2024		31-12-2023	
	Balance sheet-value	Fair value	Balance sheet-value	Fair value
Cash and balances held with central banks	6,625	6,625	1,617	1,617
Amounts due from banks	804	825	622	635
Cash collateral posted	3,545	3,545	4,751	4,751
Financial assets at fair value through the income statement	757	757	911	911
Derivatives	3,979	3,979	3,011	3,011
Financial assets at fair value through other comprehensive income	11,322	11,322	10,193	10,193
Interest-bearing securities at amortised cost	9,133	8,901	8,829	8,709
Loans and advances	94,537	88,342	90,497	84,428
Total financial assets	**130,702**	**124,296**	**120,431**	**114,255**
Amounts due to banks	1,639	1,616	905	892
Cash collateral received	1,533	1,533	656	656
Financial liabilities at fair value through the income statement	254	254	260	260
Derivatives	5,546	5,546	6,363	6,363
Debt securities	103,383	101,738	93,039	92,298
Funds entrusted	10,517	10,365	9,302	9,246
Subordinated debt	19	21	18	20
Total financial liabilities	**122,891**	**121,073**	**110,543**	**109,735**

When effecting a transaction, the fair value hierarchy is determined on the basis of 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 on the basis of 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 classification of each transaction is assessed and adjusted where necessary.

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

31-12-2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through the income statement	57	692	8	757
Derivatives	-	3,979	-	3,979
Financial assets at fair value through other comprehensive income	11,243	79	-	11,322
Total financial assets	**11,300**	**4,750**	**8**	**16,058**
Financial liabilities at fair value through the income statement	-12	-242	-	-254
Derivatives	-	-5,546	-	-5,546
Total financial liabilities	**-12**	**-5,788**	**-**	**-5,800**

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	Level 1	Level 2	Level 3	Total
Financial assets at fair value through the income statement	62	840	9	911
Derivatives	-	3,011	-	3,011
Financial assets at fair value through other comprehensive income	10,114	79	-	10,193
Total financial assets	**10,176**	**3,930**	**9**	**14,115**

31-12-2023

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through the income statement	117	143	-	260
Derivatives	-	6,363	-	6,363
Total financial liabilities	**117**	**6,506**	**-**	**6,623**

As per 31 december 2024 one asset is stated 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 on the basis of the hierarchical classification referred to above.

31-12-2024

	Level 1	Level 2	Level 3	Total
Cash and balances held with central banks	6,625	-	-	6,625
Amounts due from banks	2	823	-	825
Cash collateral posted	-	3,545	-	3,545
Interest-bearing securities at amortised cost	3,332	5,336	233	8,901
Loans and advances	399	80,611	7,332	88,342
Total financial assets	**10,358**	**90,315**	**7,565**	**108,238**
Amounts due to banks	0	1,616	-	1,616
Cash collateral received	-	1,533	-	1,533
Debt securities	86,527	15,211	-	101,738
Funds entrusted	3,857	6,133	375	10,365
Subordinated debt	-	21	-	21
Total financial liabilities	**90,384**	**24,514**	**375**	**115,273**

31-12-2023

	Level 1	Level 2	Level 3	Total
Cash and balances held with central banks	1,617	-	-	1,617
Amounts due from banks	2	631	2	635
Cash collateral posted	-	4,751	-	4,751
Interest-bearing securities at amortised cost	2,488	5,974	247	8,709
Loans and advances	463	76,609	7,356	84,428
Total financial assets	**4,570**	**87,965**	**7,605**	**100,140**
Amounts due to banks	1	891	-	892
Cash collateral received	-	656	-	656
Debt securities	81,782	10,516	-	92,298
Funds entrusted	3,708	5,118	420	9,246
Subordinated debt	-	20	-	20
Total financial liabilities	**85,491**	**17,201**	**420**	**103,112**

The financial assets at amortised cost under Level 3 mainly relate to loans and advances subject to solvency requirements to BNG's statutory market parties. Loans and advances to statutory counterparties under government guarantees are included in Level 2, on account of the strong correlation with bonds issued by the Dutch State. The financial liabilities at amortised cost under Level 1 mainly consist of tradable benchmark bonds issued by BNG (Debt securities item).

Institutional risk management approach

The process of accepting and controlling risks is inherent to the day-to-day operations of any bank. In order to conduct its operations, a bank must accept a certain amount of credit, market, liquidity and operational risk. This section provides an overview of the main characteristics of the risk profile of BNG and only covers the risk management practices that directly impact the financial statements.

BNG is operating in an highly complex environment and is subject to national and international rules and regulations. Although the bank spends significant effort to ensure compliance to all relevant rules and regulations, the implementation process is prone to human errors that cannot be completely prevented.

Credit risk

Credit risk

Credit risk is defined as the risk of losses in earnings or capital resulting from the potential risk that a borrower or a counterparty will fail to meet its obligations in accordance with agreed terms. It includes counterparty risk, settlement risk and concentration risk. The bank is working on integrating climate-related risks within the credit risk framework. Currently a method is developed. This has limited impact on the current financial statements.

Total credit risk exposure

The total gross exposure value for credit risk consists of the total balance sheet value of the assets, adjusted for the balance sheet value of derivatives, cash collateral posted for either derivative transactions or secured financing transactions and receivables related to Settle to Market (STM) derivative contracts under the Amounts due from banks item. The gross exposure value for off-balance sheet commitments is included, as well as the exposure value for counterparty credit risk (divided into derivative and secured financing transactions). The table below provides insight into the total gross credit risk exposure value.

	31-12-2024	**31-12-2023**
Balance sheet total	127,941	115,540
-/- Derivatives	-3,979	-3,011
-/- Cash collateral posted	-3,545	-4,751
Total on-balance sheet exposure	**120,417**	**107,778**
Total off-balance sheet exposure	**9,058**	**10,550**
Exposure value for derivatives	2,283	2,416
Exposure value for secured financing transactions	42	306
Total counterparty credit risk exposure	**2,325**	**2,722**
Total gross exposure	**131,800**	**121,050**

As at 31 December 2024, the balance sheet value of the loans granted to or guaranteed by public authorities, the WSW Housing guarantee fund and the WfZ Healthcare guarantee fund in the Loans and advances balance sheet item totalled EUR 82.2 billion (2023: EUR 81.8 billion). The contingent liabilities and the irrevocable facilities are explained in the section ‘Off-balance sheet positions’. Section 'Encumbered financial assets and liabilities' indicates which parts of the financial assets are not freely disposable.

The calculation of the market value of financial assets and financial liabilities at fair value through the income statement includes a credit and liquidity risk spread. Changes in value due to credit-risk and liquidity-risk fluctuations are derived from changes in these spreads. The risk profiles of individual customers and financial instruments are periodically assessed. If necessary, the credit-risk spread is adjusted for the purpose of valuation.

Cumulative changes in the market value of financial assets at fair value through the income statement as a result of adjusted credit and liquidity risk spreads totalled EUR 116 million negative (2023: EUR 177 million negative). The decrease is mainly attributable to the disposal of 1 investment which had a cumulative negative impact of EUR 59 million (2023: EUR 13 million negative). Cumulative changes in the market value of financial liabilities at fair value through the income statement as a result of adjusted credit and liquidity risk spreads totalled EUR 28 million positive (2023: EUR 14 million positive) and amounted to EUR 14 million positive for 2024 (2023: EUR 3 million negative). Financial liabilities at fair value through the income statement are recognised on the relevant funding curve including a mark-up for ‘own credit risk’ in the accounts.

Counterparty risk

The bank is exposed to counterparty risk in relation to public sector entities (loans and advances), financial counterparties (derivatives) and issuers of interest-bearing securities in which the bank has invested. BNG applies the following credit risk mitigation measures:

- Guarantees received from a central or local authority or by the guarantee funds WSW (Social Housing) and WfZ (Healthcare). Because loans subject to solvency requirements are often extended under partial of full guarantees or suretyships, the loan remains partly or fully zero-risk-weighted on balance for BNG (see the section on statutory market parties).

- Other forms of security such as pledges and mortgages are used to minimise possible losses due to credit risks. The potential risk-reducing effect, however, is not used in the calculation of the regulatory capital requirement.
- Bilateral netting and collateral agreements based on a daily collateral exchange with financial counterparties, also the section on financial counterparties.

Statutory market parties

The bank's Articles of Association restrict lending to parties subject to some form of government involvement. As a result, the credit portfolio is largely comprised of zero-risk-weighted loans and advances provided to or guaranteed by the Dutch government.

Lending is subject to initial and periodic credit assessment. This contains a detailed assessment of the creditworthiness of the client concerned, based in part on the bank's own internal rating model. Additionally, the bank has an internal risk assessment process for tailored transactions that includes operational risk elements. Moreover, the bank uses extensive qualitative product descriptions, in which the appropriateness of the product for different types of clients is made explicit.

Credit risk models

Most of BNG's clients are not rated by external rating agencies, such as Moody's, Fitch or S&P. The bank applies internally developed rating models to assess creditworthiness of clients. These expert models are sector specific and subject to periodic review and validation in accordance with the banks' model governance policy. These models are not applied for capital calculations under Pillar I, where the bank uses the Standardised approach.

The significance of the internal ratings is the following:

Internal rating	Description
0	Zero risk-weighted lending.
1 through 11	The credit risk is deemed acceptable. A regular annual review is performed.
12 through 13	Watch list: there is an increased credit risk. A review takes place at least twice a year.
14 through 16	Financial restructuring and recovering department: there is an increased credit risk. At least three times a year, a report on these debtors is submitted to the Executive Board.
17 through 21	Financial restructuring and recovering department: there is an increased credit risk and/or the debtor repeatedly fails to fulfil the payment obligations and/or there is no expectation of continuity. At least three times a year, a report on these debtors is submitted to the Executive Board.

Forborne exposures

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

31-12-2024

		Of which: Forborne		
	Total exposure	Gross of impairment	Net of impairment	**in % of total**
Financial assets (excl. derivatives)				
Cash and balances held with central banks	6,625	-	-	0.0%
Amounts due from banks	804	-	-	0.0%
Cash collateral posted	3,545	-	-	0.0%
Financial assets at fair value through the income statement	757	-	-	0.0%
Financial assets at fair value through other comprehensive income	11,322	-	-	0.0%
Interest-bearing securities at amortised cost	9,133	-	-	0.0%
Loans and advances	94,537	346	318	0.4%
	126,723	**346**	**318**	**0.3%**
Off-balance sheet commitments				
Contingent liabilities	501	-	-	0.0%

31-12-2024

	Total exposure	Of which: Forborne Gross of impairment	Net of impairment	in % of total
Revocable facilities	5,383	15	15	0.3%
Irrevocable facilities	3,174	6	6	0.2%
	9,058	**21**	**21**	**0.2%**

31-12-2023

	Total exposure	Of which: Forborne Gross of impairment	Net of impairment	in % of total
Financial assets (excl. derivatives)				
Cash and balances held with central banks	1,617	-	-	0.0%
Amounts due from banks	622	-	-	0.0%
Cash collateral posted	4,751	-	-	0.0%
Financial assets at fair value through the income statement	911	-	-	0.0%
Financial assets at fair value through other comprehensive income	3,011	-	-	0.0%
Interest-bearing securities at amortised cost	10,193	-	-	0.0%
Loans and advances	90,497	262	227	0.3%
	111,602	**262**	**227**	**0.2%**
Off-balance sheet commitments				
Contingent liabilities	478	2	2	0.4%
Revocable facilities	6,118	29	29	0.5%
Irrevocable facilities	3,960	-	-	0.0%
	10,556	**31**	**31**	**0.3%**

The financial assets of which contractual terms have been changed as a result of the debtor's unfavourable financial position amounted to EUR 346 million as at 31 December 2024 (year-end 2023: EUR 262 million). The increase is entirely due to the newly recorded debtors. The share of forborne exposure in the total portfolio is 0.3% (year-end 2023: 0.2%) and concerns 12 debtors (year-end 2023: 11 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 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.

The tables below provide insight into the total exposure in financial assets (excluding derivatives) and off-balance sheet commitments, indicating which portions have been classified as non-performing.

31-12-2024

	Total exposure	Of which: Non-performing Gross of impairment	Net of impairment	in % of total
Financial assets (excl. derivatives)				
Cash and balances held with central banks	6,625	-	-	0.0%
Amounts due from banks	804	-	-	0.0%
Cash collateral posted	3,545	-	-	0.0%
Financial assets at fair value through the income statement	757	-	-	0.0%
Financial assets at fair value through other comprehensive income	11,322	-	-	0.0%
Interest-bearing securities at amortised cost	9,133	-	-	0.0%
Loans and advances	94,537	460	416	0.5%
	126,723	**460**	**416**	**0.4%**
Off-balance sheet commitments				
Contingent liabilities	501	1	0	0.2%

31-12-2024

	Total exposure	Of which: Non-performing Gross of impairment	Of which: Non-performing Net of impairment	in % of total
Revocable facilities	5,383	14	14	0.3%
Irrevocable facilities	3,174	6	6	0.2%
	9,058	**21**	**20**	**0.2%**

31-12-2023

	Total exposure	Of which: Non-performing Gross of impairment	Of which: Non-performing Net of impairment	in % of total
Financial assets (excl. derivatives)				
Cash and balances held with central banks	1,617	-	-	0.0%
Amounts due from banks	622	-	-	0.0%
Cash collateral posted	4,751	-	-	0.0%
Financial assets at fair value through the income statement	911	-	-	0.0%
Financial assets at fair value through other comprehensive income	3,011	-	-	0.0%
Interest-bearing securities at amortised cost	10,193	-	-	0.0%
Loans and advances	90,497	598	518	0.7%
	111,602	**598**	**518**	**0.5%**
Off-balance sheet commitments				
Contingent liabilities	478	1	0	0.2%
Revocable facilities	6,118	78	3	1.3%
Irrevocable facilities	3,960	12	2	0.3%
	10,556	**91**	**5**	**0.9%**

On-balance non-performing exposure totalled EUR 460 million as at 31 December 2024 (year-end 2023: EUR 598 million). The decrease of this exposure in 2024 is mainly caused by the shift from non-performing to perfoming exposures and settlements of obligors in Stage 3. The total non-performing exposure remains low in relation to the total exposure of the portfolio of BNG. At year-end 2024 the share of non-performing exposure in the total portfolio is 0.4% (year-end 2023: 0.5%) and concerns 21 debtors (year-end 2023: 26 debtors). BNG received EUR 279 million of government guarantees (2023: EUR 382 million) with respect to non-performing exposures.

The following table shows the development of non-performing exposures.

	2024	2023
Total non-performing exposure as at 1 January	**598**	**848**
Change in existing non-performing exposures	1	10
Shift from performing to non-performing exposure	65	30
Shift from non-performing to performing exposure	-138	-120
Repayments on and settlement of non-performing exposure	-48	-127
Write-off	-18	-43
Total non-performing exposure as at 31 December	**460**	**598**

Maturity analysis of performing past due exposures

The following table comprises past due exposures that are not included in impairment stage 3 under IFRS 9.

	31-12-2024	31-12-2023
Less than 31 days	101	0
31 through 60 days	-	-
61 through 90 days	-	-
Over 90 days	-	-
Closing balance	**101**	**0**

Impairments

The impairments of financial assets are explained in note 31.

External rating

BNG uses the external ratings awarded by rating agencies, specifically S&P, Moody's, Fitch and DBRS. In determining the capital requirement, the bank uses the ratings of these four agencies if such ratings are available. The ratings relate either to the counterparty or specifically to a securities purchased.

Financial counterparties

The market risks associated with loans to clients are mitigated primarily through derivative transactions with financial counterparties. The bank only conducts business with financial counterparties that have been rated by an external agency. Financial counterparties are periodically assessed for creditworthiness. If necessary, the limit on the maximum exposure to such a counterparty is re-adjusted accordingly.

	31-12-2024		31-12-2023	
Exposure values for derivatives by exposure class (SA)	**Exposure value**	**Risk-weighted exposure amount**	**Exposure value**	**Risk-weighted exposure amount**
Regional governments or local authorities	167	-	145	-
Public sector entities	1	0	1	0
Institutions	1,208	310	1,096	220
Corporates	907	384	1,173	462
Total	**2,283**	**694**	**2,415**	**682**

In order to reduce credit risk, netting agreements are in place with financial counterparties with which BNG actively enters into derivatives transactions or (reverse) repos. In addition, collateral agreements are concluded. These ensure that market value developments are mitigated on a daily basis by collateral. The agreements are updated where necessary in response to changing market circumstances, market practices and regulatory changes. The following table shows the gross positions before balance sheet netting and if the collateral agreements were taken into account.

31-12-2024

	Derivatives (stated as assets)	Derivatives (stated as liabilities)	Net
Netting of financial assets and financial liabilities (derivatives)			
Gross value of financial assets and liabilities before balance sheet netting	14,874	-16,441	**-1,567**
Gross value of the financial assets and liabilities to be netted	-10,895	10,895	**0**
Balance sheet value of financial assets and liabilities (after netting)	**3,979**	**-5,546**	**-1,567**
Value of financial netting instrument that does not comply with IAS 32 (netting of derivatives with the same counterparty) for netting purposes	-2,111	2,111	0
Exposure before collateral	**1,868**	**-3,435**	**-1,567**
Value of financial collateral that does not comply with IAS 32 for netting purposes	-1,533	3,545	**2,012**
Net exposure	**335**	**110**	**445**

31-12-2023

	Derivatives (stated as assets)	Derivatives (stated as liabilities)	Net
Netting of financial assets and financial liabilities (derivatives)			
Gross value of financial assets and liabilities before balance sheet netting	15,123	-18,475	**-3,352**
Gross value of the financial assets and liabilities to be netted	-12,112	12,112	**0**
Balance sheet value of financial assets and liabilities (after netting)	**3,011**	**-6,363**	**-3,352**
Value of financial netting instrument that does not comply with IAS 32 (netting of derivatives with the same counterparty) for netting purposes	-1,887	1,887	**0**
Exposure before collateral	**1,124**	**-4,476**	**-3,352**

31-12-2023

	Derivatives (stated as assets)	Derivatives (stated as liabilities)	Net
Value of financial collateral that does not comply with IAS 32 for netting purposes	-656	4,751	**4,095**
Net exposure	**468**	**275**	**743**

At year-end 2024, the collateral posted for derivative transactions amounted to EUR 4.1 billion (2023: EUR 5.3 billion). The deterioration of BNG's rating by three notches would not increase this amount (2023: EUR nil). The strength of the bank's liquidity position is sufficient to absorb fluctuations in collateral obligations.

	31-12-2024		31-12-2023	
	Reverse repos (assets)	Repos (liabilities)	Reverse repos (assets)	Repos (liabilities)
Netting of reverse repo and repo agreements subject to enforceable master netting agreements				
Gross balance sheet value before balance sheet netting	2,112	-2,110	1,318	-1,318
Balance sheet netting of reverse repo and repo agreements	-2,110	2,110	-1,318	1,318
Net balance sheet value of financial assets and liabilities	**2**	**0**	**0**	**0**

Investments in interest-bearing securities (IBS)

BNG's IBS portfolio is held predominantly for liquidity management purposes. The portfolio is composed of high-quality bonds, the majority of which are accepted as collateral by the ECB. BNG's total IBS portfolio can be subdivided into a liquidity portfolio and an Asset & Liability Management (ALM) portfolio. The liquidity portfolio consists exclusively of highly negotiable securities and is subdivided according to the various LCR levels. The ALM portfolio is subdivided according to type of security. Each month, the development of the portfolio is reported to and evaluated by the Investment Committee. Using factors such as external ratings and – in part – internal ratings, the bank monitors the development on an individual basis. All assets within these portfolios undergo an impairment analysis twice a year. Asset backed securities (including RMBS) are subject to a due diligence review process.

The amounts shown below per rating category are remaining principal amounts in millions of euros. The total balance sheet value is also shown in the final column.

31-12-2024

	AAA	AA	A	BBB	Non-investment grade	Total nominal value	Total balance sheet value
Liquidity portfolio							
Level I – Government/ Supranational	5,237	3,311	1,268	46	-	9,862	9,774
Level I B – Covered bonds	2,587	-	-	-	-	2,587	2,611
Level II A – Government/ Supranational	-	60	-	-	-	60	56
Level II A – Covered bonds	205	-	-	-	-	205	209
Level II B – Corporates	-	-	-	-	-	-	-
Level II B – RMBS	1,375	-	-	-	-	1,375	1,390
	9,404	**3,371**	**1,268**	**46**	**-**	**14,089**	**14,040**
ALM portfolio							
RMBS	22	69	21	-	-	112	114
ABS	26	-	-	68	-	94	94
RMBS-NHG	2,159	37	82	-	-	2,278	2,283
Other	2,497	899	767	358	-	4,521	4,440
	4,704	**1,005**	**870**	**426**	**-**	**7,005**	**6,931**
Total	**14,108**	**4,376**	**2,138**	**472**	**-**	**21,094**	**20,971**

31-12-2023

	AAA	AA	A	BBB	Non-investment grade	Total nominal value	Total balance sheet value
Liquidity portfolio							
Level I – Government/ Supranational	4,525	3,094	1,233	46	-	8,898	8,812

31-12-2023

	AAA	AA	A	BBB	Non-invest-ment grade	Total nominal value	Total balance sheet value
Level I B – Covered bonds	2,346	-	-	-	-	2,346	2,335
Level II A – Government/ Supranational	-	58	-	-	-	58	62
Level II A – Covered bonds	310	-	-	-	-	310	310
Level II B – Corporates	-	-	-	-	-	-	-
Level II B – RMBS	1,489	-	-	-	-	1,489	1,507
	8,670	**3,152**	**1,233**	**46**	**-**	**13,101**	**13,026**
ALM portfolio							
RMBS	27	103	44	-	-	174	175
ABS	33	-	15	15	45	108	108
RMBS-NHG	2,618	41	89	-	-	2,748	2,762
Other	2,000	646	549	450	-	3,645	3,594
	4,678	**790**	**697**	**465**	**45**	**6,675**	**6,639**
Total	**13,348**	**3,942**	**1,930**	**511**	**45**	**19,776**	**19,665**

The liquidity portfolio improved in quality (AAA and AA) mainly due to investments in Government bonds with a better rating.

Transfer of financial assets without derecognition

At year-end 2024 BNG has transferred EUR 2,669 million in interest-bearing securities in repurchase transactions without derecognition (2023: EUR 1,331 million). At year-end 2024, BNG has no financial assets in its portfolio that were transferred and derecognised and in which it has a continuing involvement. Financial assets are not removed from the balance sheet if BNG retains the credit risks and the rights to the underlying cash flows.

Concentration risk

Regarding concentration risk, the bank differentiates between:

- country risk with a distinction between domestic and foreign risk;
- sector risk; and
- risk for individual parties with a distinction between clients and financial counterparties.

Sector specific policies, annual internal targets and maximum exposure amounts on individual counterparties are applied to manage the concentration risks on sectors and individual parties. A considerable portion of the total outstanding exposures is indirectly related to public sector property. However, these risks are generally mitigated by government guarantees on lending and by the WSW and WfZ guarantee funds. BNG received EUR 56 billion of government guarantees (2023: EUR 52 billion). These guarantees result in a concentration risk in relation to public authorities and guarantee funds. The guarantee funds are guaranteed by the central government via backstop constructions, which, in the end, creates an exposure to the Dutch State. The concentration of this risk is high, but inherent to BNG's business model.

The bank is exposed to foreign country risk as a result of transactions with financial counterparties to hedge market risks arising from lending and funding activities, as a result of its liquidity portfolio and, to a limited extent, in the context of lending and investments in the public sector abroad.

The bank invests in foreign securities for its liquidity portfolio because the vast majority of its loan portfolio already relates to the Netherlands. Foreign lending is in most cases also directly or indirectly guaranteed by the relevant governments.

All foreign exposures fall within limits set for each country. These limits mainly depend on the perceived credit quality of the country in question. Moreover, a general limit of 15% of the balance sheet total applies to foreign exposures excluding derivatives, collateral and short term loans and current account balances due from banks.

Long-term foreign exposure

The following tables provide an overview of long-term foreign exposures. Derivative 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. Part of the exposure in Luxembourg and the full exposure in the United States are reclassed under Multilateral development banks since 2024.

31-12-2024

	AAA	AA	A	BBB	Non-investment grade	Total nominal value	Total balance sheet value
Supranational institutions	4,929	-	-	-	-	4,929	4,999
Multilateral development banks	208	-	-	-	-	208	200
Austria	-	1,227	-	-	-	1,227	1,185
Belgium	-	657	-	69	-	726	750
Denmark	36	-	-	-	-	36	35
Finland	-	449	-	-	-	449	428
France	741	1,008	-	-	-	1,749	1,775
Germany	915	200	42	-	-	1,157	1,136
Italy	-	-	-	-	-	-	-
Luxembourg	384	-	-	-	-	384	346
Portugal	11	-	-	56	-	67	67
Singapore	-	-	149	-	-	149	149
Spain	11	70	102	46	-	229	250
United Kingdom	205	536	148	371	32	1,292	1,197
United States	-	-	-	-	-	-	-
Total	**7,440**	**4,147**	**441**	**542**	**32**	**12,602**	**12,517**

31-12-2023

	AAA	AA	A	BBB	Non-investment grade	Total nominal value	Total balance sheet value
Supranational institutions	4,135	-	-	-	-	4,135	4,113
Austria	-	1,084	-	-	-	1,084	1,022
Belgium	-	446	-	73	-	519	560
Denmark	36	-	-	-	-	36	36
Finland	-	424	-	-	-	424	402
France	682	1,168	-	-	-	1,850	1,904
Germany	665	155	31	-	-	851	804
Italy	-	-	15	-	45	60	59
Luxembourg	539	-	-	-	-	539	499
Portugal	13	2	15	-	-	30	31
Singapore	-	-	109	-	-	109	109
Spain	14	101	107	46	-	268	292
United Kingdom	310	491	138	485	17	1,441	1,450
United States	73	-	-	-	-	73	75
Total	**6,467**	**3,871**	**415**	**604**	**62**	**11,419**	**11,356**

For a large part, the non-investment grade items (i.e. items with a rating below BBB-) consist of exposures in United Kingdom. The non-investment grade exposures in the United Kingdom concern a limited number of private project financing schemes in the areas of infrastructure, education, energy and healthcare. The total fair value of foreign non-investment grade exposures at 31 December 2024 amounted to EUR 30 million (year-end 2023: EUR 56 million).

Exposures divided to risk classes

The following tables provide an overview of all exposures subdivided to risk classes, either by internal- or external rating.

	31-12-2024				31-12-2023			
Loans and advances solvency-free	**On-balance exposures (gross carrying amount)**				**On-balance exposures (gross carrying amount)**			
	Performing		**Non-performing**	**Total**	**Performing**		**Non-performing**	**Total**
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
- Low risk	85,683	-	-	85,683	81,367	282	-	81,649
- Medium risk	254	59	-	313	30	259	-	289
- High risk	1	226	-	227	-	200	132	332

	31-12-2024				31-12-2023			
- Non-performing	-	-	279	279	-	-	250	250
- Not rated	-	-	-	-	-	-	-	-
Total	**85,938**	**285**	**279**	**86,502**	**81,397**	**741**	**382**	**82,520**

Loans and advances subject to capital requirements	**On-balance exposures (gross carrying amount)**				**On-balance exposures (gross carrying amount)**			
	Performing		**Non-performing**	**Total**	**Performing**		**Non-performing**	**Total**
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
- Low risk	7,571	107	-	7,678	7,257	150	-	7,407
- Medium risk	8	78	-	86	33	218	-	251
- High risk	13	120	-	133	-	77	-	77
- Non-performing	-	-	135	135	-	-	217	217
- Not rated	-	2	-	2	115	9	-	124
Total	**7,592**	**307**	**135**	**8,034**	**7,405**	**454**	**217**	**8,076**

	31-12-2024				31-12-2023			
Interest-bearing securities	**On-balance exposures (gross carrying amount)**				**On-balance exposures (gross carrying amount)**			
	Performing		**Non-performing**	**Total**	**Performing**		**Non-performing**	**Total**
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
- Low risk	20,455	-	-	20,455	18,962	61	-	19,023
- Medium risk	-	-	-	-	-	-	-	-
- High risk	-	-	-	-	-	-	-	-
- Non-performing	-	-	-	-	-	-	-	-
- Not rated	-	-	-	-	-	-	-	-
Total	**20,455**	**-**	**-**	**20,455**	**18,962**	**61**	**-**	**19,023**

Risk classes	**Ratings based on**	
	Internal ratings	External rating
- Low risk	1-11	AAA - BBB
- Medium risk	12-13	BB
- High risk	14-16	B or lower
- Non-performing	17-21	

Individual statutory market parties

For non-zero risk weighted parties, the exposures have to adhere to the Large Exposure Regulation under CRR. The bank has a significantly more conservative approach regarding the maximum size of individual exposures. This further limitation takes into account the degree to which sectors are anchored in the public sector. The party's individual rating is a further criterium for limit setting.

Individual financial counterparties

Transactions with financial counterparties primarily consist of interest rate and currency swaps undertaken to mitigate market risks. BNG sets requirements for the minimum ratings of the financial counterparties with which it is willing to transact, taking into account the nature of the business conducted with that party. This limits the number of available parties. As a consequence, the number of transactions with approved parties is high. Daily exchange of collateral helps to mitigate the credit risk with respect to derivatives. A bankruptcy of a counterparty would result in market risks as the market is subject to fluctuations while the derivatives need to be rearranged with another party. The Credit Committee limits and monitors positions with financial counterparties. BNG clears parts of its derivatives centrally via clearing houses through clearing members. This results inevitably in a shift in concentration risk from individual financial counterparties to the clearing members and the clearing houses.

The London Clearing House (LCH) is temporarily being exempted from changes in regulations resulting from Brexit. The exemption for the LCH to serve EU customers has been extended to June 2028. This means that cleared derivatives can remain with the LCH and that it is still possible to clear new swaps at the LCH. BNG currently uses both EUREX and the LCH to clear swaps. This way continuity and flexibility regarding central clearing is granted.

Market risk

Definitions

Market risk is defined as an existing or future threat to the institution's capital and earnings as a result of market price fluctuations. It includes interest rate risk, foreign exchange risk, volatility risk, spread risk and index risk.

Interest rate risk

The bank's most important interest rate risk is the 'outright risk' to the interest rate swap curve, which is determined excluding the impact of spreads. This means that changes in spreads such as credit spreads, CVA/DVA and cross currency basis spreads do not influence the interest rate risk position and hedging. There is no material presence of early redemption options in BNG's regular loan portfolio. Likewise, there is no material exposure in mortgages and the bank does not attract savings from private individuals. Consequently, client behaviour is not modelled in the bank's interest rate risk models.

The limits with respect to interest rate risk were not breached in 2024. In the bank's opinion, its interest rate risk management was adequate, compliant with the regulatory standards and within the limits as defined in the bank's risk appetite and risk policies. The table below outlines the Earnings at Risk (EaR) as per end of 2024 in a scenario with an instantaneous parallel shock of plus 116 basis points for the 1-year horizon. Internal steering takes place mainly on a 1-year horizon, which is why the 2-year figures are left out of the report. Usually, the most negative or least positive impact can be seen in the scenario with an instantaneous parallel shock of minus 126 basis points. The main reason for this switch is the end-of-year balance sheet management in combination with Euribor fixations in the banking book.

Earnings at risk (in millions of euros)	**2024**	**2023**
Horizon		
1 year	-53	-45
2 years	-	-

Foreign exchange risk

The bank obtains a large portion of its funding in foreign currencies and is therefore exposed to foreign exchange fluctuations. However, according to the bank's policy, foreign exchange risks are hedged in terms of notional amounts. Incidentally, foreign exchange positions may occur in certain cases where it is not cost-efficient to hedge the risk. The foreign exchange risk of these minor positions is monitored on a daily basis, subject to limits. During 2024 and 2023, these limits were not breached.

Volatility risk

In order to be able to manage its interest rate risk exposure in a flexible and cost efficient way, the bank allows itself a limited range for assuming volatility risk to support the interest rate position in the Treasury book. This range is limited and is monitored by the Risk Management department. During 2024, no additional volatility risk was assumed to support the active interest rate position. With regard to its other activities, BNG's policy specifies that the volatility risks for new financial instruments should be hedged one-to-one. The resulting volatility risk is relatively small and is subject to monitoring by Risk Management.

Spread risk

The economic value of BNG's equity is determined over its total portfolio of assets and liabilities. Both assets and liabilities are valued on the basis of an interest rate curve made up of market-based swap rates plus credit risk spreads. In case of interest rate swaps, the CVA risk (counterparty risk) and DVA risk (the bank's own default risk) are included. Spread risk is not hedged by the bank. The impact of changes in these spreads is measured and monitored on a daily basis. For the fair value instruments affecting profit and loss or regulatory capital, a warning level on the credit spread stress testing outcomes has been set.

Index risk

The bank has inflation-linked instruments in its portfolio. The bank's policy specifies that exposure to fluctuations in inflation risk should be hedged in full and it executes this policy. The inflation delta is monitored on a daily basis.

Liquidity and funding risk

Liquidity risk is defined as the existing or future threat to the institution's capital and earnings due to the possibility that it will not be able at any moment to fulfil its payment obligations, without incurring any unacceptable costs or losses. The public sector consists largely of institutions with a long-term investment horizon. This means that assets frequently have long maturities, which can be in excess of 25 years. As BNG is not able to attract funding in large volumes for these maturities at acceptable prices, a limited funding mismatch is accepted. In order to manage this mismatch, also in times of stress, BNG holds sufficient liquidity and capital buffers.

Liquidity risk

BNG wants to provide a stable presence in the capital markets, because the bank wants to continue to meet the demand for credit even in difficult times. It also pursues a prudent liquidity policy to ensure that it can meet its obligations at all times. In this context, ongoing access to the money and capital markets is essential, along with the ongoing maintenance of attractive, varied and sufficiently large issuance programmes for investors. In addition, buffers are required in order to have access to liquidity in times of stress. One such buffer is formed by assets held explicitly for liquidity purposes, known as the liquidity portfolio. The management of the size and composition of this portfolio is one of the liquidity measures to comply with the requirement under the CRR to have an Liquidty Coverage Ratio of at least 100%. BNG also holds an ample quantity of collateral with the ECB, which enables it to obtain short-term funding immediately. Since most of the bank's assets could serve as collateral at the ECB, this collateral may be further extended in the event of prolonged stress. The size of both buffers is tested in the liquidity stress tests, which are monitored on a monthly basis. Furthermore, the funding plan and corresponding planned liquidity gap is tested in an adverse stress scenario for the Liquidity Coverage Ratio and Net Stable Funding Ratio. The bank considers its liquidity management to have been adequate in 2024 and that the strength of the bank's liquidity position is both amply sufficient and in compliance with the regulatory standards and limits set by the ALCO. As at end of 2024, the Liquidity Coverage Ratio amounted to 217% (2023: 143%) and the Net Stable Funding Ratio ratio amounted to 139% (2023: 137%). The comparable figures of 2023 of the Net Stable Funding Ratio have been updated due to adjustments in the calculation leading to an increase in the NSFR ratio.

Funding risk

BNG distinguishes between short-term and long-term funding. The majority of funding is from international capital markets. The bank maintains a number of programmes that enables it to have access to funding at all times at competitive levels. The bank pursues proactive investor relations which supports these efforts. The bank has a funding plan, in which the desired funding mix is described in more detail. Part of the funding plan is the annual issuance in benchmark size to maintain a 'BNG curve' in the market. These large-scale issues ensure that the bank has a high profile among institutional investors, allowing it to retain access to investors even in times of market stress. The actual realisation of this funding mix is monitored and evaluated by the ALCO.

Maturity analysis of financial assets and liabilities on the basis of the remaining contractual period

The amounts featured in the table below represent the non-discounted future cash flows of financial assets and liabilities. Because these amounts are non-discounted, these are different to the amounts in the balance sheet. For the maturity analysis of issued guarantees and irrevocable commitments, see the 'Off-balance sheet positions' section.

31-12-2024

	Up to 3 months	3 - 12 months	1 - 5 years	over 5 years	Total
Cash and balances held with central banks	6,650	-	-	-	6,650
Amounts due from banks	27	97	428	445	997
Cash collateral posted	3,545	-	-	-	3,545
Financial assets at fair value through the income statement	22	21	230	894	1,167
Financial assets at fair value through other comprehensive income	-5	624	5,743	7,780	14,142
Interest-bearing securities at amortised cost	487	1,521	3,608	7,351	12,967
Loans and advances	2,043	8,058	29,383	83,334	122,818
Current tax assets	55	-	-	-	55
Other assets	104	-	-	-	104
Total financial assets (excluding derivatives)	**12,928**	**10,321**	**39,392**	**99,804**	**162,445**

31-12-2024

	Up to 3 months	3 - 12 months	1 - 5 years	over 5 years	Total
Amounts due to banks	-936	-19	-283	-533	-1,771
Cash collateral received	-1,533	-	-	-	-1,533
Financial liabilities at fair value through the income statement	-24	-3	-91	-202	-320
Debt securities	-5,594	-14,543	-45,518	-53,803	-119,458
Funds entrusted	-5,654	-939	-1,589	-5,302	-13,484
Subordinated debt	-	-	-22	-	-22
Other liabilities	-88	-	-	-	-88
Total financial liabilities (excluding derivatives)	**-13,829**	**-15,504**	**-47,503**	**-59,840**	**-136,676**
Gross balanced derivatives					
Assets amounts receivable	2,377	31,204	7,026	36,289	76,896
Assets amounts payable	-2,030	-29,336	-6,249	-32,722	-70,336
Derivatives stated as assets	**347**	**1,868**	**777**	**3,567**	**6,559**
Liabilities amounts receivable	1,097	6,211	2,305	10,234	19,847
Liabilities amounts payable	-1,198	-7,736	-2,678	-14,232	-25,844
Derivatives stated as liabilities	**-101**	**-1,525**	**-373**	**-3,998**	**-5,997**
Grand total	**-655**	**-4,840**	**-7,707**	**39,533**	**26,331**

31-12-2023

	Up to 3 months	3 - 12 months	1 - 5 years	over 5 years	Total
Cash and balances held with central banks	1,646	0	0	0	1,646
Amounts due from banks	26	40	317	403	786
Cash collateral posted	4,751	0	0	0	4,751
Financial assets at fair value through the income statement	12	77	238	1,174	1,501
Financial assets at fair value through other comprehensive income	-88	482	4,126	7,990	12,510
Interest-bearing securities at amortised cost	456	586	4,839	6,338	12,219
Loans and advances	1,598	7,144	29,401	77,174	115,317
Current tax assets	0	18	0	0	18
Other assets	89	0	0	0	89
Total financial assets (excluding derivatives)	**8,490**	**8,347**	**38,921**	**93,079**	**148,837**
Amounts due to banks	-195	-19	-285	-566	-1,065
Cash collateral received	-656	0	0	0	-656
Financial liabilities at fair value through the income statement	0	0	-23	-200	-223
Debt securities	-7,494	-13,334	-38,202	-50,247	-109,277
Funds entrusted	-4,576	-634	-1,709	-5,302	-12,221
Subordinated debt	0	0	-22	0	-22
Other liabilities	-97	-8	-38	-107	-250
Current tax liabilities	-	-	-	-	-
Total financial liabilities (excluding derivatives)	**-13,018**	**-13,995**	**-40,279**	**-56,422**	**-123,714**
Gross balanced derivatives					
Assets amounts receivable	2,519	3,678	14,219	27,132	47,548
Assets amounts payable	-2,484	-3,487	-12,970	-21,488	-40,429
Derivatives stated as assets	**35**	**191**	**1,249**	**5,644**	**7,119**
Liabilities amounts receivable	348	5,807	10,935	12,783	29,873
Liabilities amounts payable	-449	-6,349	-8,500	-16,960	-32,258
Derivatives stated as liabilities	**-101**	**-542**	**2,435**	**-4,177**	**-2,385**
Grand total	**-4,594**	**-5,999**	**2,326**	**38,124**	**29,857**

Encumbered and unencumbered financial assets

Encumbered financial assets are not freely disposable to meet liquidity needs in the short term. The following table shows the balance-sheet values of the assets, broken down into encumbered (not freely available) and unencumbered (freely available) assets.

31-12-2024

	Encumbered	Unencumbered	Total
Cash and balances held with central banks	-	6,625	6,625
Amounts due from banks	-	804	804
Cash collateral posted	3,545	-	3,545
Financial assets at fair value through the income statement	-	757	757
Derivatives	-	3,979	3,979
Financial assets at fair value through other comprehensive income	6,025	5,297	11,322
Interest-bearing at amortised cost	2,411	6,722	9,133
Loans and advances	3,805	90,732	94,537
Value adjustments on loans in portfolio hedge accounting	-	-2,953	-2,953
Non-financial assets	-	192	192
Total	**15,786**	**112,155**	**127,941**
Average (total) in 2024	**16,537**	**120,734**	**137,271**

31-12-2023

	Encumbered	Unencumbered	Total
Cash and balances held with central banks	-	1,617	1,617
Amounts due from banks	-	622	622
Cash collateral posted	4,751	-	4,751
Financial assets at fair value through the income statement	-	911	911
Derivatives	-	3,011	3,011
Financial assets at fair value through other comprehensive income	4,911	5,282	10,193
Interest-bearing at amortised cost	1,366	7,463	8,829
Loans and advances	3,726	86,771	90,497
Value adjustments on loans in portfolio hedge accounting	-	-5,037	-5,037
Non-financial assets	-	146	146
Total	**14,754**	**100,786**	**115,540**
Average (total) in 2023	**16,769**	**112,235**	**129,004**

Capital and solvency

Definitions

Regulatory capital relates to the minimum capital requirements under the Capital Requirements Regulations (CRR) and Capital Requirements Directive IV (CRD IV). For regulatory purposes the capital requirement is based on the Pillar 1 requirement for the aggregated risk-weighted assets (RWA) for the three major risk types (credit, operational and market risk). This requirement is supplemented by the so-called combined buffer requirement (CBR) and a Pillar 2 requirement (P2R). The CBR consists of a capital conservation buffer, a systemic risk buffer, a countercyclical buffer and a systemic relevance buffer. The P2R is an institutional specific requirement stemming from the Supervisor Review and Evaluation Process (SREP) conducted by the supervisor. The P2R covers risks underestimated or not covered by Pillar 1. BNG employs the 'Standardised Approach' to calculate the RWAs.

In addition to the regulatory required capital BNG calculates economic capital (EC) for Pillar 2 purposes. Economic capital covers all risks in our risk taxonomy, for which capital is deemed to be the mitigating instrument to cover unexpected losses. It is used for internal risk measurement and management. It is the amount of capital the bank deems adequate to pursue its strategy and which achieve a sufficient level of protection against large unexpected losses that could result from extreme market conditions or events.

Governance

The Executive Board is responsible for determining the policy with respect to capital. This is laid down in a capital adequacy statement and management plan. The Executive Board is also responsible for the allocation of capital. Decision making is prepared by the Asset and Liabilitie Committee (ALCO). This committee comprises representatives of all relevant stakeholders: the Executive Board, Public Finance, Treasury, Risk Management and Finance and Control.

Developments

As at December 2024, the fully CRR/CRD IV Common Equity Tier 1 (CET1), Tier 1 and total capital ratios were respectively 40.2%, 43.2% and 43.2%. All capital ratios were well above regulatory minimum requirements.

The regulatory minimum requirements for BNG are shown in the table:

Capital Requirements	as of 1-1-2025	as of 1-1-2024
Pillar 1 capital requirements		
Total own funds	8.00%	8.00%
- of which Tier 1	6.00%	6.00%
- of which CET1	4.50%	4.50%
Pillar 2 capital requirements (P2R)		
Total own funds	2.00%	2.00%
- of which Tier 1	1.50%	1.50%
- of which CET1	1.13%	1.13%
Total SREP capital requirements (TSCR)		
Total own funds	10.00%	10.00%
- of which Tier 1	7.50%	7.50%
- of which CET1	5.63%	5.63%
Capital Conservation Buffer (CCB)		
Total own funds	2.50%	2.50%
- of which Tier 1	2.50%	2.50%
- of which CET1	2.50%	2.50%
Other Systemically Important Institution Buffer (OSII Buffer)		
Total own funds	0.25%	1.00%
- of which Tier 1	0.25%	1.00%
- of which CET1	0.25%	1.00%
Overall Capital Requirement (OCR) excluding Institution specific countercyclical capital buffer		
Total own funds	12.75%	13.50%
- of which Tier 1	10.25%	11.00%

Capital Requirements	as of 1-1-2025	as of 1-1-2024
- of which CET1	8.38%	9.13%

Since 2019 the dividend distribution policy of BNG is to distibute 50% of net profit. BNG did not change this policy in 2024.

Capital management

The primary objective of the capital management strategy is to ensure that internal as well as external capital adequacy requirements are met at all times and sufficient capital is available to support the bank's strategy.

The capital management strategy builds on the bank's risk appetite and its business plans. Besides, expectations and requirements of external stakeholders (e.g. regulators, investors, rating agencies, shareholders), the bank's capitalization relative to other financial institutions, market developments and the feasibility of capital management actions are taken into account. The capitalization policy is incorporated in the so-called Internal Capital Adequacy Assessment Process (ICAAP).

Key to this policy is the capital management plan, which determines the level and composition of the capital based on the risks to be insured by that capital. In the ICAAP, regulatory as well as economic capital is taken into account. As part of the ICAAP a number of stress scenarios is executed in order to determine the adequacy and robustness of the capitalization. Next to the level of capitalization, the ICAAP determines the allocation per relevant type of risk.

On an ongoing basis, capital adequacy is measured and monitored against target capital ratios. These target levels are derived from the bank's risk appetite and strategy and quantified by the ICAAP. The allocation is derived from the ICAAP. This process ensures that the bank is operating in line with its risk appetite.

Capital structure

BNG's capitalization is well above the capital requirements laid down in the CRR and CRD IV. The capital structure consists mainly of common equity. The other part consists of Additional Tier 1 instruments.

The following table shows the structure of the regulatory capital.

31-12-2024

	Capital	IFRS Equity
Paid-up capital	139	139
Share premium	6	6
Retained earnings from previous years	4,089	4,089
Unappropriated profit		294
Accumulated other comprehensive income		
- Cash flow hedge reserve	9	9
- Cost of hedging	94	94
- Own credit adjustment	9	9
- Revaluation reserve	-172	-172
Common equity Tier 1 (CET1) capital before regulatory adjustments	**4,174**	**4,468**
Adjustments to CET1 capital as a result of prudential filters:		
- Distributable dividend (previous year)	-	
- Cash flow hedge reserve	-9	
- Cumulative gains and losses arising from the bank's own credit risk related to derivatives liabilities	-9	
- Own credit risk for Financial liabilities at fair value through the income statement	-	
- Value adjustments due to the prudential valuation requirements	-5	
- Intangible assets	-	
- Expected credit loss allowance of Financial assets at fair value through OCI	-	
- Insufficient coverage for non-performing exposures	-2	
- CET1 deduction due to NPE coverage expectations	-9	
Deduction of capital for securitisation positions eligible as alternatives for a risk weight of 1250%	-	

31-12-2024

	Capital	IFRS Equity
CET1 capital	**4,140**	
Additional Tier 1 capital	309	309
Tier 1 capital	**4,449**	
Total equity	**4,449**	**4,777**

31-12-2023

	Capital	IFRS Equity
Paid-up capital	139	139
Share premium	6	6
Retained earnings from previous years	3,970	3,970
Unappropriated profit		254
Accumulated other comprehensive income		
- Cash flow hedge reserve	6	6
- Cost of hedging	41	41
- Own credit adjustment	4	4
- Revaluation reserve	(8)	(8)
Common equity Tier 1 (CET1) capital before regulatory adjustments	**4,158**	**4,412**
Adjustments to CET1 capital as a result of prudential filters:		
- Distributable dividend (previous year)	-	
- Cash flow hedge reserve	-6	
- Cumulative gains and losses arising from the bank's own credit risk related to derivatives liabilities	-1	
- Own credit risk for Financial liabilities at fair value through the income statement	-4	
- Value adjustments due to the prudential valuation requirements	-11	
- Intangible assets	-	
- Expected credit loss allowance of Financial assets at fair value through OCI	-	
- Insufficient coverage for non-performing exposures	-2	
- CET1 deduction due to NPE coverage expectations	-37	
Deduction of capital for securitisation positions eligible as alternatives for a risk weight of 1250%	-	
CET1 capital	**4,097**	
Additional Tier 1 capital	309	309
Tier 1 capital	**4,406**	
Total equity	**4,406**	**4,721**

Prudential filters

BNG applies the following prudential filters to the CET1 capital:

- The cash flow hedge reserve is eliminated.
- The benefits arising from own credit risk (DVA) in derivatives transactions are eliminated.
- The benefits arising from own credit risk in relation to obligations classified as Financial liabilities at fair value through the income statement are eliminated.
- Due to the regulations on prudent valuation, an adjustment is calculated in relation to the balance sheet valuation of assets and liabilities that are carried at fair value.
- The investments in the development of software is activated and amortised over three years. After a correction for 'deferred tax', the total of these intangible assets is deducted.
- The expected credit loss allowance of Financial assets at fair value through other comprehensive income.

Deductible items

In 2018, BNG opted to reduce the CET1 capital by securitisation positions that are eligible for 1,250% solvency weighting. In 2024 and 2023, there were no securitisation positions with a solvency rating of 1,250%.

Adjustments in CRD IV/CRR transition phase

The portion of the revaluation reserve related to Financial assets at fair value through other comprehensive income are fully included in the CET1 capital in 2024 and 2023.

Additional Tier 1 capital

For a clarification, please refer to note 22 of the Notes to items of the consolidated financial statements.

Other notes

Related parties

Transactions with related parties

Transactions with related parties were made on terms equivalent to those that prevail in arm's length.

	31-12-2024	31-12-2023
State of the Netherlands		
Direct exposure in the form of purchased government securities	1,241	1,093
Lending with direct guarantees from the State	605	633
Lending with indirect guarantees from the State (WSW/WfZ)	53,773	49,955
Subsidiaries		
Lending to subsidiaries	-	-
Credit balances held by subsidiaries	9	16
Off-balance sheet commitments to subsidiaries	-	-
Joint ventures and joint operations		
Lending to joint ventures and joint operations	32	30
Credit balances held by joint ventures and joint operations	11	14
Off-balance sheet commitments to joint ventures and joint operations	6	8

Entities with control, joint control or significant influence over BNG

The State of the Netherlands owns 50% of the shares and voting rights of BNG As the other half of the shares is divided between a large number of shareholders, the State of the Netherlands has de facto control over BNG. The holders of Additional Tier 1 capital do not fall within the definition of related parties, as they have no (joint) control or significant influence over BNG. BNG has direct exposure to the State of the Netherlands in the form of purchased, publicly tradable government securities. The bank also has a large portfolio of loans and advances with direct guarantees from the State, or with guarantees from the WSW (social housing) and WfZ (Healthcare) guarantee funds, for which the State of the Netherlands acts as a backstop.

Subsidiaries

This relates to the BNG subsidiary BNG Gebiedsontwikkeling B.V. which is included in the consolidation. BNG has intercompany transactions with this party, which consist of the issue of private loans and advances, credit balances held in current accounts and off-balance sheet commitments. All of these intercompany transactions are eliminated from the figures in and notes to the consolidated financial statements.

Joint ventures and joint operations

This relates to joint ventures and joint operations entered into by BNG Gebiedsontwikkeling B.V. A list of these parties is provided in a separate note in these financial statements. Transactions with these joint ventures consist of loans and advances, credit balances held in current accounts and off-balance sheet commitments (the undrawn portions of credit facilities).

Executive Committee members of the bank

BNG has not granted any loans, advance payments or guarantees to individual members of the Executive Committee or Supervisory Board of BNG.

BNG's principal decision-making bodies

The most important decisions and acts of management are taken and carried out by the Executive Board. The policy pursued is assessed and supervised by the Supervisory Board.

Remuneration

Since 2020, BNG's remuneration policy consists solely of fixed remuneration components. The total fixed remuneration, granted to 'Identified Staff', i.e. individuals with direct influence on the bank's policy and risks, was EUR 6.2 million in 2024 (2023: EUR 6.9 million). The Identified Staff comprises of 43 individuals in 2024 (2023: 44).

The remuneration of the Identified Staff can be divided into three groups: Executive Committee, Senior management directly reporting to the Executive Committee and Other identified staff.

(amounts in thousands of euros)	2024		2023	
	Fixed remuneration	One-off payment	Fixed remuneration	One-off payment
Executive Committee	1,422	-	1,451	68
Senior management	3,858	-	3,817	-
Other identified staff	912	-	1,614	-
Total	**6,192**	**-**	**6,882**	**68**

In addition, the bank pays a monthly employer's pension contribution. Since 1 January 2015, pension accrual over salary in excess of EUR 100,000 is no longer possible under the current ABP pension plan. This limit was raised to EUR 137,800 in 2024. As a consequence of this cap for tax purposes and the lower pension accrual, BNG decided to compensate the employees concerned who were in the bank's employment on 1 January 2015 for lower pension accrual. The compensation is fixed as per 1 january 2015 and will not change over the years.

Remuneration of the Executive Committee

The remuneration of the Executive Committee is based on the principles formulated in the Remuneration Policy, the highlights of which are included in the Report of the Supervisory Board. The complete Remuneration Policy is published on bngbank.nl. Since 2002, the fixed remuneration component has only been adjusted by the percentages set out in the general Collective Labour Agreement for the banking industry. As per 2021 no deferred variable remuneration have occured. Management and staff do not own BNG shares or options and receive no additional remuneration through subsidiaries of the bank.

Remuneration awarded to Executive Committee members

(amounts in thousands of euros)	2024	2023	2024	2023	2024	2023	2024	2023
	Fixed remuneration		One-off payment		Pension contributions		Compensation for pension accrual over salary >100K	
P. Risch **CEO** (from 01 October 2024)	91	-	-	-	9	-	-	-
G.J. Salden **CEO** (until 01 June 2024)	151	348	-	-	15	34	-	-
O.J. Labe **CFO**	386	370	-	-	35	34	29	29
C.A.M. van Atteveldt **CRO**	311	313	-	-	35	34	-	-
T.M.P. Eterman **CCO** (until 21 September 2023)	-	176	-	68	-	24	-	-
P.A. Nijsse **CCO** (from 1 May 2024)	193	-	-	-	23	-	-	-
J. van Goudswaard **COO**	290	244	-	-	34	34	-	-
Total	**1,422**	**1,451**	**-**	**68**	**151**	**160**	**29**	**29**

The Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Risk Officer (CRO) are also members of the Executive Board. The Chief Commercial Officer (CCO) and Chief Operational Officer (COO) are not.

The remuneration awarded in the reporting period is the remuneration which has been recognised as an expense in full in the income statement. The income statement for 2024 includes EUR 1 million (2023: EUR 1 million) in remuneration, one-off payments and pension costs.

As Chair of the Executive Committee G.J. Salden received an allowance for business expenses of EUR 5,100 (2023: EUR 5,100) and P. Risch received an allowance pro rato of EUR 1,275 in 2024. The maximum allowance for the other statutory members of the Executive Committee is EUR 3,900 in 2024 (2023: EUR 3,900).

Remuneration of the Supervisory Board

Effective from 1 January 2017 the remuneration of the Supervisory Board can increase by the same percentage as the increases under the Collective Labour Agreement for the banking industry. The remuneration policy for the Supervisory Board is directed towards market compatible remuneration that is irrespective of the company's result. The total remuneration of the Supervisory Board increased with 6% in 2024 (2023: increase of 2%). The remuneration of the Supervisory Board members reflects the nature of the company, the envisaged quality of the Supervisory Board members, the required availability for the task at hand, as well as the time required and aspects of responsibility and liability. Supervisory Board members do not own BNG shares or options and receive no additional remuneration through subsidiaries of the bank.

Members of the Supervisory Board who were appointed or resigned during the financial year received pro rata remuneration. Members of the Audit Committee & Risk Committee, the Selection and Appointment Committee, the Remuneration Committee and the Market Strategy Committee received an additional allowance for these duties. Furthermore, the Chair of the Supervisory Board received an allowance in addition to the basic remuneration. These allowances are set out in the 'Remuneration of Supervisory Board members' statement. The Supervisory Board members received an expense allowance of EUR 1,226 (2023: EUR 1,128).

Members who served on one or more committees received an additional expense allowance per committee of EUR 557 (Audit Committee and Risk Committee) and EUR 334 (Remuneration Committee and Human Resource Committee), respectively.

The amounts presented in the following table are in thousands of euros. These figures include additional payments and expense allowances and exclude VAT.

Remuneration awarded to Supervisory Board members

(amounts in thousands of euros)	**2024**	**2023**
H. Arendse, chair	48	46
Ms. F. de Vries, vice-chair	43	41
J.C.M. van Rutte (until 25 April 2024)	13	37
Ms K.T. Bergstein	46	44
J.B.S. Conijn (until 25 April 2024)	15	44
Ms M. Elsinga (from 25 April 2024)	26	-
Ms M.E.R. van Elst	38	37
L.K. Geluk	43	41
C. Korthout (from 25 April 2024)	34	-
Total	**306**	**290**

Off-balance sheet positions

Contingent assets

Due to an internal procedural error, DNB did not grant BNG 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. BNG has initiated litigation against this DNB decision. In the first half of 2023 BNG lost the court case and filed an appeal. A ruling in appeal was expected earlier, but is now anticipated in Q2 2025.

Contingent liabilities

This includes all commitments arising from transactions for which the bank has issued guarantees on behalf of a third party. To a limited extent, these guarantees are covered by a counter guarantee from public authorities. These are mainly Letters of Credit with a remaining contractual maturity of more than five years. BNG records liabilities at the underlying principal amount that would need to be paid in the event of the borrower defaulting.

	31-12-2024	31-12-2023
Contingent liabilities	501	478

Revocable facilities

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

	31-12-2024	31-12-2023
Revocable facilities	5,383	6,118

Irrevocable facilities

This includes all irrevocable commitments which can lead to the granting of loans and advances, and is divided as follows:

	31-12-2024	31-12-2023
Outline agreements concerning the undrawn part of credit facilities	1,695	1,766
Contracted loans and advances to be distributed in the future	1,479	2,194
Total	**3,174**	**3,960**

According to contract, these contracted loans and advances will be distributed as follows:

	31-12-2024	31-12-2023
Up to 3 months	952	1228
3 to 12 months	274	469
1 to 5 years	228	435
Over 5 years	25	62
Total	**1,479**	**2,194**

Nearly all these loans and advances have a contractual term to maturity of more than five years. The average interest rate is 2.55% (2023: 2.43%). BNG states these obligations at the underlying, not yet recorded, principal amount.

Encumbered financial assets and liabilities

A part of the financial assets and liabilities is encumbered because these assets serve to secure and act as collateral for money market transactions and lending transactions. The following table shows the nominal sheet values and the collateral values.

	31-12-2024		31-12-2023	
	Nominal value	Collateral value	Nominal value	Collateral value
Type of collateral				
Collateral pledged to the central bank	52,968	52,968	48,361	31,587
Securities provided in derivatives transactions	3,941	3,941	2,850	2,807
Cash deposited in relation to derivatives transactions	3,470	3,473	4,685	4,259
Given as collateral	**60,379**	**60,382**	**55,896**	**38,653**
Securities received in derivatives transactions	-	-	-	-
Cash received in relation to derivatives transactions	1,510	1,506	568	566
Received as collateral	**1,510**	**1,506**	**568**	**566**
Total	**58,869**	**58,876**	**55,328**	**38,087**

Of the total value of loans provided as collateral to the central bank, only a part has actually been used as collateral. At year-end 2024, the value of the collateral in use under the guarantee for clients' collection files amounted to EUR 2,422 million (year-end 2023: EUR 2,372 million).

Liability of Board members

Members of the Executive and Supervisory Boards of the company are indemnified by the company against any personal liability, except in the case of deliberate intent or gross negligence. In addition, the company has taken out a directors' liability insurance policy for members of the Executive and Supervisory Boards and employees acting on the company's behalf as members of the Executive Board or Supervisory Board of the company's subsidiary.

Proposed profit appropriation

Amounts in millions of euros

	2024	2023
Net profit	**294**	**254**
Compensation on Additional Tier 1 capital	-15	-14
Profit attributable to shareholders	**279**	**240**
Appropriation of profit attributable to the bank’s shareholders is as follows:		
Appropriation to the 'Retained earnings' pursuant to Article 20(3) of the BNG Bank Articles of Association	139	120
Dividend pursuant to Article 20(4) of the BNG Bank Articles of Association	140	120
	279	**240**

The profit appropriation is based on the total net profit for 2024. The proposed dividends have no consequences for tax purposes. The compensation takes into account the EUR 15 million already paid on the Additional Tier 1 capital in May 2024 charged to the Retained earnings.

Joint ventures

	31-12-2024	31-12-2023
Joint ventures entered into by BNG Gebiedsontwikkeling B.V.		
Joint development and allocation of land with public authorities, at own expense and risk. The parties involved in the joint ventures have an equal voting right, which means that no single party has control.		
CV Ontwikkelingsmaatschappij Zenkeldamshoek, Goor	80%	80%
Zenkeldamshoek Beheer BV, Goor	50%	50%
Development and allocation of land for industrial estates		
Ontwikkelingsmaatschappij Westergo BV, Harlingen	0%	50%
Development and allocation of land for industrial estates		
Ontwikkelingsmaatschappij 'Het Nieuwe Westland' CV, The Hague	50%	50%
Ontwikkelingsmaatschappij 'Het Nieuwe Westland' BV, The Hague	50%	50%
Development and allocation of land for residential construction		
Ontwikkelingsmaatschappij ROM-S CV (Schelluinen), The Hague	0%	50%
ROM-S Beheer BV (Schelluinen) te The Hague	0%	50%
Development and allocation of land for industrial estates and car parking facilities		
Project Suijssenwaerde CV, The Hague	80%	80%
Project Suijssenwaerde Beheer BV, The Hague	50%	50%
Development and allocation of land for residential construction and recreational housing		
CV Bedrijvenpark Oostflakkee, The Hague	80%	80%
Bedrijvenpark Oostflakkee Beheer BV, The Hague	50%	50%
Development and allocation of land for industrial estates		
SGN Bestaand Rijsenhout CV, The Hague	0%	50%
SGN Nieuw Rijsenhout CV, The Hague	50%	50%
SGN Advies CV, The Hague	0%	43%
SGN Bestaand Rijsenhout Beheer BV, The Hague	50%	50%
SGN Nieuw Rijsenhout Beheer BV, The Hague	50%	50%
SGN Advies BV Beheer, The Hague	0%	50%
Stallingsbedrijf Glastuinbouw Nederland Groep BV, The Hague	50%	50%
Development and allocation of land for glasshouse horticulture locations		

	31-12-2024	31-12-2023
Ontwikkelmaatschappij Meerburg CV, Zoeterwoude	50%	50%
Ontwikkelmaatschappij Meerburg Beheer BV, Zoeterwoude	50%	50%
Development and allocation of land for residential construction, sports fields and office buildings		
Ontwikkelcombinatie De Bongerd CV, Amsterdam	0%	14%
Ontwikkelcombinatie De Bongerd BV, Amsterdam	0%	14%
Real estate development for residential construction and parking facilities		
Wonen Werken Waterman BV, Rijsbergen	0%	50%
Wonen Werken Waterman CV, Rijsbergen	0%	50%
Development and allocation of land for residential construction and industrial estates		
De Jonge Voorn BV, Guisveld (Zaandam)	80%	80%
De Jonge Voorn CV, Guisveld (Zaandam)	80%	80%
Development and allocation of land for residential construction		

Summarised financial information

	2024	2023
Joint ventures entered into by BNG Gebiedsontwikkeling B.V.		
Balance sheet value of investment (note 10)	16	22
Value of the share in:		
Total assets	34	42
Total liabilities	19	28
Income	8	19
Result from continued operations	-1	2
Equity	16	16
Comprehensive income	16	16

BNG Gebiedsontwikkeling B.V. (a wholly-owned BNG subsidiary) invests in and develops land on its own account in collaboration with local authorities. This collaboration takes the form of a joint venture involving the use of limited partnerships. The risk incurred by BNG is the total amount of capital invested in the participating interest, increased by further future payments obligations and retained profits. At year-end 2024, this risk amounted to EUR 16 million of joint ventures (2023: joint ventures of EUR 22 million), none of this is related to future payment obligations (2023: EUR 0 million).

Involvement in non-consolidated structured entities

	2024	2023
Securitisations		
Scope	18,758	21,237
Involvement in entity (balance sheet value/size in %)	21%	21%
Balance sheet value of interest/investment:		
Interest-bearing securities at amortised cost (from note 7)	3,880	4,553
Total balance sheet value	**3,880**	**4,553**
Maximum exposure	3,880	4,553
Ratio of balance sheet value vs maximum exposures	1	1

	2024	2023
Amount in revenue per type:		
Fund return	N/A	N/A
Management fee	N/A	N/A
Interest revenue	174	192
Results from sales	1	0
Total revenue	**175**	**192**

Involvement in non-consolidated securitisation and covered bond programmes via structured entities

BNG has investments in securitised interest-bearing securities covered by additional security through non-consolidated structured entities. Mortgage portfolios serve as collateral for the securitisations and covered bonds. The funds funded by investors, including BNG, serve to finance the underlying mortgages. The structured entities are independent entities that do not carry out any activities other than managing investments and the associated money flows. Apart from its interest as an investor in interest-bearing securities, BNG has not financed these structured entities or supported them in any other way, nor does it have any intention to do so in the near future. The bank has not transferred any assets to these structured entities.

Events after the balance sheet date

There are no events after the balance sheet date to report that require adjustments to the figures or disclosure in the financial statements.

The Hague, 21 March 2025

Executive Board
Philippine Risch (CEO), statutory director
Olivier Labe (CFO), statutory director
Irene van Oostwaard (CRO), statutory director

Supervisory Board
Huub Arendse, Chair
Femke de Vries, Vice-chair
Karin Bergstein
Marlies van Elst
Marja Elsinga
Constant Korthout
Leonard Geluk

10.2 Company financial statements

Company balance sheet before profit appropriation

Amounts in millions of euros	NOTE	31-12-2024	31-12-2023
Assets			
Cash and balances held with central banks	1	6,625	1,617
Amounts due from banks	2	804	622
Cash collateral posted	3	3,545	4,751
Financial assets at fair value through the income statement	4	757	911
Derivatives	5	3,979	3,011
Financial assets at fair value through other comprehensive income	6	11,322	10,193
Interest-bearing securities at amortised cost	7	9,133	8,829
Loans and advances	8	94,537	90,497
Value adjustments on loans in portfolio hedge accounting	9	-2,953	-5,037
Participating interests	10	25	38
Property & equipment	11	17	15
Current tax assets	17	55	19
Other assets	12	104	89
Total assets		**127,950**	**115,555**

Company balance sheet before profit appropriation

Amounts in millions of euros	NOTE	31-12-2024	31-12-2023
Liabilities			
Amounts due to banks	13	1,639	905
Cash collateral received	14	1,533	656
Financial liabilities at fair value through the income statement	15	254	260
Derivatives	16	5,546	6,363
Debt securities	18	103,383	93,039
Funds entrusted	19	10,526	9,318
Subordinated debts	20	19	18
Deferred tax liabilities	17	39	19
Other liabilities	21	234	256
Total liabilities		**123,173**	**110,834**
Equity			
Share capital		139	139
Share premium reserve		6	6
Legal reserves			
- Revaluation reserve		-172	-8
- Cash flow hedge reserve		9	6
- Reserve for fair value increases		83	165
Retained earnings		4,006	3,805
Own credit adjustment		9	4
Cost of hedging reserve		94	41
Net profit		294	254
Equity attributable to shareholders	22	**4,468**	**4,412**
Additional Tier 1 capital	22	309	309
Total equity	22	**4,777**	**4,721**
Total liabilities and equity		**127,950**	**115,555**

Company income statement

Amounts in millions of euros	NOTE	31-12-2024	31-12-2023
- Interest revenue calculated using the effective interest method		6,691	6,051
- Other interest revenue		255	424
Total interest revenue		6,946	6,475
- Interest expenses calculated using the effective interest method		6,348	5,894
- Other interest expenses		62	64
Total interest expenses		6,410	5,958
Interest result	23	536	517
- Commission income		34	29
- Commission expenses		4	3
Commission result	24	30	26
Result on financial transactions	25	-15	-32
Results from participating interests	26	-1	4
Other results		0	0
Total income		**550**	**515**

Company income statement

Amounts in millions of euros	NOTE	31-12-2024	31-12-2023
Staff costs	27	100	90
Other administrative expenses	28	47	48
Depreciation	29	4	3
Other operating expenses		0	0
Total operating expenses		**151**	**141**
Net impairment losses on financial assets	30	-35	-8
Net impairment losses on participating interests		-	0
Contribution to resolution fund	31	0	14
Bank Levy	31	31	23
Total other expenses		**-4**	**29**
Profit before tax		**403**	**345**
Income tax expense		109	91
Net profit		**294**	**254**
- of which attributable to the holders of Additional Tier 1 capital		15	14
- of which attributable to shareholders		279	240

The references refer to the notes to the company financial statements. The notes to the company financial statements are an integral part of the company financial statements.

Company statement of comprehensive income

Amounts in millions of euros. All figures in the statement are after taxation.	31-12-2024	31-12-2023
Net profit	**294**	**254**
Recyclable results recognised directly in equity		
Changes in cash flow hedge reserve:		
- Unrealised value changes	3	-8
- Realised value changes transferred to the income statement	0	-
	3	-8
Changes in cost of hedging reserve		
- Unrealised value changes	62	30
- Realised value changes transferred to the income statement	-9	-6
	53	24
Changes in the revaluation reserve for financial assets at fair value through other comprehensive income		
- Unrealised value changes	-181	-35
- Realised value changes transferred to the income statement	17	23
	-164	-12
Total recyclable results	**-108**	**4**
Non-recyclable results recognised directly in equity:		
- Change in fair value attributable to change in credit risk of financial liabilities designated at FVTPL	5	2
Total non-recyclable results	**5**	**2**
Results recognised directly in equity	**-103**	**6**
Total	**191**	**260**
- of which attributable to the holders of Additional Tier 1 capital	15	14
- of which attributable to shareholders	176	246

Company cash flow statement

Amounts in millions of euros	2024	2023
Cash flow from operating activities		
Profit before tax	403	345
Adjusted for:		
- Depreciation	4	3
- Impairments	-36	-8
- Unrealised results through the income statement	-2	49
Changes in operating assets and liabilities:		
- Changes in Amounts due from and due to banks (not due on demand)	491	-3,573
- Changes in Cash collateral posted and received	1,736	-1,551
- Changes in Loans and advances	-1,913	1,078
- Changes in Funds entrusted	681	914
- Changes in Derivatives	273	663
- Corporate income tax paid	-88	-118
- Other changes from operating activities	284	385
Net cash flow from operating activities	**1,833**	**-1,813**
Cash flow from investing activities		
Investments and acquisitions pertaining to:		
- Financial assets at fair value through the income statement	-7	-19
- Financial assets at fair value through other comprehensive income	-4,797	-5,823
- Interest-bearing securities at amortised cost	-1,726	-2,714
- Investments in subsidiaries and joint ventures	12	-1
- Property and equipment	-5	-5
Disposals and redemptions pertaining to:		
- Financial assets at fair value through the income statement	182	150
- Financial assets at fair value through other comprehensive income	3,886	3,630
- Interest-bearing securities at amortised cost	1,728	1,955
Net cash flow from investing activities	**-727**	**-2,827**
Cash flow from financing activities		

Company cash flow statement

Amounts in millions of euros	2024	2023
Amounts received on account of:		
- Financial liabilities at fair value through the income statement	52	74
- Debt securities	342,743	473,761
Amounts paid on account of:		
- Financial liabilities at fair value through the income statement	-59	-1
- Debt securities	-338,698	-474,225
- Subordinated debt	-	-21
- Compensation on Additional Tier 1 capital	-15	-14
- Dividend distribution to shareholders	-120	-140
- Repayments on Additional Tier 1 capital	-	-
Net cash flow from financing activities	**3,903**	**-566**
Net change in cash and cash equivalents	**5,009**	**-5,206**
Cash and cash equivalents as at 1 January	1,618	6,824
Cash and cash equivalents as at 31 december	**6,627**	**1,618**
Cash and cash equivalents as at 31 December:		
- Cash and balances held with central banks	6,625	1,617
- Cash equivalents in the Amount due from banks item	2	2
- Cash equivalents in the Amount due to banks item	-	-1
	6,627	**1,618**
Notes to cash flow from operating activities		
Interest income received	7,906	6,399
Interest expenses paid	-6,758	-4,992
	1,148	**1,407**

Company statement of changes in equity

Amounts in millions of euros. All figures in the statement are after taxation.	Share capital	Share premium reserve	Revaluation reserve	Cashflow hedge reserve	Reserve for fair value increase	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**	**150**	**2**	**17**	**3,674**	**300**	**4,306**	**309**	**4,615**
Total comprehensive income	**-**	**-**	**-12**	**-8**	**-**	**2**	**24**	**-**	**254**	**260**	**-**	**260**
Transfer to reserve for fair value increases	0	0	0	0	15	0	-	-15	0	0	-	**0**
Dividend distribution to the bank's shareholders	0	0	0	0	0	0	0	-140	0	-140	-	**-140**
Compensation to holders of Additional Tier 1 capital	0	0	0	0	0	0	0	-14	0	-14	-	**-14**
Appropriation from previous year's profit	-	-	-	-	-	-	-	300	-300	0	-	**0**
Balance as at 31/12/2023	**139**	**6**	**-8**	**6**	**165**	**4**	**41**	**3,805**	**254**	**4,412**	**309**	**4,721**
Total comprehensive income	**-**	**-**	**-164**	**3**	**-**	**5**	**53**	**-**	**294**	**191**	**-**	**191**
Transfer to reserve for fair value increases	**-**	**-**	-	**-**	-82	**-**	-	82	**-**	-	-	**-**
Dividend distribution to the bank's shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-120	**-**	-120	-	**-120**
Compensation to holders of Additional Tier 1 capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-15	**-**	-15	-	**-15**
Appropriation from previous year's profit	-	-	-	-	-	-	-	254	-254	-	-	**-**
Balance as at 31/12/2024	**139**	**6**	**-172**	**9**	**83**	**9**	**94**	**4,006**	**294**	**4,468**	**309**	**4,777**

BNG has not recognised any results from minority interests in the equity which is attributable to third parties. With the exception of Additional Tier 1 capital, the entire equity is attributable to the shareholders.

Accounting principles for the company financial statements

The company financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and adopted throughout the European Union (EU), and with Part 9, Book 2 of the Dutch Civil Code. The company financial statements are prepared in (millions of) euros, unless stated otherwise. The euro is used as the functional and reporting currency of BNG. As far as the financial accounting principles are concerned, reference is made, with the exception of the accounting principles mentioned below, to the notes to the accounting principles for the consolidated financial statements.

Participating interests

The balance sheet item Participating interests is stated according to the equity method.

Statutory reserve for fair value increases

Pursuant to Section 2:390 sub 1 of the Dutch Civil Code, for capital protection purposes a statutory reserve must be maintained at the expense of the freely distributable reserves (other reserves) or freely distributable profit (unappropriated profit) in relation to fair value increases of financial instruments stated as assets in the balance sheet for which there is no regular market quotation.

Amounts in millions of euros.

1. Cash and balances held with central banks

	31-12-2024	31-12-2023
Cash on hand	0	0
Current account balances with the central bank (due on demand)	6,625	1,617
Total	**6,625**	**1,617**

2. Amounts due from banks

The Amounts due from banks item includes all receivables from banks measured at amortised cost.

	31-12-2024	31-12-2023
Short-term loans and current account balances	2	2
Long-term lending	800	620
Repos	2	0
Total	**804**	**622**

3. Cash collateral posted

The cash collateral amounts to EUR 3,545 million (2023: EUR 4,751 million) and is posted with third parties under credit support annexes in netting agreements and as such is not freely available to BNG.

4. Financial assets at fair value through the income statement

This item includes:

- financial assets mandatorily measured at fair value through the income statement. This concerns financial assets that have failed to pass the SPPI test; and
- financial assets designated as measured at fair value through the income statement.

	31-12-2024	31-12-2023
Mandatorily measured at fair value through the income statement		
Loans and advances	31	32
Designated as measured at fair value through the income statement		
Loans and advances	210	235
Interest-bearing securities	516	644
Total	**757**	**911**

The total redemption value of these loans and advances and interest bearing securities at year-end 2024 is EUR 757 million (2023: EUR 894 million).

5. Derivatives

This balane sheet item includes the derivatives with a positiv fair value.

	31-12-2024	31-12-2023
Derivatives not involved in a hedge accounting relationship	476	96
Derivatives involved in a portfolio hedge accounting relationship	1,195	1,385
Derivatives involved in a micro hedge accounting relationship	2,259	1,239
Receivables related to STM derivative contracts	49	291
Total	**3,979**	**3,011**

6. Financial assets at fair value through other comprehensive income

This includes purchased interest-bearing securities that are held within the Hold-to-Collect and Sell business model and for which the bank has not used the fair value option.

	31-12-2024	31-12-2023
Governments	5,478	4,782
Supranational organisations	2,556	2,244
Credit institutions	2,908	3,167
Other institutions	380	-
Total	**11,322**	**10,193**

At year-end 2024, BNG had transferred EUR 325 million (2023: 269 million) of financial assets at fair value through other comprehensive income to repurchase transactions without derecognition.

7. Interest-bearing securities at amortised cost

This includes purchased interest-bearing securities that are held within the Hold-to-Collect business model and for which the bank has not used the fair value option.

	31-12-2024	31-12-2023
Governments	1,299	1,578
Supranational organisations	2,443	1,936
Other financial corporations	4,145	4,682
Non-financial corporations	1,246	634
Allowance for credit losses	-0	-1
Total	**9,133**	**8,829**

At year-end 2024, BNG had transferred EUR 2,374 million (2023: 1,062 million) of interest-bearing securities at amortised cost to repurchase transactions without derecognition.

8. Loans and advances

The Loans and advances item includes short-term and long-term loans to clients insofar as they pass the SPPI test, as well as current account debit balances held by clients. All positions are held within the Hold-to-Collect business model.

	31-12-2024	31-12-2023
Short-term loans and current account balances	1,182	1,174
Long-term lending	93,412	89,412
	94,594	**90,586**
Allowance for credit losses	-57	-89
Total	**94,537**	**90,497**

At year-end 2024, the collateral value of the portion of the loans and advances contributed as collateral to DNB amounted to EUR 32.2 billion (2023: EUR 29.2 billion).

9. Value adjustments on loans in portfolio hedge accounting

This refers to the value adjustments of the effective portion of the hedged interest rate risk of hedged assets involved in a portfolio hedge accounting relationship.

	2024	2023
Movements of value adjustments on loans in portfolio hedge accounting		
Opening balance	-5,037	-8,679
Movements in the unrealised portion in the financial year	1,719	3,059
Amortisation in the financial year	352	583
Movements in the realiserd portion in the financial year	13	-
Closing balance	**-2,953**	**-5,037**

10. Participating interests

	31-12-2024	31-12-2023	31-12-2024	31-12-2023
	Participating share		Balance sheet value	
Subsidiaries				
BNG Gebiedsontwikkeling BV, The Hague	100%	100%	25	38

For a description of the bank's subsidiary and joint ventures, please refer to section 'Related parties' and to section 'Joint ventures', respectively, of the consolidated financial statements. For summarised financial information on joint ventures, refer to section 'Summarised financial information'.

11. Property and equipment

	2024	2023	2024	2023	2024	2023	2024	2023
	Property		Equipment		Right-of-use-asset		Total	
Historical cost								
Opening balance	**50**	**49**	**29**	**27**	**4**	**2**	**83**	**78**
Investments	5	1	1	2	0	2	6	5
Divestment	-42	-	-11	-	-	-	-53	-
Value as at 31 December	**13**	**50**	**19**	**29**	**4**	**4**	**36**	**83**
Depreciation								
Accumulated depreciation as at 1 January	40	39	26	25	2	1	68	65
Depreciation during the year	2	1	2	1	0	1	4	3
Divestments depreciation	-42	-	-11	-	-	-	-53	-
Accumulated depreciation as at 31 December	**0**	**40**	**17**	**26**	**2**	**2**	**19**	**68**
Total	**13**	**10**	**2**	**3**	**2**	**2**	**17**	**15**

Estimated useful life	
Buildings	30 years
Technical installations	15 years
Machinery and inventory	5 years
Right-of-use asset	1-5 years
Hardware and software	3 years

No property or equipment is pledged as security of liabilities.

12. Other assets

The other assets at year-end 2024 of EUR 104 million (2023: EUR 89 million) primarily comprise of amounts receivable from lending to clients.

13. Amounts due to banks

	31-12-2024	31-12-2023
Current account balances	0	1
Deposits	917	174
Private loans	722	730
Repos	-	0
Total	**1,639**	**905**

14. Cash collateral received

The cash collateral at year-end 2024 of EUR 1,533 million (2023: EUR 656 million) is received from third parties under netting agreements and as such is not freely available to BNG.

15. Financial liabilities at fair value through the income statement

This item includes debt securities and deposits designated as measured at fair value with changes in fair value recognised through the income statement.

	31-12-2024	31-12-2023
Debt securities	238	243
Deposits	16	17
Total	**254**	**260**

The total redemption value of these debt securities and deposits at year-end 2024 is EUR 219 million (2023: EUR 232 million). The difference between the financial liability's carrying amount and the redemption value at year-end 2024 is EUR 35 million (2023: EUR 28 million). Financial liabilities are measured at fair value through the income statement on the relevant funding curve including a mark-up for own credit risk. The total change in value (before tax) was EUR 12 million positive (2023: EUR 5 million positive). Changes in fair value due to own credit risk are recognised through other comprehensive income. These changes are determined by comparing the valuation using the relevant funding curve including a mark-up for own credit risk and the valuation using the relevant funding curve without this mark-up.

16. Derivatives

This balance sheet item includes the derivatives with a negative fair value.

	31-12-2024	31-12-2023
Derivatives not involved in a hedge accounting relationship	279	407
Derivatives involved in a portfolio hedge accounting relationship	3,698	3,603
Derivatives involved in a micro hedge accounting relationship	1,569	2,353
Total	**5,546**	**6,363**

17. Taxes

The bank has registered deferred tax liabilities for the actuarial results for the employee benefits provision, the revaluation reserve, the own credit adjustment, the compensation on Additional Tier 1 capital and for the cash flow hedge reserve, for which the movements are recognised through equity..

	31-12-2024	31-12-2023
Current tax assets	55	19
Deferred tax liabilities	-39	-19
Total	**16**	**0**

BNG and the Dutch tax authorities have concluded a bilateral agreement (‘vaststellingsovereenkomst’) on 14 February 2024 that the financial figures based on IFRS 9 can be applied for tax purposes for the period 2024-2026. The bilateral agreement applies to the BNG fiscal unit. Pursuant to the agreement, all financial instruments are stated – for both reporting and tax purposes – in accordance with the IFRS principles of valuation, with the exception of transactions classified as Financial assets at fair value through the income statement. All transactions within this category are valued for tax purposes at the lower of either the cost price or the market value. The result for tax purposes differs from the result for reporting purposes if, on balance, unrealised losses have arisen. If the revaluation reserve increases, the positive amount is added to the annual profit for tax purposes up to the level at which the cost price is reached.

The reconciliation between the effective tax rate and the nominal tax rate is as follows:

	2024	2023
Profit before tax	403	345
Tax levied at the nominal tax rate	-104	-89
Tax adjustment from previous years	0	0
Participation exemption	0	0
Deductible interest on Additional Tier 1 capital	4	4
Non-deductible costs (bank levy and thin cap)	-9	-6
Effective tax	**-109**	**-91**
Nominal tax rate	25.8%	25.8%
Effective tax rate	27.0%	26.4%

2024

	Opening balance	Changes through equity	Changes through the income statement	Closing balance
Changes in deferred taxes				
Cash flow hedge reserve	-17	-19	-	-36
Own Credit Adjustment	-1	-2	-	-3
Additional Tier 1 capital	-2	0	-	-2
Employee benefits provision	0	-	0	0
Property	1	1	-	2
Total	**-19**	**-20**	**0**	**-39**

2023

	Opening balance	Changes through equity	Changes through the income statement	Closing balance
Changes in deferred taxes				
Financial assets at fair value through other comprehensive income	-1	1	-	0
Cash flow hedge reserve	-12	-5	-	-17
Own Credit Adjustment	0	-1	-	-1
Additional Tier 1 capital	-2	0	-	-2
Employee benefits provision	1	-	-1	0
Property	-	1	-	1
Total	**-14**	**-4**	**-1**	**-19**

18. Debt securities

This includes bonds and other issued debt securities with either fixed or variable interest rates. Any sold portion of an issue is deducted from the relevant bond.

	31-12-2024	31-12-2023
Bond loans	91,844	86,579
Commercial Paper	1,922	1,712
Privately placed debt securities	9,617	4,748
Total	**103,383**	**93,039**

The comparative figures of the debt securities have been adjusted as described in the section 'Changes in presentation of comparative figures' under 'Accounting principles for the consolidated financial statements'.

19. Funds entrusted

	31-12-2024	31-12-2023
Current account balances	3,866	3,708
Short-term deposits	2,331	1,229
Long-term deposits	4,329	4,381
Total	**10,526**	**9,318**

The comparative figures of the funds entrusted have been adjusted as described in the section 'Changes in presentation of comparative figures' under 'Accounting principles for the consolidated financial statements'.

20. Subordinated debt

	31-12-2024	31-12-2023
Subordinated debt	19	18
Total	**19**	**18**

21. Other liabilities

	31-12-2024	31-12-2023
Employee benefits provision	2	3
Other provisions	1	10
Amounts received in advance	152	164
Other liabilities	79	79
Total	**234**	**256**

The employee benefits provision is made up of two parts, a provision for the interest rate discount on mortgage loans to both active and retired employees of EUR 1 million (2023: EUR 2 million) and a provision for vitality leave of EUR 1 million (2023: EUR 1 million). Both provisions have a long-term character.

The movements in the present value of the net liability in relation to the defined benefits relating to the mortgage interest rate discount and the provision for vitality leave are as follows:

	2024	2023
Employee benefits provision		
Net liability as at 1 January	3	2
Movements in the provision	-1	1
Net liability as at 31 december	**2**	**3**

Amounts received in advance consists of a compensation for the lower return on cash collateral payments that has been received due to a discounting switch from EONIA to €STR that has taken place at clearing houses as part of the Interest Rate Benchmark Reform in 2020. This compensation is amortised over the weighted average of underlying derivatives at the moment of the switch. EUR 11 million will be amortised in the next year (2023: EUR 12 million).

The remaining other liabilities are mainly composed of amounts payable related to derivatives and other financial transactions which are settled in the next period.

22. Equity

Since BNG has no minority interests after consolidation, the entire consolidated equity, excluding Addtional Tier 1 capital, is attributable to shareholders. The items included in equity are explained below.

	31-12-2024	31-12-2023
Share capital	139	139
Share premium reserve	6	6
Revaluation reserve	-172	-8
Cash flow hedge reserve	9	6
Own credit adjustment	9	4
Cost of hedging	94	41
Reserve for fair value increases	83	165
Retained Earnings	4,006	3,805
Unappropriated profit	294	254
Equity attributable to shareholders	**4,468**	**4,412**
Additional Tier 1 capital	309	309
Total	**4,777**	**4,721**

	2024	2023
Number of paid-up shares outstanding	55,690,720	55,690,720
Proposed dividend per share in euros	2.51	2.16
Proposed dividend pursuant to the Articles of Association	140	120

The proposed dividend distribution for 2024 takes into account the EUR 15 million compensation (before tax) that has already been paid on the Additional Tier 1 capital in 2024. This payment was charged to the Retained earnings.

For the financial year 2023 a dividend of EUR 120 million was proposed to the General Meeting of Shareholders held in the first half of 2024 and is distributed to the bank's shareholders in April 2024.

Share capital

The authorised capital is divided into 100 million shares with a nominal value of EUR 2.50 each, of which 55,690,720 shares have been issued and fully paid up. The number of shares in circulation remained unchanged during the financial year. BNG and its subsidiaries hold no company shares.

None of the shares carry preferential rights, nor are they subject to restrictions. There are no options that can be exercised to obtain entitlement to the issue of shares.

Share premium reserve

There were no movements in 2024 and 2023.

Revaluation reserve

At year-end 2024 the revaluation reserve of EUR 172 million negative includes EUR 135 million negative (2023: 125 million negative) in unrealised value changes, excluding the value of the hedged part of the interest-rate risk of interest-bearing securities involved in hedge accounting, which are recognised in the Financial assets at fair value through other comprehensive income. The revaluation reserve has been adjusted for taxes. Upon the sale of these assets, the associated cumulative result recognised in equity is transferred to the income statement.

Cash flow hedge reserve

The effective portion of the unrealised changes in the value of derivatives involved in a cash flow hedge relationship, resulting from changes in the foreign exchange rates, are recognised in the cash flow hedge reserve. The cash flow hedge reserve is adjusted for taxes.

Own credit adjustment

The Own Credit Adjustment amounts to EUR 9 million net of taxes (2023: EUR 4 million). This adjustment relates to changes in credit risk of financial liabilities measured at fair value through the income statement.

Cost of hedging reserve

The cost of hedging reserve records movements in foreign currency basis spreads in cross currency swaps involved in hedge accounting and is amortised over the life of the hedge. The cumulative movements will reduce to nil by maturity of the hedging instrument.

Retained earnings

After determination of the appropriations of the distributable profit pursuant to the Articles of Association, the General Meeting of Shareholders decides which portion of the remaining profit is added to the Retained earnings. In 2024, the payment of a dividend of EUR 120 million (2023: EUR 139 million) was scheduled. EUR 15 million (before tax) was distributed to the holders of the Additional Tier 1 capital in 2024 (2023: EUR 14 million), charged to the Retained earnings.

Unappropriated profit

The balance sheet is prepared prior to profit appropriation. This item represents the total result achieved after deduction of corporate income tax.

Additional Tier 1 capital

As per 31 December 2024 the bank's Additional Tier 1 capital amounts to EUR 309 million. The instruments are structured in line with CRR requirements and the EBA guidelines and qualify as additional Tier 1 capital. Addtional Tier 1 capital concerns perpetual loans involving an annual non-cumulative discretionary payment on the outstanding principal amount, subject to temporary write-down in the event that the CET1 ratio falls below 5.125%. In case of write-down, this amount will be transferred to the retained earnings. Write-down from the Retained earnings can be reversed (write-up) under certain conditions at the moment that the trigger ratio is back above 5.125% again. BNG is entitled to distribute the interest payment on a discretionary basis in the form of a compensation charged to the retained earnings.

The compensation is determined on the basis of the prevailing principal amount. The distributed compensation is deductible for corporate income tax. BNG has the unilateral contractual option to call the Addtional Tier 1 capital issued. The tranches issued in 2016 (a nominal amount of EUR 309 million) can be redeemed every year from May 2022, in 2024 the bank chose not to redeem the tranche this year.

23. Interest result

Interest revenue calculated by using the effective interest method includes all positive interest results from both traditional financial instruments and derivatives involved in hedge accounting, including negative interest expenses on financial liabilities. In addition, other credit-related income received is included in this item. Interest revenues on assets that were subject to impairment are recognised on the original effective interest percentage, as long as the expected interest cash flows are received.

Interest expenses calculated by using the effective interest method include all negative interest results from both traditional financial instruments and derivatives involved in hedge accounting, including negative interest revenue on financial assets. The costs of borrowing as well as other interest-related charges are also recognised.

Other interest revenue and expenses consist mainly of interest results of derivatives not involved in hedge accounting and interest results of financial assets and liabilities measured at fair value.

	2024		2023	
Interest revenue				
Interest revenue calculated by using the effective interest method:				
- Financial assets at amortised cost	3,425		3,395	
- Financial assets at fair value through other comprehensive income	251		163	
- Derivatives involved in hedge accounting	2,990		2,472	
- Negative interest expenses on financial liabilities	25		21	
		6,691		6,051
Other interest revenue:				
- Financial assets designated at fair value through the income statement	40		38	
- Financial assets mandatory at fair value through the income statement	1		1	
- Derivatives not involved in hedge accounting	201		366	
- Other	13		19	
		255		424
Total interest revenue		**6,946**		**6,475**
Interest expenses				
Interest expenses calculated by using the effective interest method:				
- Financial liabilities at amortised cost	3,177		3,082	
- Derivatives involved in hedge accounting	3,050		2,726	
- Negative interest expenses on financial assets	121		86	
		6,348		5,894
Other interest expenses				
- Financial liabilities designated at fair value through the income statement	9		9	
- Derivatives not involved in hedge accounting	43		47	
- Other	10		8	
		62		64
Total interest expenses		**6,410**		**5,958**
Total interest result		**536**		**517**

The comparative figures of the interest result have been adjusted as described in the section 'Changes in presentation of comparative figures' under 'Accounting principles for the consolidated financial statements'.

24. Commission result

Commission income

This item includes income from services provided to third parties.

	2024	2023
Income from loans and credit facilities	24	19
Income from payment services	10	10
Total	**34**	**29**

Commission expenses

This item comprises expenses totalling EUR 4 million (2023: EUR 3 million) relating to services rendered by third parties in relation to loans, credit facilities and payment services.

25. Result on financial transactions

This item includes the result on financial transactions broken down into realised and unrealised market value adjustments.

	2024		2023	
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		-7	
- Structured loans	-7		-6	
		-2		-13
Result on hedge accounting				
- Portfolio fair value hedge accounting	39		126	

		2024		2023
- Micro fair value hedge accounting	-46		-126	
- Micro cash flow hedge accounting	1		-2	
		-6		-2
Change in counterparty credit risk of derivatives (CVA/DVA)		-2		3
Realised sales and buy-out results		-18		-25
Other market value changes		13		5
Total		**-15**		**-32**

The result from market value changes in financial assets at fair value through the income statement increased to EUR 2 million negative in 2024 (2023: EUR 13 million negative). Lower credit and liquidity spreads had a positive impact on the market value changes of interest-bearing securities compared to 2023.

The result on hedge accounting contains the fair value movements of the derivatives in hedge accounting relationships and the fair value movements of the hedged items. The result decreased to EUR 6 million negative in 2024 (2023: EUR 2 million negative). The result on hedge accounting consists mainly of a temporary ineffective portion of the hedge relationships.

The realised sales and buy-out results of EUR 18 million negative (2023: 25 million negative) are mainly due to on balance results on the sales of interest-bearing securities from the liquidity portfolio of the bank.

The comparative figures of the result on financial transactions have been adjusted as described in the section 'Changes in presentation of comparative figures' under 'Accounting principles for the consolidated financial statements'.

26. Results from participating interests

	2024	2023
Associates	-	4
Subsidiaries	-1	-4
Total	**-1**	**0**

For a description of the bank's joint ventures, please refer to section 'Joint ventures' in the consolidated financial statements.

27. Staff costs

	2024	2023
Wages and salaries	48	41
Pension costs	7	6
Social security costs	5	4
Additions to the employee benefits provision	0	0
External employees	34	32
Other staff costs	6	7
Total	**100**	**90**

There was no variable remuneration of individual staff members in 2024 and 2023.

The increase in staff costs is mainly due to the increase in the number of internal employees during 2023.

28. Other administrative expenses

These expenses include, among other things, outsourcing costs, maintenance costs of property and equipment, consultancy costs, training expenses and IT expenses. The total other administrative expenses for 2024 amounted to EUR 47 million (2023: EUR 48 million).

In conformity with Section 382a of Part 9, Book 2 of the Dutch Civil Code, a breakdown of the fees paid to the independent auditors for audits and audit-related and non-audit-related services is given in note 34 to the consolidated financial statements.

29. Depreciation

A breakdown of this item is included in the note on Property and equipment (note 11). In total, the depreciation charges amounted to EUR 4 million in 2024 (2023: EUR 3 million).

30. Impairments

The impairments in 2024 amounted to a profit of EUR 35 million in the income statement (2023: EUR 8 million profit).

2024

	Stage 1	Stage 2	Stage 3	Total
Impairment results due to movements in allowances:				
- Increases in allowances due to origination and acquisition	1	0	0	1
- Changes in allowances due to changes in credit risk (net)	-2	-5	3	-4
- Decreases in allowances due to derecognition	-1	-1	-20	-22
	-2	**-6**	**-17**	**-25**
Impairment results not due to movements in allowances:				
- Impairment result due to closings (no write-off)	-	-	-5	-5
- Reversal of impairment due to cash flows received from past write-offs	-	-	-5	-5
	-	**-**	**-10**	**-10**
Net impairment result on financial assets	**-2**	**-6**	**-27**	**-35**

2023

	Stage 1	Stage 2	Stage 3	Total
Impairment results due to movements in allowances:				
- Increases in allowances due to origination and acquisition	1	0	6	7
- Changes in allowances due to changes in credit risk (net)	-1	-7	13	5
- Decreases in allowances due to derecognition	-3	-1	-5	-9
	-3	**-8**	**14**	**3**
Impairment results not due to movements in allowances:				
- Reversal of impairment due to cash flows received from past write-offs	-	-	-11	-11
- Impairments due to write-offs	-	-	-	-
			-11	**-11**
Net impairment result on financial assets	**-3**	**-8**	**3**	**-8**

Movement in allowances for expected credit losses

2024

	Stage 1	Stage 2	Stage 3	Total
- Increases in allowances due to origination and acquisition	1	0	0	1
- Changes in allowances due to changes in credit risk (net)	-2	-5	3	-4
- Decreases in allowances due to derecognition	-1	-1	-24	-26
- Decreases in allowance due to write-offs	-	-	-9	-9
Total movements in allowances	**-2**	**-6**	**-30**	**-38**

2023

	Stage 1	Stage 2	Stage 3	Total
- Increases in allowances due to origination and acquisition	1	0	6	7
- Changes in allowances due to changes in credit risk (net)	-1	-7	13	5
- Decreases in allowances due to derecognition	-3	-1	-5	-9
- Decreases in allowance due to write-offs	-	-	-60	-60
Total movements in allowances	**-3**	**-8**	**-46**	**-57**

Note 32 provides an overview of the breakdown of financial assets subject to impairment into impairment stages, as well as details on the movement in the allowance for expected credit losses in 2024.

The changes in the incurred loss provision are included in the Loans and advances item (Note 8).

31. Contribution to resolution fund and bank levy

Contribution to resolution fund

The European resolution regime arising from the Bank Recovery and Resolution Directive entered into force on 1 January 2015. The expenses for the resolution fund are deductible for corporate income tax purposes. No contribution was done in 2024 as the Single Resolution Funds reached its target at the end of 2023. BNG's contribution in 2023 amounted EUR 14 million.

Bank levy

The expenses concerning the bank levy are not deductible for corporate income tax purposes. As a consequence, the effective tax burden exceeds the nominal tax rate in 2024 and 2023. BNG is due to pay the bank levy in October of every year, which for 2024 amounted to EUR 31 million (2023: EUR 23 million). The increase is caused by a higher tax percentage and a higher balance sheet total as at 31 December 2023.

	2024	2023
The bank levy is calculated as follows:	basis 2023	basis 2022
Balance sheet total	115,541	112,074
Less: Tier 1 capital	4,406	4,274
Less: Deposits covered by the deposit-guarantee scheme	50	49
Taxable base	**111,085**	**107,751**
Less: Efficiency exemption	23,500	23,500
Taxable base	**87,585**	**84,251**
Total sum of debts with a maturity of less than one year	25,753	22,914
Total sum of all debts, according to the balance sheet	110,819	107,459
Bank levy on short-term debt	12	8
Bank levy on long-term debt	19	15
Total calculated/due	**31**	**23**

32. Impairment of 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 subject to impairment and off-balance sheet commitments into the 3 impairment stages:

Stage 1: performing exposures without significant increase in credit risk (SICR) since initial recognition.
Stage 2: performing exposures with significant increase in credit risk since initial recognition.
Stage 3: non-performing exposures.

31-12-2024

		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
Cash and balances held with central banks	6,625	6,625	-	-	-	-	-
Amounts due from banks	804	804	-	-	0	-	-
Cash collateral posted	3,545	3,545	-	-	-	-	-
Financial assets at fair value through Other comprehensive income	11,322	11,322	-	-	-	-	-
Interest-bearing securities at amortised cost	9,133	9,133	-	-	0	-	-
Loans and advances	94,537	93,534	600	460	-3	-10	-44
Total	**125,966**	**124,973**	**600**	**460**	**-3**	**-10**	**-44**

31-12-2023

		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
Cash and balances held with central banks	1,617	1,617	-	-	-	-	-
Amounts due from banks	622	622	-	-	0	-	-
Cash collateral posted	4,751	4,751	-	-	-	-	-
Financial assets at fair value through Other comprehensive income	10,193	10,193	-	-	0	-	-
Interest-bearing securities at amortised cost	8,829	8,769	61	-	0	-1	-
Loans and advances	90,497	88,802	1,195	589	-6	-13	-70
Total	**116,509**	**114,754**	**1,256**	**589**	**-6**	**-14**	**-70**

31-12-2024

	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	499	0	1	-	-	-1
Revocable facilities	5,296	72	14	-	-	-
Irrevocable facilities	3,168	0	6	-	-	-
Total	**8,963**	**72**	**21**	**-**	**-**	**-1**

31-12-2023

	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	-	-	-1
Revocable facilities	5,892	147	78	-	-	-2
Irrevocable facilities	3,937	10	12	-	-1	-2
Total	**10,303**	**160**	**91**	**-**	**-1**	**-5**

Movements in allowances and provisions for expected credit losses

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

2024

	Opening balance	Increases due to origination and acquisition	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
Allowances						
Cash and balances held with central banks	-	-	-	-	-	0
Amounts due from banks	0	0	0	0	-	0
Financial assets at fair value through other comprehensive income	0	0	0	0	-	0
Interest-bearing securities at amortised cost	1	0	0	-1	-	0
Loans and advances	89	0	-25	2	-9	57
	90	**0**	**-25**	**1**	**-9**	**57**
Provision						
Off-balance sheet commitments	6	0	0	-5	-	1

2023

	Opening balance	Increases due to origination and acquisition	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
Allowances						
Cash and balances held with central banks	-	-	-	-	-	-
Amounts due from banks	0	0	0	0	-	0

2023

	Opening balance	Increases due to origination and acquisition	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
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	148	7	-10	4	-60	89
	150	**7**	**-10**	**3**	**-60**	**90**
Provision						
Off-balance sheet commitments	3	1	0	2	-	6

For the details on other items, please refer to the notes to the consolidated financial statements.

Events after the balance sheet date

There are no events after the balance sheet date to report that require adjustments to the figures or disclosure in the financial statements.

The Hague, 21 March 2025

Executive Board
Philippine Risch (CEO), statutory director
Olivier Labe (CFO), statutory director
Irene van Oostwaard (CRO), statutory director

Supervisory Board
Huub Arendse, Chair
Femke de Vries, Vice-chair
Karin Bergstein
Marja Elsinga
Marlies van Elst
Leonard Geluk
Constant Korthout

10.3 Other information

Independent auditor's report

To: the general meeting and supervisory board of BNG

Report on the financial statements 2024

Our opinion

In our opinion, the financial statements of BNG Bank N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the Company together with its subsidiaries) as at 31 December 2024, and of its result and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted in the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2024 of BNG Bank N.V., 's-Gravenhage . The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2024;
- the following statements for 2024: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is IFRS Accounting Standards as adopted by the EU and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of BNG Bank N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands.

Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

BNG Bank N.V. is a credit institution licensed in the Netherlands. Its main activity is providing financing to the Dutch public sector and the semi-public domain. The group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the executive board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change. In the section 'Accounting estimates and judgements' of the financial statements, the Group describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the impairment of loans and advances and the valuation of level 2 and 3 financial instruments, we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report.

The reliability of information processing is significant to the Group's operational, regulatory and financial reporting processes.

We identified a key audit matter relating to the design and effectiveness of IT general controls due to ongoing IT projects as well as deficiencies identified in certain IT general controls, specifically relating to access management (including privileged access rights), change management, and IT security controls, for which remedial control actions were performed by management.

BNG Bank N.V. assessed the possible effects of climate change and its plans to meet the net zero commitments on its financial position, refer to section '1.4 Stakeholder engagement and value creation' and '2 Building social and green added value together'. The Company concluded that climate change mainly impacts the credit risk. We discussed BNG Bank N.V.'s assessment and governance thereof with the executive board and the audit committee and evaluated the potential impact on the financial position including underlying assumptions and estimates applied in connection with the impairment of loans and advances. The expected effects of climate change are not considered a separate key audit matter, but we took this into account as part of the key audit matter on impairment of loans and advances.

Other areas of focus that were not considered to be key audit matters were revenue recognition, management override of controls, compliance with laws and regulations, hedge accounting, and taxation. Though these are areas of focus in our audit, they were not the matters of most significance in the audit of the financial statements of the current period.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a bank. We therefore included experts and specialists in the areas of amongst others, IT and valuation in our team.

The outline of our audit approach was as follows:

Materiality
Overall materiality: €20.1 million
Audit scope
We conducted audit work on the Company and its subsidiary BNG Gebiedsontwikkeling B.V. In our assessment of the IT landscape, we made use of the ISAE 3402 type 2 report of the service organisation for the outsourced IT activities.
Key audit matters
• Impairment of loans and advances; • Valuation of level 2 and 3 financial instruments; and • Design and effectiveness of IT general controls

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€20.1 million (2023: €17.3 million).
Basis for determing materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% of profit before tax.
Rationale for benchmark applied	We used profit before tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that profit before tax is the most relevant metric for the financial performance of the Group.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €1 million (2023: €0.9 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

BNG Bank N.V. is the parent company of a group with BNG Gebiedsontwikkeling B.V. as its 100% subsidiary. The financial information of the Group is included in the consolidated financial statements of BNG Bank N.V.

We tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations, the accounting processes and controls, and the markets in which the Group operates.

The Company has outsourced a part of its IT activities to a service organisation. In our assessment of the IT landscape, we made use of the ISAE 3402 Type 2 report of this service organisation. We held a planning meeting with the ISAE 3402 service provider's auditor, discussed progress and interim findings of the audit and, finally, evaluated the ISAE 3402 assurance report once it was finalised. Based on these procedures performed, we conclude that in the context of our audit of the financial statements of BNG Bank N.V., we could rely on the ISAE 3402 Type 2 assurance report of this service organisation.

The Company has an internal audit department that performs operational audits, compliance audits, IT audits and audits on internal control on financial reporting. We considered, in the context of Dutch Standard 610 'Using the work of internal auditors', whether we could make use of the work of internal audit and we concluded that this was appropriate in the testing of design and operating effectiveness of certain controls relating to loans origination. To come to this conclusion, we evaluated the competence, objectivity as well as the systematic and disciplined approach applied by internal audit. Subsequently, we developed a detailed approach and model to make use of the work of internal audit in our financial statement audit. We were substantially and independently involved in the higher risk areas and/or in areas or procedures that require significant judgement. During the audit process we worked closely with internal audit, had frequent status meetings and reviewed and reperformed some of their work which confirmed our initial assessment and reliance approach.

By performing the procedures outlined above we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of BNG Bank N.V. and its environment and the components of the internal control system. This included the executive board's risk assessment process, the executive board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section '5.2 Compliance' of the director's report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistleblower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the executive board as well as the internal audit department, legal and compliance department and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

The audit procedures to respond to the assessed risks include, amongst others, evaluation of the design and the implementation of internal controls that intend to mitigate fraud risks (such as processing and review of journal entries), back testing of prior year's estimates, and procedures on unexpected journal entries with the support of data analytics. Furthermore, we paid attention to any significant transactions outside the normal course of business. With regard to the risk of fraud in revenue recognition, based on our risk assessment procedures, we concluded that this risk is related to revenue recognition in areas that are more complex, non-systematic, or manual in nature such as market value changes of financial instruments. We performed procedures to address this risk, including evaluation of the design and effectiveness of relevant internal controls, testing the appropriateness of the valuation methodologies, inputs and assumptions applied in the valuation of financial instruments. We refer to the key audit matter 'valuation of financial instruments' for more information on our audit work performed and observations. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As disclosed in section '5.4 IT and cybersecurity' in the annual report information security including cyber risk is included as a non-financial risk. The engagement team has evaluated this risk for the Company, taking into consideration the IT activities outsourced to a third party. Weaknesses identified in certain IT general controls elevate the fraud risk related to cyberattacks.

In response we performed procedures with respect to access management, security event monitoring, segregation of duties in systems relevant to the audit and monitoring procedures and controls over outsourced activities. We performed additional procedures evaluating financial statement closing procedures, complaints registration and loggings of incidents and complaints.
Our procedures did not identify indications of security breaches or intrusion.

We incorporated an element of unpredictability in our audit. We also sent, obtained and read internal lawyers' letter and external firm lawyers' letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

This did not lead to indications of fraud potentially resulting in material misstatements.

Audit approach going concern

As disclosed in notes 'Critical accounting principles applied for valuation and the determination of the result', 'Liquidity and funding risk' and 'Capital and solvency' in the financial statements, the executive board performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the executive board's going-concern assessment included, amongst others:

- considering whether the executive board's going-concern assessment included all relevant information of which we were aware as a result of our audit;
- understanding the Group's medium-term plan including the Group's funding plan, specifically for the next twelve months;
- understanding and evaluating the Group's stress testing of liquidity and regulatory capital requirements, including severity of the stress scenarios that were applied;

- considering the results of our (other) risk assessment procedures and related activities performed to identify events or conditions that may cast significant doubt on the Group's ability to continue as a going concern;
- reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern; and;
- performing inquiries of the executive board as to its knowledge of going-concern risks beyond the period of the executive board's assessment.

Our procedures did not result in outcomes contrary to the executive board's assumptions and judgements used in the application of the going-concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters. We note that all key audit matters are recurring.

Key audit matter	Our audit work and observations
Impairment of loans and advances *Refer to the accounting principle 'Impairment of financial assets', note 31 'Net impairment losses on financial assets' and note 38 'Impairment of financial assets and off-balance sheet commitments' in the consolidated financial statements.* The lending to clients classified as loans and advances at amortised cost amounts to €95 billion as at 31 December 2024. Most of the loan portfolio relates to loans that are guaranteed by a (central) government body or by Waarborgfonds Sociale Woningbouw (WSW) or Waarborgfonds voor de zorgsector (Wfz). The credit risk inherent in this category is limited as explained in the risk section in the financial statements. Therefore, the expected credit losses on these loans are considered low. However, the Company also has an unguaranteed loan portfolio amounting to €12 billion that has a higher risk of impairments. The impairment provision for loans and advances as per 31 December 2024 amounts to €66 million and the net impairment reversal for loans and advances recognised in 2024 in the income statement amounts to €35 million. <u>Areas of estimation uncertainty and management judgment</u> In determining the expected credit losses for loans and advances, management has to apply judgement in a number of areas. Amongst others, this applies to the choices and judgement made in the impairment methodology such as determining what is considered a significant increase in credit risk (SICR), what forward- looking macroeconomic information is relevant to measure expected credit losses for loans and advances, and management's estimates and probabilities of default and loss given default. <u>Models and assumptions</u> To calculate expected credit losses for stage 1 and 2, the executive board estimated the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The Company's loan portfolio has a low default character and as a result, there is limited internal historical data to support and back-test the applied PDs and LGDs. Management used its internally developed credit rating models to estimate the PD for exposures for which no external rating is available. Given the low default character of the Company's loan portfolio, the rating models were considered expert models and required a high degree of judgement to stratify clients in rating classes. Also, with respect to the LGD used in the calculation of expected credit losses, the executive board has applied significant judgement. The Company applies a basic flat LGD percentage based on the limited available historic default information. For credit-impaired loans, the impairment allowance is based on the weighted average of the net present value of expected future cash flows (including forward- looking information and the valuation of underlying collateral) in three different scenarios. Given the complexity and judgement required to calculate the impairments of loans and advances and the impact it might have on results, this area is subject to a higher risk of material misstatement. Therefore, we have identified the impairment of loans and advances as a key audit matter in our audit.	<u>Control design and operating effectiveness</u> We evaluated the design and tested the operating effectiveness of relevant controls including: • the internal credit risk management process to assess the loan quality classification including the identification of credit-impaired loans; and • management's review and approval process for timely, accurate and complete determination of stage 3 specific impairment allowances; and • management's review and approval process regarding any adjustments applied to the model results. Based on the testing of controls, we determined that it was appropriate to place reliance on the above controls for the purpose of our audit. <u>Assessing individual exposures</u> For a sample of loans including loans for which management concluded that no SICR occurred and loans where an SICR is observed, we assessed management's assessment of the level of credit risk, for example by determining that there are no significant arrears in payments, taking notice of the latest internal annual creditworthiness assessment, evaluation of latest financial information of counterparties and analysis of public available adverse news, if any. Our procedures did not identify any different outcomes with respect to the staging compared to management. For credit-impaired loans, we evaluated the feasibility of the forecasted cash flows for each scenario and assessed management's analysis of the probability allocation of each individual scenario for each credit-impaired loan. In evaluating the forecasted cash flows we evaluated the values that management attributed to expected cash flows and available collateral to assess that this represents a best estimate. <u>Evaluating internal credit rating models</u> In prior years management engaged with external experts to validate their internal credit rating models. As part of our audit procedures in these years, amongst others, we evaluated the competence, capability and objectivity of these external experts. In 2024 we assessed that management did not make any change to the models. We did not identify any indicators of possible management bias in determining internal credit ratings and corresponding PDs. With respect to the forward-looking macroeconomic information, we challenged how the inputs for the various models were determined. BNG Bank previously introduced a management overlay in addition to the forward-looking macroeconomic information specific to risks identified in the most vulnerable sector in the portfolio, the healthcare sector. This management overlay was reversed in the second quarter of 2024, since the impact is reflected in the individual credit ratings. In our audit, we evaluated supporting evidence to conclude on the reasonability of the reversal of this overlay.

Key audit matter	Our audit work and observations
	Furthermore, management reassessed the weightings given to different macroeconomic scenarios. We evaluated the changes and considerations made by management and reviewed the notes to the financial statements on sufficiently clear disclosures on the applied changes. On the LGD used in the calculation of expected credit losses, we challenged management's evaluation of the limited available historic information and the assumptions applied therein. In our audit approach we considered the potential impact of physical and transition climate-related risks on the allowance for expected credit losses. In this context we assessed stress tests and self-assessments performed by management including management's evaluation of the risk for the short and longer term.
Valuation of level 2 and 3 financial instruments *Refer to the accounting policy 'fair value of financial instruments' and the disclosure note 'fair value of financial instruments' in the consolidated financial statements.* The Company has financial instruments on its balance sheet that are measured at fair value through the income statement. Financial assets at fair value through the income statement classified as level 2 amount to €692 million and classified as level 3 €8 million per 31 December 2024. Financial liabilities at fair value through the income statement classified as level 2 amount to €242 million per 31 December 2024. The derivative portfolio with a fair value of €3,979 million recorded as assets and €5,546 million recorded as liabilities contains only level 2 instruments. Level 3 financial instruments For level 3 financial instruments, management needs to estimate unobservable inputs that are significant to the measurement of the instrument in the valuation models to determine fair value. The balance for the Company however relates to only one instrument with a limited value. Level 2 financial instruments For financial instruments classified as level 2 management estimates the fair value by using discounted cash flow models, option pricing models, modelling of double default effects and other valuation techniques. Judgement is required in determining the valuation model and policy. For level 2 instruments, management uses observable inputs to determine forward curves, discounting curves, volatility cubes, inflation curves and spread curves. For derivatives for which the Company has no strong credit support annex in place, a Credit Valuation Adjustment (CVA) is estimated in the calculation of the fair value. Given the complexity in certain valuation models and inputs, the size and diversity of the portfolio and the impact that the portfolio has on the results, this area is subject to higher risk of material misstatement due to error. Therefore, we consider the fair value measurement of level 2 and 3 financial instruments a key audit matter.	Control design and operating effectiveness We assessed the design and tested the operating effectiveness of internal controls over the valuation process including management's validation of applied models, selection of assumptions and controls over data inputs including trade execution and security set-up within the administration systems. We determined that we could rely on these controls for the purpose of our audit. Testing observable inputs For both level 2 and level 3 financial instruments we compared the observable inputs such as forward curves, discounting curves and volatility cubes to independent sources and external market available data, and we assessed whether these inputs are in line with market and industry practise. For the own funding curve used to determine the own credit adjustment for financial liabilities measured at fair value, we evaluated the reasonableness of the curve construction by comparing the input to market information available over the full term of the curve. Our procedures demonstrated that management's inputs fall within our range of reasonable outcomes. Challenging unobservable inputs For the level 3 instrument, we challenged management on assumptions and methodology applied and validated the internal process performed to determine the inputs. As part of this, we also evaluated to what extent we identified any indicators of possible management bias in estimating the fair value. Based upon our procedures we consider the unobservable inputs and judgements made in determining the fair value of the level 3 instrument to be reasonable and in line with market practices. Independent revaluation For level 2 instruments, we performed an independent valuation of a sample of positions, taking into consideration different categories of financial instruments divided in, amongst others, maturity, currency classes, curves and various valuation models applied. We performed these procedures to determine if management's valuation outcomes fell within a reasonable range of possible outcomes and to validate the design and operating effectiveness of the evaluated models and curves.

Key audit matter	Our audit work and observations
Design and effectiveness of IT general controls *Refer to the section '5.4 IT and cybersecurity' of the annual report.* The Group relies on the reliability and continuity of information technology systems for its operational, regulatory and financial reporting processes. The information technology general controls (ITGCs) over IT systems include: • the framework of governance over IT systems; • controls over program development and changes; • controls over access to programmes, data and IT operations; and • governance over generic and privileged user accounts. ITGCs assist to determine the continued reliability of information generated by applications and to ensure automated applications operate effectively in a consistent manner. Effective ITGCs are therefore conditional for reliance on automated controls in the Company's operations and in our audit approach. As explained in the section 'the scope of our group audit, the Company outsourced a part of its IT activities to an external service provider. The Company continues executing a number of IT projects in order to be able to continue to meet the reporting standards and expectations from stakeholders relating to operating effectiveness, efficiency, cybersecurity, and data quality. There is an increased risk that ITGCs are not operating effectively. Deficiencies in ITGCs could have a pervasive impact across the Company's internal control framework and may provide opportunities to commit fraud. As a result of the above developments, in combination with the increased threat and probability of cyberattacks, we considered the design and effectiveness of ITGCs to be a key audit matter.	We focused on the ITGCs to the extent relevant for the purpose of our audit of the financial statements. Our procedures included evaluating and testing the design and operating effectiveness of certain controls over the continued integrity of the IT systems, focusing on: • our assessment of the ISAE 3402 type 2 report of the service organisation as described in the section 'the scope of our group audit'; • entity level controls over information technology in the IT organisation, including IT governance, IT management of access to programmes and data, including user access to the network, access to and authorisations within applications and privileged access rights to applications, databases and operating systems; • change management procedures to applications and IT infrastructure; • computer operations, including monitoring of batch processing, back-up and disaster recovery testing and incident management; • testing relevant controls in relation the Company's payment activities; and • management of cybersecurity through understanding of the Company's approach to enhancing cybersecurity and evaluating the status of the implementation in certain critical areas. For certain controls, specifically relating to access management (including privileged access rights), change management, and IT security controls, deficiencies were identified, and as a consequence remedial control actions were performed by management. Based on the testing of these controls and additional testing of remedial control activities, we determined that we could place reliance on IT general controls for the purpose of our audit.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor’s report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of BNG Bank N.V. on 28 November 2014 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 23 April 2015. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of 9 years.

European Single Electronic Format (ESEF)

BNG Bank N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by BNG Bank N.V., complies in all material respects with the RTS on ESEF.

The executive board is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby the executive board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company for the period to which our statutory audit relates, are disclosed in note 34 to the consolidated financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the EU and Part 9 of Book 2 of the Dutch Civil Code; and for

- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive board is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The executive board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company’s ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists.

Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 21 March 2025

PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.S. de Bruin RA

Appendix to our auditor's report on the financial statements 2024 of BNG Bank N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Assurance report of the independent auditor

To: the General Meeting and Supervisory Board of BNG Bank N.V.

Assurance report with limited assurance on the sustainability information 2024

Our conclusion

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the sustainability information included in the annual report 2024 of BNG Bank N.V. (hereafter: BNG) does not present fairly, in all material respects:

- the policy with regard to sustainability; and
- the business operations, events and achievements in that area for the year ended 31 December 2024, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'Reporting criteria' of our report.

What we have reviewed

We have reviewed the sustainability information included in the following sections of the annual report for 2024 (hereafter: the sustainability information):

- The sustainability information included in the following sections of the annual report for the year ended 31 December 2024:
  - Paragraph 1.1 Driven by social impact
  - Paragraph 1.3 Strategy: Our Road to Impact
  - Paragraph 1.4 Stakeholder engagement and value creation
  - Paragraph 2.1 Local authorities
  - Paragraph 2.2 Housing associations
  - Paragraph 2.3 Healthcare
  - Paragraph 2.4 Education
  - Paragraph 2.5 Public infrastructure and energy
  - Paragraph 3.1 Strong position in money and capital markets maintained
  - Paragraph 4 CO_2e emissions
  - Paragraph 5.1 Employees
  - Paragraph 9.1 Reporting principles
- Claims made in the paragraphs of the annual report referenced above that are non-financial by nature and that are not in the scope of the audit of the financial statements.

This review is aimed at obtaining a limited level of assurance.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake duurzaamheidsverslaggeving' (assurance engagements relating to sustainability reporting), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of BNG in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO - Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA - Dutch Code of ethics for professional accountants, a regulation with respect to rules of professional conduct).

PwC applies the applicable quality management requirements pursuant to the 'Nadere voorschriften kwaliteitsmanagement' (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria applied for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in section 9.1 'Reporting principles', section 9.2 paragraph 'Definitions color score KPIs 2024' and section '9.3 Glossary' of the annual report.

The sustainability information is prepared in accordance with the GRI Standards. The GRI Standards applied are listed in the GRI Content Index as published on the company's website.

The absence of an established practice on which to draw, to evaluate and measure the sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria applied.

Emphasis of matter

Emphasis on significant measurement uncertainties

We draw attention to section 'CO_2e emissions associated with loan portfolio' and 'Development in CO_2e emissions associated with loan portfolio' in Paragraph 4 'CO_2e emissions' of the sustainability information that identifies the quantitative metrics and monetary amounts for the calculated CO_2e emissions related to BNG's loan portfolio (the financed emissions) that are subject to a high level of measurement uncertainty and discloses information about the sources of measurement uncertainty and the assumptions, approximations and judgements the company has made in measuring these in compliance with the applied supplemental reporting criteria, as disclosed in section 9.1 'Reporting principles', section 9.2 paragraph 'Definitions color score KPIs 2024' and section '9.3 Glossary' of the annual report.

Corresponding information not subject to assurance procedures

The corresponding information in the sustainability information and thereto related disclosures with respect to previous years have not been subject to reasonable or limited assurance procedures.

Inherent limitations in preparing the sustainability information

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans, expectations, and estimates and risk assessments. Inherent to this prospective information, the actual future results are uncertain and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the sustainability information references are made to external sources or websites. The information on these external sources or websites is not part of the sustainability information reviewed by us. We therefore do not provide assurance on this information.

With regards to the calculated CO_2e emissions related to BNG's loan portfolio (the financed emissions) as at 31 December 2023 based on the PCAF methodology we have performed review procedures on the application of the methodology, not on the actual emissions itself. We have not performed procedures on the content of these assumptions and the external sources itself, other than evaluating the suitability and plausibility of these assumptions and external sources. Our work did not include testing of sector related emission data and modelled data nor did it include testing of client data.

Responsibilities for the sustainability information and the review thereon

Responsibilities of management and the supervisory board for the sustainability information

The executive board of BNG is responsible for the preparation and fair presentation of the sustainability information in accordance with the reporting criteria as included in section 'Reporting criteria', including applying the reporting criteria, the identification of stakeholders and the definition of material matters. Management is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of the intended stakeholders, considering applicable law and regulations related to reporting.

The choices made by management regarding the scope of the sustainability information and the reporting policy are summarised in section 9.1 'Reporting principles' of the annual report.

Furthermore, the executive board is responsible for such internal control as management determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance, as appropriate, about whether the sustainability information is free from material misstatements and to issue a limited assurance conclusion in our report. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a review (limited assurance) is therefore substantially less than the assurance obtained in an audit (reasonable assurance) in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Procedures performed

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things of the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria applied, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by management.
- Through inquiries, obtaining a general understanding of the control environment, the reporting processes, and the information systems and the entity's risk assessment process relevant to the preparation of the sustainability information, without obtaining assurance evidence about the implementation or testing the operating effectiveness of controls.
- Identifying areas of the sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted among others of:
  - Inquirying of management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results.
  - Inquirying of relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information.
  - Obtaining assurance evidence that the sustainability information reconciles to underlying records of the company.
  - Reviewing, on a sample basis, relevant internal and external documentation.
  - Taking into account the data and trends in the sustainability information.

With regards to the calculated CO_2e emissions related to BNG's loan portfolio (the financed emissions) as at 31 December 2023 based on the PCAF methodology we have performed assurance procedures on the application of the methodology, not on the actual emissions itself. Review procedures performed include:

- Assessed the reasonableness of the scope of the measurement and the suitability of the methodology chosen;
- Interviewed the management expert of BNG for a key understanding of the calculated CO_2e emissions of the loan portfolio;
- Reviewed the final report of the measurement containing a description of the calculation models, assumptions used and the outcome(s) of the calculated CO_2e emissions;
- Obtaining a key understanding of the calculation model;

- Tested the relevant assumptions on suitability, reasonableness, completeness and relevance;
- Reconciling a sample of emissions factors, sector related emission data, modelled data and client data to the external sources; and
- Reconciling the loan portfolio balance as at 31 December 2023 to the underlying financial administration.
- Reconciling the relevant financial information to the financial statements.
- Considering the consistency of the sustainability information with information in the annual report, which is not included in the scope of our review.
- Considering the overall presentation, structure and balanced content of the sustainability information.
- Considering whether the sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with the applicable reporting criteria.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 21 March 2025

PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.S. de Bruin RA

Stipulations of the articles of association concerning profit appropriation

Article 20

20.1 Profits shall be distributed after adoption by the general meeting of shareholders of the annual accounts showing that this is permissible.

20.2 The company may make payments to the shareholders from the profits available for distribution only in so far as its equity capital exceeds the amounts of the paid-up part of the capital plus the reserves which have to be kept by law.

20.3 Subject to the prior approval of the Supervisory Board, the Board shall be authorised to add all or part of the profits to the general reserve. Any profits remaining thereafter shall be put at the disposal of the general meeting.

20.4 The general meeting may distribute a profit from a reserve available for distribution exclusively on the basis of a proposal submitted by the Board and approved by the Supervisory Board.

Objectives as defined in the Articles of Association

Object
Article 2

2.1 The object of the company shall be to conduct the business of banker on behalf of public authorities.

2.2 In the context of its object as referred to in paragraph 1 the company shall engage, inter alia, in taking in and lending moneys, granting credits in other ways, providing guarantees, arranging the flow of payments, conducting foreign exchange transactions, acting as adviser and broker in the issue of and trade in securities, and keeping, managing and administering securities and other assets for third parties, as well as to incorporate and to participate in other enterprises and/or legal persons, whose object is connected with or conducive to any of the foregoing. The company shall be empowered to perform all acts which may be directly or indirectly conducive to its object.

2.3 The term public authorities as referred to in paragraph 1 means:

a. municipalities and other legal persons in the Netherlands under public law as referred to in Article 1, paragraphs 1 and 2, of Book 2 of the Civil Code;

b. the European Communities and other bodies possessing legal personality to which part of the function of the European Communities has been entrusted pursuant to the treaties establishing the European Communities;

c. Member States of the European Communities and other bodies possessing legal personality to which part of the administrative function of such a Member State has been entrusted pursuant to the law of that Member State;

d. legal persons under private law;
   - half or more of whose managing directors are appointed directly or indirectly by one or more of the bodies referred to in a, b and c of this paragraph; and/or
   - half or more of whose share capital is provided directly or indirectly by one or more of the bodies referred to in a, b and c; and/or
   - half or more of the income side of whose operating budget is provided or secured directly or indirectly by one or more of the bodies referred to in a, b and c on the basis of a scheme, bye-law or law adopted by one or more of such bodies; and/or
   - whose operating budget is adopted or approved directly or indirectly by one or more of the bodies referred to in a, b and c on the basis of a scheme, bye-law or law adopted by one or more of such bodies; and/or
   - whose obligations towards the company are guaranteed directly or indirectly by one or more of the bodies referred to in a, b and c or will be guaranteed pursuant to a scheme, bye-law or law adopted by one or more of such bodies, for which purpose obligations include non-guaranteed obligations resulting from prefinancing or other financing which, after novation, will create obligations that will be guaranteed by one or more of such bodies pursuant to a scheme, bye-law or law adopted by one or more of such bodies; and/or
   - who execute a part of the governmental function pursuant to a scheme, bye-law or law adapted by one or more of the bodies referred to in a, b and c.

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