



ACHMEA BANK REPORTS A PROFIT OF 33 MILLION BEFORE TAX

Tilburg, 13 August 2021

- Achmea Bank N.V. reports a profit before tax of EUR 33 million for the first half-year 2021 (EUR 26 million for the first half-year 2020)
- The capital position remains strong; the Common Equity Tier 1 Ratio increased to 21.4 % (December 2020: 20.4%)
- The Bank optimizes its asset base to support the Achmea strategy

The operating profit increased from EUR 26 million in the first half-year of 2020 to EUR 33 million in the first half-year of 2021.

The interest margin in 2021 decreased by EUR 9 million. The net impact of lower funding costs and lower gross margin on the mortgage portfolio resulted in a decrease of the interest margin by EUR 7 million. Both the mortgage production and the margins on new production decreased compared to last year as a consequence of increased competition and appetite for mortgages by non-banks. The mortgage production for its own balance sheet amounts to EUR 0.4 billion in the first half of 2021 (EUR 0.2 billion in first half of 2020). Combined with prepayments of EUR 0.9 billion, the mortgage portfolio of Achmea Bank decreased from EUR 11.6 billion to EUR 11.1 billion.

The releases of the loan loss provision in 2021 amounts to EUR 11 million (2020 EUR 4 million loss). The lower level of the loan loss provision as per June 2021, is related to implementation of a second generation of IFRS9 risk model combined with improvement of the macro-economic outlook in 2021, the positive development of housing prices and inherent low credit risk profile of the mortgage portfolio of Achmea Bank.

As of 1 October 2020, Achmea's operational mortgage activities have largely been centralised within Syntrus Achmea Real Estate & Finance (SAREF), as part of the strategy of Achmea to increase its market share in the mortgage market in the coming years. This transfer includes the production of new mortgages for Achmea Pensioen- en Levensverzekeringen N.V. which resulted in a decrease of the fee income for Achmea Bank and lower cost allocation by Achmea B.V.

The fair value result (EUR 5 million) is an accounting result that is mainly compensated in other reporting periods, generally reflecting a pull to par as the underlying derivatives (used for hedging interest rate risk) approach maturity.

Compared to the same period in 2020, operating expenses remained stable. Underlying the operating costs decreased, the increased servicing costs related to the acquired portfolios is netted by lower cost allocation by Achmea B.V.

The savings portfolio increased to EUR 7.6 billion (2020 EUR 7.2 billion), which resulted in an improved liquidity position. As from mid-August, the Bank will charge negative interest on saving balances above EUR 100,000, following the general development of the saving rates in the Netherlands. The Bank has a diversified funding mix, comprising retail funding as well as unsecured and secured wholesale funding. The Bank retained its sound liquidity position with liquidity ratios well above internal and external limits. In addition the Bank maintains different maturity profiles in its funding instruments.

The Total Capital ratio and the Common Equity Tier 1 (CET1) increased to 21.4% (2020: 20.4%). The increase is mainly due to the addition of the 2020 result and the decreased mortgage portfolio. Achmea Bank still intends to pay out a total dividend of EUR 56 million, which equals the distributable net result over 2019 and 2020, which is in accordance with the ECB recommendation to make such a payment from October 2021.

As part of the Achmea (retirement benefit) strategy the Bank optimizes its asset base to structurally improve the profitability, which resulted in several acquisitions of mortgage portfolios and introduction of niche propositions in the past years. Furthermore, Achmea Bank is working towards the implementation of Advanced Internal Rating-Based (AIRB) models for its regular mortgage portfolio(s), which strengthens the data driven strategy and should result in a lower capital requirement.

S&P confirmed the Issuer Credit Rating Outlook per 2 August 2021 of A-/Stable and Fitch confirmed the issuer Default Rating of A/Stable per 5 August 2021.

Outlook

Uncertainties remain with regard to the further course, duration and intensity of the Covid-19 pandemic, the course of the recovery and its consequences for the markets in which we operate, our products and customers. Our current estimations are based on the most accurate

available information. It is currently unclear how the financial markets will develop in the near future. Frequent monitoring of the financial risks such as liquidity and capital is an integral part of the Bank's risk management system.

Tilburg, 13 August 2021

The Managing Board

P.J. Hurman

M.J.M. Geubbels

KEY FIGURES

FOR THE PERIOD ENDED 30 JUNE		
IN MILLIONS OF EUROS		
	2021	2020
Interest Income	154	177
Interest expense	85	99
Interest margin	69	78
Changes in fair value of financial instruments	5	-
Interest margin and changes in fair value of financial instruments	74	78
Other income	1	1
Fees and commission income and expense	-	5
Operating income	75	84
Impairment of financial instruments and other assets	-11	4
Operating expenses	53	54
Total expenses	42	58
Operating profit before income taxes	33	26
Income tax expense	8	6
Net profit	25	20
Ratios	30 June	31 December
	2021	2020
Return on average equity	2.9%	3.4%
Efficiency ratio (operating expenses/interest margin, fees and other income)	75.3%	69.9%
Common Equity Tier 1 Capital Ratio	21.4%	20.4%
Total Capital Ratio	21.4%	20.4%
Leverage ratio	6.0%	6.0%
Net Stable Funding Ratio	139%	126%
Liquidity Coverage Ratio	837%	332%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUROS		
	30 JUNE 2021	31 DECEMBER 2020
Assets		
Cash and balances with Central Banks	969,761	938,708
Derivative assets held for risk management	55,231	82,035
Loans and advances to banks	567,770	669,166
Loans and advances to public sector	641	652
Loans and advances to customers	11,480,802	12,092,263
Current tax liabilities	1,224	-
Deferred tax assets	3,390	4,760
Prepayments and other receivables	29,784	46,092
Total assets	13,108,603	13,833,676
Liabilities		
Derivative liabilities held for risk management	379,195	456,475
Deposits from banks	405,406	377,234
Funds entrusted	7,866,838	7,447,114
Debt securities issued	3,531,782	4,651,080
Provisions	500	1,200
Current tax liabilities	-	7,533
Accruals and other liabilities	64,226	57,053
Subordinated liabilities	1,159	1,191
Total liabilities	12,249,106	12,998,880
Share capital	18,152	18,152
Share premium	505,609	505,609
Reserves	311,035	283,506
Net profit	24,701	27,529
Total Equity	859,497	834,796
Total Equity and liabilities	13,108,603	13,833,676

The financial statements of Achmea Bank N.V. have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed for use in the European Union. All figures in this document are unaudited.

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About Achmea

Achmea is the parent company of strong insurance brands such as Centraal Beheer, Interpolis and Zilveren Kruis. Together they form the largest insurance group in the Netherlands. Achmea has a cooperative background and balances the interests of customers, partners, employees and shareholders. Achmea is active in five countries in addition to the Netherlands. There is more information on www.achmea.nl

About Achmea Bank

Achmea Bank is part of Achmea and provides mortgages and savings products to the retail market in the Netherlands via the Centraal Beheer and Woonfonds labels. Achmea Bank is licensed to provide financial services under the Financial Supervision Act (Wft). Achmea Bank has a mortgage portfolio of approximately €11 billion and manages savings of approximately €8 billion. Achmea Bank is located in Tilburg. www.achmeabank.com

This statement is published by Achmea Bank N.V. and contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Achmea Bank N.V.

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