

Another good year for Nederlandse Waterschapsbank

The Hague, 15 March 2019

- Important contribution to Dutch public sector's social and sustainable investment agenda due to substantial increase in new lending, rising from €6.2 billion in 2017 to €7.4 billion in 2018
- Net profit of €99.7 million (2017: €122.5 million)
- More than 25% of funding raised with Green and Social Bonds (€2.7 billion)
- Strong capital ratio (CET1 ratio) increased further to 61.6%

NWB Bank has had yet another good year. Lending in 2018 increased to €7.4 billion (2017: €6.2 billion) and the bank's net profit was €99.7 million (2017: €122.5 million). The lower net profit had been expected and can be attributed to less favourable financing rates in the money markets compared with 2017 following the ECB's decision to phase out its QE policy. The bank's total assets at year-end 2018 amounted to €84 billion and, with a number of employees of around 70, NWB Bank remains a very cost-efficient bank.

'We are proud of the contribution we have been able to make to the social and sustainable investment agenda for the Dutch public sector thanks to the substantial increase in new lending. Despite stiff competition, we succeeded in consolidating our market share in Dutch public sector financing over the past year. The excellent results underline the added value of NWB Bank as a sustainable bank which helps to create a competitive, varied and innovative playing field where public funds are spent efficiently and effectively', says Lidwin van Velden, Chair of the Managing Board.

Increased lending

Water authorities and housing associations, together with municipalities, remain NWB Bank's largest client groups. NWB Bank provides appropriate financing to these and other public sector clients at the lowest possible cost. By responding to the changing requirements of its clients and by further diversifying its lending activities, the bank is increasing its social commitment as an independent promotional bank. For instance, clients can now also approach NWB Bank for funds for sustainable energy projects. The necessary increase in the sustainability of the Netherlands will require major investments in the decades ahead and NWB Bank is willing and able to maximise its contribution.

The increased lending is in part due to the acquisition at the end of last year of a public sector loans portfolio from ABN AMRO. The portfolio, which comprises long-term loans to housing associations, municipalities, academic hospitals and drinking-water companies, was acquired in stages. €371 million of the approximately €2 billion in total was acquired in 2018. Even without that acquisition, the scale of new lending is significantly higher than in 2017.

At the forefront in sustainable funding

In order to meet clients' demand for financing, the bank issued €10.4 billion in long-term loans on the international capital market over the past year. €2.7 billion of that amount was raised with Water Bonds (Green Bonds) and Affordable Housing Bonds (Social Bonds). This means the bank also achieved its own objective of meeting at least 25% of the financing requirements annually with what are known as SRI (Socially Responsible Investing) bonds. Since 2014 NWB Bank has raised a total of €8.8 billion in sustainable funding. This makes the bank a leading issuer of SRI bonds within the SSA (Sovereigns, Supranationals and Agencies) group.

Strong capital ratios

The bank's capital ratios have strengthened further over the past year. With a Common Equity Tier 1 (CET1) ratio of 61.6%, the bank is one of the front runners within the eurozone, where the statutory

minimum requirement for NWB Bank is 9.25% as at 1 January 2019 (including the Pillar-II own funds requirement of 2.25%). The leverage ratio rose to 2.6% in 2018 (2017: 2.5%). The Liquidity Coverage Ratio stands at 222%, well above the minimum requirement of 100%.

Expectations are that the European Parliament will endorse the proportional application of the leverage ratio requirement for promotional banks on 15 April next. At the end of last year, the European Parliament and the European Council reached a political agreement on a package of measures of which the leverage ratio forms part. As soon as the new regulations have been formalised, the bank will be able to present a leverage ratio that amply satisfies the minimum requirement of 3%.

Outlook

Expectations are that the Dutch economy will continue to grow in 2019, but at a slower pace. Government expenditure is set to grow in 2019, due to the spending boost provided for by the coalition agreement. This may result in NWB Bank's clients also increasing their levels of public investment. Water authorities have in any case announced to invest an additional €100 million annually to deal with the effects of climate change. Taking into account its sustainability ambitions and further diversification, NWB Bank intends to maintain its level of lending in 2019 and, where possible, further increase it.

The bank expects its net profit in 2019 to be below the 2018 level. The lower profit forecast has to do with the composition of the lending portfolio as well as the anticipated further normalisation of funding rates in the money market now that the ECB is phasing out its quantitative easing policy.

NWB Bank will publish its 2018 Annual Report on 18 April 2019.

Nederlandse Waterschapsbank N.V., Rooseveltplantsoen 3, 2517 KR The Hague
For press information, please contact Simon Zwagemakers, tel. 070-4166251 email:
persinfo@nwbbank.com

KEY FIGURES (in millions of euros)
2018
2017

BALANCE SHEET		
Long-term loans and advances (nominal value) ¹	47,644	47,840
Equity	1,726	1,628
Tier 1 capital	1,938	1,819
Total assets	83,715	87,123
Risk-weighted assets	2,627	2,680
RESULTS		
Net interest income	234	276
Results from financial transactions	-48	-58
Operating income	186	218
Operating expenses	22	20
Income tax	37	47
Bank tax and resolution levy	27	28
Net profit	100	123
RATIOS (%)		
Tier 1 ratio	73.8	67.9
CET 1 ratio	61.6	55.9
Cost/income ratio ²	11.8	9.2
Leverage ratio ³	2.6	2.5
Liquidity Coverage Ratio	222	179
Net Stable Funding Ratio	129	126
CORPORATE SOCIAL RESPONSIBILITY		
Volume Green and Social Bond financing	2,744	3,480
CO ₂ emissions within business operations p.p. (in tonnes)	3.7	3.9

1) Loans including interest-bearing securities portfolio provided to regional governments

2) Excluding bank tax and resolution levy

3) Including profit appropriation