

## ACHMEA BANK N.V. REPORTS AN OPERATING PROFIT OF EUR 52 MILLION

Tilburg, 11 March 2022

- Achmea Bank N.V. reports for 2021 an operating profit before tax of EUR 52 million (2020: EUR 37 million), EUR 39 million after tax (2020: EUR 28 million)
- The Common Equity Tier 1 Capital Ratio remains strong at 20.9% (2020: 20.4%)
- Achmea Bank aims to grow and diversify its balance sheet, mainly through mortgages via the Achmea Mortgage Investment Platform and other third party partnerships

Achmea Bank N.V. reports an operating profit before tax of EUR 52 million (2020: EUR 37 million). The improvement of the operating profit is due to lower impairment charges (EUR 12 million), lower operating expenses (EUR 4 million) and a higher fair value result (EUR 10 million) which are partly being offset by lower fee income (EUR 8 million) and an interest margin decline of EUR 3 million.

The interest margin decreased from EUR 141 million to EUR 138 million. The lower interest margin relates to a decreased mortgage portfolio combined with lower margins for an amount of EUR 10 million due to the highly competitive mortgage market. This effect was partly compensated by the net interest margin on the acquired mortgage portfolios in 2020 and 2021 (EUR 7 million). Furthermore the compensation for early redemptions amounts to EUR 39 million (2020 EUR 34 million).

As of 1 October 2020, Achmea's operational mortgage activities have been centralised within Syntrus Achmea Real Estate & Finance (SAREF), as part of the strategy of Achmea to increase its market share in the Dutch mortgage market in the coming years. This transfer includes the origination of mortgages for Achmea Pensioen- en Levensverzekeringen N.V., which resulted in a decrease of fee income for Achmea Bank of EUR 8 million.

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.

Improvement of the macro-economic outlook results in a positive development of housing prices in the Netherlands. Together with the impact of the implementation of a second generation of the IFRS 9 risk model, the loan loss provision decreased with EUR 14 million (2020: EUR 28 million) in 2021. This decline reflects the inherent low credit risk profile of the Achmea Bank's mortgage portfolio.

Compared to 2020, operating expenses slightly decreased with EUR 4 million. The bank-related levies increased by EUR 4 million and the servicing costs related to the acquired portfolios rose by EUR 1 million, which were compensated by lower cost allocation of EUR 8 million as a result of the aforementioned mortgage originations and servicing centralization in 2020 and lower project costs of EUR 1 million.

In 2021 the Dutch mortgage market continued to be highly competitive and interest rates remained low. These factors resulted in high volumes of new mortgages and refinancing of existing mortgages, with an overall demand for longer fixed-rate periods. The origination of new mortgages for Achmea Bank through the Achmea Mortgages Investment Platform increased in 2021 with EUR 0.1 billion to EUR 0.8 billion. Combined with the acquired portfolio of EUR 0.5 billion and prepayments of EUR 1.9 billion (2020: EUR 1.7 billion), the mortgage portfolio of Achmea Bank decreased from EUR 11.6 billion to EUR 11.1 billion by the end of 2021.

In 2021, Achmea Bank acquired a portfolio of Dutch residential mortgages of EUR 0.5 billion from a.s.r. Achmea Bank and a.s.r. have expressed the intention to do similar transactions in 2022 and 2023. In addition, it is the intention that Achmea Bank acquires roughly EUR 190 million of newly originated mortgages from a.s.r. annually for the next three years. The latter are mainly mortgages with a short fixed-interest period.

The Bank has a diversified funding mix, comprising retail funding as well as unsecured and secured wholesale funding and retained its sound liquidity position with liquidity ratios well above regulatory limits. The savings portfolio remained relatively stable at EUR 7.3 billion (2020 EUR 7.2 billion). As of mid-August 2021, the Bank charges negative interest on saving balances above EUR 100,000, following the general development of the saving rates in the Netherlands. In 2021 Achmea Bank issued an inaugural EUR 0.5 billion covered bond under its new EUR 5 billion Soft Bullet Covered Bond Programme.

In line with the capital policy and Achmea Bank's strong capital position, the bank paid EUR 56 million dividend to its shareholder Achmea B.V. This amount includes the 2019 and 2020 net distributable profit. Due to the economic uncertainties surrounding Covid-19, Achmea Bank followed the Central Bank request to refrain from capital distributions in 2019 and 2020. After these restrictions were released at the end of September 2021, Achmea Bank paid the dividend over these years to Achmea B.V. in October 2021.

The Total Capital ratio increased to 20.9% (2020: 20.4%). Achmea Bank currently applies the standardized approach to calculate the risk weights of its assets. Achmea Bank is working towards the implementation of Advanced Internal Rating-Based (AIRB) approach for its regular mortgage portfolio(s), which strengthens the bank's data driven strategy and credit risk management further and is expected to result in lower capital requirements.

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

**Outlook**

We follow closely the geopolitical situation, the international measures and the effects thereof on the financial markets. Please note that Achmea Bank has no direct exposure to Ukraine and Russia. Next to the situation in Ukraine we are of course also closely monitoring other uncertain situations i.e. covid. Managing uncertainty is an inherent part of our line of business. Our capital and liquidity position, together with our risk management system, are safeguards to possible second order effects.

Tilburg, 11 March 2022

The Managing Board  
P.J. Huurman  
M.J.M. Geubbels

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BEFORE APPROPRIATION OF RESULT		
IN THOUSANDS OF EUROS		
AS AT	31 DECEMBER 2021	31 DECEMBER 2020
<b>Assets</b>		
Cash and balances with Central Banks	780,114	938,708
Derivative assets held for risk management	61,769	82,035
Loans and advances to banks	592,694	669,166
Loans and advances to public sector	629	652
Loans and advances to customers	11,363,221	12,092,263
Deferred tax assets	1,879	4,760
Prepayments and other receivables	47,684	46,092
<b>Total Assets</b>	<b>12,847,990</b>	<b>13,833,676</b>
<b>Liabilities</b>		
Funds entrusted	7,515,211	7,447,114
Deposits from banks	55,535	377,234
Debt securities issued	4,050,709	4,651,080
Derivative liabilities held for risk management	339,695	456,475
Current tax liabilities	2,043	7,533
Accruals and other liabilities	65,040	57,053
Provisions	500	1,200
Subordinated liabilities	1,191	1,191
<b>Total Liabilities</b>	<b>12,029,924</b>	<b>12,998,880</b>
Share Capital	18,152	18,152
Share premium	505,609	505,609
Other reserves	255,036	283,506
Net profit for the period	39,269	27,529
<b>Total Equity</b>	<b>818,066</b>	<b>834,796</b>
<b>Total Equity and Liabilities</b>	<b>12,847,990</b>	<b>13,833,676</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN MILLIONS OF EUROS	2021	2020	CHANGE
Interest Income	304	335	-9%
Interest expense	166	194	-14%
<b>Interest margin</b>	<b>138</b>	<b>141</b>	<b>-2%</b>
Changes in fair value of financial instruments	5	-5	n/a
<b>Interest margin and changes in fair value of financial instruments</b>	<b>143</b>	<b>136</b>	<b>5%</b>
Other income	1	1	0%
Fees and commission income and expense	1	9	-89%
<b>Operating income</b>	<b>145</b>	<b>146</b>	<b>-1%</b>
Impairment of financial assets	-9	3	n/a
Operating expenses	102	106	-4%
<b>Total expenses</b>	<b>93</b>	<b>109</b>	<b>-15%</b>
<b>Operating profit before income taxes</b>	<b>52</b>	<b>37</b>	<b>41%</b>
Income tax expense	13	9	44%
<b>Net profit</b>	<b>39</b>	<b>28</b>	<b>39%</b>
Operating profit excluding fair value result	47	42	12%
<b>RATIOS</b>	<b>2021</b>	<b>2020</b>	
Return on average equity	4.8%	3.4%	
Efficiency ratio (operating expenses/interest margin, fees and other income)	72.6%	69.9%	
Common Equity Tier 1 Capital Ratio	20.9%	20.4%	
Total Capital Ratio	20.9%	20.4%	
Leverage ratio	6.5%	6.0%	
Net Stable Funding Ratio	133%	126%	
Liquidity Coverage Ratio	297%	332%	

The financial information included in this press release is based on the 2021 audited financial statements of Achmea Bank N.V. which have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed for use in the European Union.

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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](http://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 €7 billion. Achmea Bank is located in Tilburg. [www.achmeabank.com](http://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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