

Tilburg, 15 March 2017

ACHMEA BANK N.V. REPORTS A POSITIVE RESULT AND MAINTAINS A STRONG CAPITAL BASE

- Achmea Bank N.V. reports a profit before tax for 2016 of EUR 17 million, after tax EUR 13 million (2015: EUR 6 million, after tax EUR 5 million)
- Achmea Bank N.V. is preparing for future growth in its mortgage and savings portfolios by investing in the retirement services strategy of Achmea Group and by outsourcing the mortgage servicing process. This resulted in one off additional expenses of EUR 12 million
- The Common Equity Tier 1 Capital Ratio improved to 19.1% (2015: 16.7%)
- Achmea Bank N.V. acquired the remaining part of the loan activities of Staalbankiers N.V. for an amount of EUR 245 million

Achmea Bank N.V. reports a profit before tax for 2016 of EUR 17 million compared to a profit of EUR 6 million last year. The growth in profit was mainly the result of a higher interest margin (EUR 16 million) due to lower funding costs and higher compensation for early redemptions and renewals. This was compensated by higher operating expenses (EUR 13 million), due to the investments in the retirement services strategy of Achmea Group and by outsourcing the mortgage servicing process. Furthermore, fewer additions were made to the loan loss provision in 2016, which led to impairment costs dropping by EUR 3 million. The fair value result increased by EUR 3 million compared to 2015. The fees and commission income and expense increased by EUR 2 million, as a result of the fees for the origination of mortgages for Achmea Pensioen & Leven N.V.

In 2016 the focus for Achmea Bank N.V. was on optimizing its mortgage servicing process. Part of this optimization consists of outsourcing a substantial part of the mortgage servicing process to Quion. Although the optimization process and the preparation for the outsourcing led to an increase of operating expenses over 2016, it will result in lower cost levels in the coming years. Achmea Bank is also investing in the retirement services strategy of Achmea Group. The retirement services strategy strengthens the position of Achmea Bank within Achmea Group and will lead to future growth in the Bank's mortgage and savings portfolio.

New mortgage production dropped to EUR 663 million in 2016 (2015: EUR 861 million). EUR 255 million of this amount was generated for the balance sheet of Achmea Pensioen & Leven N.V. Prepayments amounted to EUR 1,099 million (2015: 947 million), which is in line with the current higher prepayment levels in the Dutch market. As a result the nominal value of the mortgage portfolio decreased to EUR 10.8 billion (excluding the mortgages generated for Achmea Pensioen & Leven N.V.).

In 2016 Achmea Bank N.V. acquired the remaining part of the loan activities of Staalbankiers N.V., the private banking entity of Achmea B.V. The effective date of purchase was 1 December 2016 and the transfer price equalled the carrying value. The transfer will be effected in stages, which commenced on 15 December 2016, and which will be fully completed by 30 June 2017. The carrying amount of the acquired portfolio upon acquisition was EUR 245 million. This final tranche is in addition to the previous acquisition by Achmea Bank N.V. of a Staalbankiers loan portfolio amounting to approximately EUR 1.1 billion in July 2015. Besides the loans, Achmea Bank N.V. will acquire linked savings accounts totalling EUR 57 million. The purchase price is equal to the carrying amount. As part of this transaction Achmea B.V. provided a capital injection of EUR 33.5 million to Achmea Bank N.V. Furthermore Achmea B.V. issued an additional capped guarantee to Achmea Bank N.V. to cover credit risk and legal claims related to this portfolio.

The Bank successfully issued EUR 600 million RMBS notes (DRMP II) in 2016. Compared to last year the total savings portfolio remained stable at EUR 5.9 billion. In the course of 2016 the Bank redeemed EUR 1.0 billion RMBS notes and EUR 500 million senior unsecured notes. Achmea Bank has a strong liquidity position with liquidity ratios well above internal limits.

Common Equity Tier 1 Capital Ratio improved further to 19.1% as at year-end 2016 (16.7% at year-end 2015). The increase was mainly due to the application of credit risk mitigation for the mortgage saving deposits and an overall reduction of the loan portfolio, which led to a lower risk exposure amount. In addition to this, the above mentioned capital injection of EUR 33.5 million from Achmea B.V. in connection with the acquisition of the loan activities of Staalbankiers positively effected the Capital Ratio.

Fitch has revised the long-term outlook rating of Achmea Bank from A/negative to A/stable. Standard and Poor's revised the rating of Achmea Bank per 21 February 2017 from A-/ Stable to A-/Negative.

INTEREST MARGIN

In 2016 the interest margin increased by EUR 16 million compared to 2015. Interest rates remained historically low in 2016, resulting in lower funding costs for both the wholesale funding and the retail savings portfolio. As a further result of the low interest rates the amount of prepayments in 2016 increased, which led to a corresponding increase in interest income for compensation of early redemption of EUR 6 million. These positive developments were partly offset by lower interest rates on mortgage renewals and the negative impact of a declining mortgage portfolio. The interest margin includes an amount of EUR 2 million from the Acier portfolio.

FAIR VALUE EFFECTS

The fair value result amounted to a profit of EUR 1 million (2015: EUR 2 million loss). The fair value result is an accounting result that is compensated (excluding the revaluation effect) in other reporting periods, generally reflecting a pull to par as the underlying derivatives (used for hedging interest rate exposure) approach maturity.

OPERATING EXPENSES

The operating expenses increased by EUR 13 million compared to the same period last year. This increase was primarily due to investments in connection with outsourcing the mortgage servicing process (2016: EUR 7 million and 2015: EUR 0.9 million) and investments in the retirement services strategy (EUR 5 million). The contribution to the deposit guarantee scheme also resulted in higher operating expenses of EUR 4 million (2015 nihil). Staff costs decreased by EUR 4 million due to more efficiency and reduction in the number of employees.

RESULT OF THE ACIER PORTFOLIO

The total impact of the the Acier portfolio - the former loan portfolio of Staalbankiers - on the profit before tax amounted to a loss of EUR 1.5 million. The interest margin for this portfolio amounted to EUR 2 million. Achmea B.V. issued a capped guarantee to cover credit risk and legal claims. Taking into account the usage of this guarantee, the net impact of the impairment charges for Achmea Bank N.V. amounted to a loss of EUR 0.5 million. The total operating expense of this portfolio was EUR 3.7 million, largely due to personnel costs in connection with the 'Staalbankiers' loan department which was taken over as part of the transaction.

ROBUST PORTFOLIO PERFORMANCE

The addition to the loan loss provision, excluding the Acier portfolio, dropped to EUR 2 million (2015: EUR 6 million), which is 2 basis points of the mortgage portfolio on an annual basis. The payment performance of the mortgage portfolio remained strong.

As a result of better economic circumstances and more pro-active default management in 2016, Achmea Bank N.V. managed to reduce the arrears. This resulted in a decrease of the provision from 16 basis points of the mortgage portfolio in 2015 to 11 basis points in 2016. The amount of write-offs decreased slightly from 8.5 basis points in 2015 to 7.7 basis points in 2016.

The addition to the loan loss provision for the Acier portfolio was largely compensated by the guarantee issued by Achmea B.V. The net impact for Achmea Bank in 2016 amounted to EUR 0.5 million.

OUTLOOK

Achmea Bank N.V. will outsource its mortgage servicing process by the middle of 2017 and will continue to invest in its saving and risk management processes and systems. In addition, the remaining part of the acquired loan portfolio of Staalbankiers will be transferred to the balance sheet of Achmea Bank. This transfer includes loans up to a maximum of EUR 35 million and saving deposits related to the total former loan portfolio of Staalbankiers of approximately EUR 57 million. Achmea Bank N.V. chooses not to make specific predictions regarding future financial performance.

Tilburg, 15 March 2017

The Executive Board

Mr. P.J. Huurman Chief Executive Officer (as of 1 July 2016)

Mr. V.J. Teekens Director of Operations

Director of Finance & Risk (vacancy as of 1 march 2017)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BEFORE APPROPRIATION OF RESULT		
AS AT YEAR ENDED 31 DECEMBER		
IN THOUSANDS OF EUROS	2016	2015
Assets		
Cash and balances with Central Banks	658,325	731,360
Derivative assets held for risk management	255,510	300,126
Loans and advances to banks	1,117,344	1,247,814
Loans and advances to public sector	15,820	132,085
Loans and advances to customers	12,503,018	13,173,084
Interest-bearing securities	401,182	474,820
Current tax assets	2,182	6,566
Prepayments and other receivables	31,849	5,881
Total Assets	14,985,230	16,071,736
Liabilities		
Derivative liabilities held for risk management	764,533	896,074
Deposits from banks	97,411	117,946
Funds entrusted	6,388,454	6,586,661
Debt securities issued	6,825,449	7,578,152
Provisions	1,065	-
Current tax liabilities	4,678	37,718
Deferred tax liabilities	25,401	25,643
Accruals and other liabilities	46,762	44,874
Subordinated liabilities	8,336	8,336
Total Liabilities	14,162,089	15,295,404
Share Capital	18,152	18,152
Share premium	505,609	472,109
Reserves	299,380	286,071
Total Equity	823,141	776,332
Total Equity and Liabilities	14,985,230	16,071,736

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN MILLIONS OF EUROS	2016	2015	CHANGE
Interest Income	489	539	-9%
Interest expense	380	446	-15%
Interest margin	109	93	17%
Changes in fair value of financial instruments	1	-2	150%
Interest margin and changes in fair value of financial instruments	110	91	21%
Other income	2	2	0%
Fees and commission income and expense	2	-	100%
Operating income	114	93	23%
Impairment of financial instruments and other assets	2	5	-60%
Operating expenses	95	82	16%
Total expenses	97	87	11%
Operating profit before income taxes	17	6	183%
Income tax expense	4	1	300%
Net profit	13	5	160%
Operating profit before income taxes regular Achmea Bank portfolio	19	7	
Operating profit before income taxes Acier loan portfolio	-2	-1	
Operating profit before income taxes Achmea Bank	17	6	
RATIOS	2016	2015	
Return on average equity	1.6%	0.6%	
Efficiency ratio (excl. changes in fair value)	86.9%	88.3%	
Common Equity Tier 1 Capital Ratio	19.1%	16.7%	
Total Capital Ratio	19.2%	16.9%	
Net Stable Funding Ratio	122%	117%	
Liquidity Coverage Ratio	572%	1027%	

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 press release are unaudited.

For further information:

Media:

Stefan Kloet
+31 6 1222 3657
stefan.kloet@achmea.nl
www.achmeabank.com

Investors:

Rudi Kramer
+31 6 5326 4552
rudi.kramer@achmea.nl
www.achmeabank.com

Abhishek Dutta
+31 6 2249 6980
abhishek.dutta@achmea.nl
www.achmeabank.com