



ACHMEA BANK REPORTS A POSITIVE RESULT OF 26 MILLION BEFORE TAX AND RETAINS A STRONG CAPITAL AND LIQUIDITY POSITION

Tilburg, 14 August 2020

- Achmea Bank N.V. reports a profit before tax of EUR 26 million for the first half-year 2020
- The Bank retains its solid liquidity position supported by the third issuance of a Conditional Pass Through Covered Bond of EUR 500 million in June 2020
- Impact COVID-19 on the financial position of Achmea Bank limited up to now
- The capital position remains strong; the Common Equity Tier 1 Ratio increased to 21.0 % (December 2019: 19.2%)

The operating profit, excluding exceptional items, increased from EUR 9 million in the first half-year of 2019 to EUR 26 million in the first half-year of 2020. The higher operating profit is due to increased interest margin (EUR 17 million), a higher fair value result (EUR 3 million) and higher fee income (EUR 1 million). Increased operating expenses (EUR 3 million) and a higher addition to the loan loss provision (EUR 1 million) are more than compensated.

The interest margin in 2020 increased by EUR 17 million compared to the same period in 2019. EUR 10 million of the higher net interest margin is due to the acquired mortgage and saving portfolio(s) in 2019. The compensation for early redemptions increased and contributed EUR 10 million to the improved result. 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 3 million.

The higher fee income is due to the increased mortgage portfolio serviced by Achmea Bank for Achmea Pensioen- en Levensverzekeringen N.V.. The fair value result (first half-year 2019 minus EUR 3 million, first half-year 2020 negligible) 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 2019, operating expenses increased by EUR 3 million, mainly due to additional costs related to the acquired portfolios of last year. Corrected for this, the underlying operating costs are decreasing in line with the strategy of the Bank. Achmea Group has the ambition to grow in the mortgage market. In line with this ambition, Achmea is concentrating its operational mortgage activities at one location in Amsterdam. The commercial activities will be concentrated in Apeldoorn. For Achmea Bank this means transferring its mortgage operations activities from Tilburg to Amsterdam and its commercial activities to Apeldoorn at 1 October 2020. The expected reorganisation costs of EUR 2 million are provisioned for and were already included in the operating expenses of 2019.

The net addition to the loan loss provision increased from EUR 2 million to EUR 3 million in the first six months of 2020, of which EUR 1 million relates to the Acier portfolio. The addition in 2020 is mainly related to a worsening of the macro-economic outlook as a result of the COVID-19 crisis and the potential impact of this on our mortgage portfolio and the impact of the clients using the Covid-19 payments holiday.

Since March 2020, Achmea Bank offers the possibility of a payment holiday to mortgage customers with payment difficulties directly related to the COVID-19 crisis. With this payment holiday customers temporarily do not have to pay interest and principal on their mortgage loan. By deferring the mortgage payments, it is more likely that customers will not get liquidity problems and can continue living in their homes. This is one of the solutions that Achmea Bank offers to its mortgage customers. The number of clients using the COVID-19 payment holiday is relatively low (0.5%), the impact on the loan loss provision amounts EUR 2 million.

The production of new mortgages remained stable at EUR 747 million (2019: EUR 788 million), of which EUR 570 million for Achmea Pensioen- en Levensverzekeringen N.V. (2019 EUR 461 million). Due to the decreased mortgage productions for its own balance sheet and the increased level of early redemptions in the first half of 2020, the regular mortgage portfolio (including the portfolios acquired in 2019) of Achmea Bank decreased from EUR 11.4 billion by the end of 2019 to EUR 10.8 billion by the end of June 2020.

The savings portfolio remained stable at EUR 7.1 billion (2019 EUR 7.2 billion). In 2020 Achmea Bank redeemed EUR 0.9 billion RMBS notes and issued a 5Y conditional pass-through covered bond of EUR 0.5 billion. 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 to prevent potential future refinancing concentration risk.

The Total Capital ratio and the Common Equity Tier 1 (CET1) increased to 21.0% (2019: 19.2). The increase is mainly due to the addition of the 2019 result and the decreased mortgage portfolio. In April 2020, Achmea Bank N.V. has decided to suspend dividend distributions to its shareholder until there is more clarity regarding the impact of the COVID-19 crisis. Thereby following the call from the European Central Bank (ECB) and the Dutch Central Bank (DNB). In the second half of 2020, Achmea Bank will determine whether a dividend can be paid out, based on recent developments of the COVID-19 crisis, recent statements of regulators and its financial position.

S&P confirmed the Issuer Credit Rating. The Outlook has been changed per 15 June 2020 from A-/ negative to A-/stable and Fitch confirmed the issuer Default Rating of A/Stable per 29 April 2020.

Outlook

In the second half of 2020, the Bank continues to optimize its organization, with the intention to reduce costs. We expect to be able to further improve the interest margin supported in particular by the positive effect of the a.s.r. transaction and the acquired portfolio of Achmea Pensioen- en Levensverzekeringen N.V.. The outbreak of Coronavirus disease (Covid-19) have a severe impact on the Dutch, European and global economic prospects. Achmea Bank closely monitors developments in the Bank's liquidity and capital position. Achmea Bank concludes that its capital and liquidity position is adequate to support the going concern assumption. Given the specific nature of the Acier portfolio, coupled with the macro-economic uncertainty and the outbreak of Covid-19, predictions regarding loan impairments in the Acier portfolio and fair value effects are difficult.

Tilburg, 14 August 2020

The Executive Board

P.J. Hurman
M.J.M. Geubbels

KEY FIGURES

FOR THE PERIOD ENDED 30 JUNE		
IN MILLIONS OF EUROS		
	2020	2019
Interest Income	177	175
Interest expense	99	114
Interest margin	78	61
Changes in fair value of financial instruments	-	-3
Interest margin and changes in fair value of financial instruments	78	58
Other income	1	1
Fees and commission income and expense	5	3
Operating income	84	62
Impairment of financial instruments and other assets	3	2
Operating expenses	54	51
Total expenses	57	53
Operating profit before income taxes	26	9
Income tax expense	6	2
Net profit	20	7
Ratios	30 June	31 December
	2020	2019
Return on average equity	5.0%	4.6%
Efficiency ratio (operating expenses/interest margin, fees and other income)	64.4%	78.0%
Common Equity Tier 1 Capital Ratio	21.0%	19.2%
Total Capital Ratio	21.0%	19.2%
Leverage ratio	6.4%	5.7%
Net Stable Funding Ratio	126%	121%
Liquidity Coverage Ratio	252%	249%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUROS		
	30 JUNE 2020	31 DECEMBER 2019
Assets		
Cash and balances with Central Banks	232,691	72,366
Derivative assets held for risk management	78,459	90,513
Loans and advances to banks	597,560	713,350
Loans and advances to public sector	664	675
Loans and advances to customers	12,094,245	12,640,791
Prepayments and other receivables	104,631	147,468
Total assets	13,108,250	13,665,163
Liabilities		
Derivative liabilities held for risk management	487,393	464,969
Deposits from banks	58,407	197,749
Funds entrusted	7,361,794	7,507,919
Debt securities issued	4,295,564	4,574,111
Provisions	2,835	3,600
Current tax liabilities	1,487	23,753
Deferred tax liabilities	573	3,028
Accruals and other liabilities	65,915	68,138
Subordinated liabilities	1,159	8,336
Total liabilities	12,275,127	12,851,603
Share capital	18,152	18,152
Share premium	505,609	505,609
Reserves	289,800	252,508
Net profit	19,561	37,291
Total Equity	833,122	813,560
Total Equity and liabilities	13,108,250	13,665,163

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. In addition to the Netherlands, Achmea is also active in Turkey, Greece, Slovakia, Australia and Canada.

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 €12 billion and manages savings of approximately €7 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.

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