

PRESS RELEASE

BNG maintains profit level at EUR 110 million

BNG maintains its stable course despite the continuing turbulence in the financial markets. The net profit for the first half of 2010 was EUR 110 million (2009: EUR 114 million). Positive factors were the higher interest result and an incidental tax gain. The unrealized result financial transactions was negative, mainly due to the atmosphere of crisis that surrounded the southern Eurozone countries in the second quarter.

The volume of new long-term lending increased relative to the first half of 2009 by EUR 4.2 billion to EUR 7.3 billion. Clients benefited from exceptionally low interest rates, especially in the very long segment. The short-term lending remained at about the same level. Compared with the second half of 2009, average short-term lending to clients fell by just EUR 0.1 billion to EUR 5.7 billion.

In the first half of 2010, BNG raised EUR 9.6 billion in long-term funding (2009: EUR 7.6 billion). The weighted average maturity of the total long-term funding rose by 2.3 years to 7.0 years compared with the full year 2009. As a result of the large volume of funding and the relatively long maturities, BNG's liquidity profile improved further in the period under review.

The interest result for the first half of 2010 amounted to EUR 202 million (2009: EUR 175 million). Significant factors in the increase were the larger long-term loan portfolio and the continuing steep yield curve.

In 2010 BNG, acting in consultation with the tax authorities, adopted IFRS valuations for financial instruments to determine the tax returns. This was done with retroactive effect to 2005 and had a non-recurring positive effect of EUR 10 million on taxation.

The result financial transactions was EUR 54 million negative in the period under review (2009: EUR 23 million negative). This was mainly due to a net unrealized loss of EUR 43 million (2009: EUR 20 million negative) on interest-bearing securities and structured loans held by the bank. The reason was the turmoil in the capital markets caused by the sovereign debt problems of the southern Eurozone countries. The creditworthiness of the underlying portfolio remains high. The future cash flows are not in doubt.

The outlook for the second half of 2010 cannot be separated from the current uncertain market conditions and their effects on the confidence in as well as on the pace of the economic recovery. Given the fragile economic recovery, the increased volatility of results and all the other uncertainties the bank does not consider it wise to make a statement about the 2010 net profit.

The bank's shareholders are Dutch public authorities exclusively. BNG's clients are comprised of local authorities and public sector institutions in the areas of housing, healthcare, education and public utilities. BNG provides customized financial services ranging from loans and advances, funds transfers and electronic banking to consultancy and asset management. The bank also participates in public-private partnerships.

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T 070 3750 750
www.bng.nl

Datum

31 augustus 2010

Onze referentie

1210535

Contactpersoon

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N.V. Bank Nederlandse
Gemeenten, statutair
gevestigd te Den Haag en
ingeschreven in het
Handelsregister onder
nummer 27008387

BNG will publish the interim report 2010 on its website on 31 August 2010 (www.bng.nl).

Datum

31 augustus 2010

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For further information:

Onze referentie

1210535

BNG

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Executive board

C. van Eykelenburg, *Chairman*

J.J.A. Leenaars

J.C. Reichardt

Supervisory board

H.O.C.R. Ruding, *Chairman*

Y.C.M.T. van Rooy, *Vice-Chairman as well as Secretary*

R.J.N. Abrahamsen

H.H. Apotheker

H.G.O.M. Berkers

S.M. Dekker

W.M. van den Goorbergh

R.J.J.M. Pans

A.G.J.M. Rombouts

Consolidated balance sheet as of 30 June 2010

In millions of euros

Datum

31 augustus 2010

Onze referentie

1210535

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| | 30-06-2010 | 31-12-2009 |
|--|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | 2,368 | 655 |
| Banks | 7,364 | 7,683 |
| Loans and advances | 81,368 | 79,305 |
| Financial assets at fair value through the income statement | 3,358 | 2,983 |
| Financial assets available for sale | 5,779 | 5,531 |
| Other financial assets | 17,925 | 8,002 |
| Associates and joint ventures | 109 | 106 |
| Property and equipment | 22 | 23 |
| Other assets | 285 | 208 |
| Total assets | 118,578 | 104,496 |
| Liabilities | | |
| Banks | 9,276 | 5,615 |
| Funds entrusted | 7,644 | 7,070 |
| Subordinated loans | 91 | 174 |
| Debt securities | 87,310 | 79,935 |
| Financial liabilities at fair value through the income statement | 605 | 351 |
| Other financial liabilities | 11,189 | 8,854 |
| Other liabilities | 321 | 244 |
| Total liabilities | 116,436 | 102,243 |
| Share capital | 139 | 139 |
| Share premium reserve | 6 | 6 |
| Revaluation reserve | (32) | 49 |
| Currency translation account | (11) | (6) |
| Other reserves | 1,930 | 1,787 |
| Net profit | 110 | 278 |
| Equity | 2,142 | 2,253 |
| Total liabilities and equity | 118,578 | 104,496 |

Consolidated income statement

In millions of euros

Datum

31 augustus 2010

| | First half of 2010 | First half of 2009 | Onze referentie 1210535 |
|---|-----------------------|-----------------------|----------------------------|
| Interest income | 921 | 1,610 | |
| Interest expenses | <u>719</u> | <u>1,435</u> | |
| Interest result | 202 | 175 | Pagina 4 van 4 |
| Income from associates and joint ventures | 0 | 1 | |
| Commission income | 20 | 19 | |
| Commission expenses | <u>3</u> | <u>3</u> | |
| Commission result | 17 | 16 | |
| Result financial transactions | (54) | (23) | |
| Foreign exchange result | (3) | (1) | |
| Other income | 3 | 2 | |
| <i>Total income</i> | <u>165</u> | <u>170</u> | |
| Staff costs | 17 | 17 | |
| Other administrative expenses | <u>11</u> | <u>12</u> | |
| Staff costs and other administrative expenses | 28 | 29 | |
| Depredation | 1 | 1 | |
| <i>Total expenses</i> | <u>29</u> | <u>30</u> | |
| <i>Profit before tax</i> | <u>136</u> | <u>140</u> | |
| Taxation | 26 | 26 | |
| Net profit | <u>110</u> | <u>114</u> | |