



ACHMEA BANK N.V. REPORTS A POSITIVE RESULT OF EUR 37 MILLION

LIMITED IMPACT COVID-19 CRISIS ON ACHMEA BANK'S FINANCIAL POSITION

Tilburg, 15 March 2021

- Achmea Bank N.V. reported for 2020 an operating profit of EUR 37 million, EUR 28 million after tax (2019: EUR 50 million, after tax EUR 37 million)
- The Common Equity Tier 1 Capital Ratio remains strong at 20.4% (2019: 19.2%)
- Achmea Bank further executed its ambition to grow in mortgages, through the acquisition of a portfolio of Dutch residential mortgages from BinckBank of EUR 0.5 billion
- Achmea Bank combined its mortgage activities with Syntrus Achmea Real Estate & Finance to focus on growth in mortgages
- The Bank positions itself to become a data driven connected bank optimizing its asset base to support the Achmea strategy

Achmea Bank reported a profit before tax of EUR 37 million in 2020 (2019 EUR 50 million). The 2019 result included an one-off accounting result of EUR 18 million related to the a.s.r. transaction. The operating result for 2020, excluding one-off results and fair value result, increased from EUR 34 million in 2019 to EUR 42 million in 2020. The increase in operating result is mainly due to a higher interest margin of EUR 16 million. Impairment charges amounted EUR 3 million (2019 EUR +4 million).

2020 was dominated by the Covid-19 crisis. This crisis affects the social and economic living environment and thereby also our customers. Since March 2020, Achmea Bank offered the possibility of a payment holiday to mortgage customers with payment difficulties directly related to the Covid-19 crisis. During 2020 we were able to help almost 430 mortgage customers of Achmea Bank (0.5% of the total). 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 into liquidity problems and can keep affording their homes. This is one of the solutions that Achmea Bank offered to its mortgage customers. The impact of Covid-19 on the loan loss provision is an increase of EUR 3 million, mainly caused by the update of the macro economic developments.

In 2020, Achmea Bank acquired a portfolio of Dutch residential mortgages from BinckBank, part of the Saxo Bank Group, with a size of EUR 0.5 billion. In 2020 the origination of new mortgages decreased with EUR 0.2 billion to EUR 1.6 billion, of which EUR 0.9 billion for Achmea Pensioen- en Levensverzekeringen N.V. (2019 EUR 1.0 billion). Combined with the acquired portfolio and prepayments of EUR 1.7 billion (2019 EUR 1.2 billion), the regular mortgage portfolio of Achmea Bank decreased from EUR 12.1 billion to EUR 11.6 billion by the end of 2020. Total assets under management, including mortgages originated for Achmea Pensioen- en Levensverzekeringen N.V. of Achmea Bank increased to EUR 14.3 billion.

In October 2020, Achmea Bank joined the Achmea Mortgages Investment Platform of Syntrus Achmea Real Estate & Finance. This platform is a separate account for mortgages which allows institutional investors to build their own Dutch residential mortgage portfolio with the risk and duration profile they desire. These mortgages are marketed under the Centraal Beheer brand. Achmea Bank is one of the first investors in this platform. The introduction of the Achmea Mortgages Investment Platform is another step forward for Achmea in the process of combining its mortgage activities. As of 1 October 2020, Achmea's operational mortgage activities have largely been placed within Syntrus Achmea. By joining forces of its mortgage activities and the introduction of the Achmea Mortgages Investment Platform, Achmea aims to increase its market share in the mortgage market in the coming years.

The savings portfolio remained stable at EUR 7.2 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. At year-end 2020, Achmea Bank has drawn EUR 0.4 billion on the refinancing operations (PELTROs) offered by the European Central Bank. The Bank retained its sound liquidity position with liquidity ratios well above limits. In February 2021, the Bank announced that the Bank is preparing for an additional Soft bullet Covered Bond Programme to further diversify its funding mix.

The Total Capital ratio increased to 20.4% (2019: 19.2%). The Total Capital ratio increased, mainly due to the addition of the net result 2019 and decrease of the mortgage portfolio. Achmea Bank currently applies the standardized approach to calculate the risk weighting of its assets. Achmea Bank is working towards the implementation of Advanced Internal Rating Based (AIRB) models for their regular mortgage portfolio(s).

In line with the recommendation of The European Central Bank and the European Banking Authority concerning dividend pay-outs, not to distribute any dividends, Achmea Bank proposes to add the net result of 2020 to the other reserves. Achmea Bank intends to pay out a total

dividend of EUR 56 million, which equals to the distributable net result over 2019 and 2020, as soon as it is in accordance with the ECB recommendation to make such payment.

In June 2020, Fitch confirmed the Issuer Default Rating of A/Stable (Fitch). Standard and Poor's confirmed the Issuer Credit Rating Outlook per 30 October 2020 at A-/stable.

INTEREST MARGIN

The interest margin in 2020 increased by EUR 16 million compared to 2019. Achmea Bank actively manages to decrease their funding costs. 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 20 million. This includes a negative impact of EUR 4 million related to a prepayment of debt securities to reduce future funding costs. The margin on the mortgage portfolio decreased mainly due to a lowering of mortgage rates because of prepayments and scheduled repricing as a consequence of the current challenging low interest rate environment. The decrease was partly compensated by the higher net interest margin of the acquired mortgage and saving portfolio(s) in 2019 for an amount of EUR 13 million. The compensation for early redemptions increased with EUR 23 million to EUR 34 million.

FAIR VALUE EFFECTS

The fair value result amounted to a loss of EUR 5 million (2019 loss of EUR 4.0 million), excluding the one-off accounting result of the acquisition of the a.s.r. banking activities. The fair value result 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.

OPERATING EXPENSES

Compared to 2019, operating expenses remained stable at EUR 106 million (2019 EUR 105 million). The servicing costs increased by EUR 4 million and the bank-related levies increased by EUR 3 million, both related to the acquired portfolios. The 2019 expenses included the expected reorganisation costs of EUR 3 million, the 2020 expenses included the release of EUR 2 million, which resulted in total reorganisation costs of EUR 1 million, mainly related to the concentration of the operational mortgage activities. To further enhance efficiency Achmea concentrated the operational mortgage activities in Amsterdam and Apeldoorn, which resulted in a decrease of FTE's. This was partially compensated by the reallocation of the IT department to Achmea Bank, of which prior cost were charged by Achmea group. The number of employees decreased from 209 FTE to 192 FTE at the end of 2020.

PORTFOLIO PERFORMANCE

In 2020, the impairment charges amounted to EUR 3 million (2019 release of EUR 4 million), of which EUR 2 million relates to the regular portfolio (2019: EUR 1 million). The provision for the regular mortgage portfolio slightly increased from 8 to 10 basis points in 2020. The addition in 2020 is mainly related to the potential impact on our mortgage portfolio of a worsening of the macro-economic outlook as a result of the Covid-19 crisis and the impact of clients using the Covid-19 payments holiday. The related impact was partly mitigated by higher residential house prices and a decrease in defaults within the regular portfolio. With respect to the Acier portfolio, the provisioning decreased from EUR 22 million as per 31 December 2019 to EUR 17 million per 31 December 2020. The decrease is related to mutations of a limited number of individual loans. The Acier loan portfolio differs in characteristics from the regular Achmea Bank mortgage portfolio. Achmea B.V. issued a capped guarantee to cover credit risk and legal claims related to this portfolio. Based on this contract Achmea Bank can claim a large part of the credit losses and legal claims on the Acier portfolio with Achmea B.V.

OUTLOOK

Uncertainties remain with regard to the further course, duration and intensity of the Covid-19 pandemic 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, 15 March 2021

The Executive Board
P.J. Hurman
M.J.M. Geubbels

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BEFORE APPROPRIATION OF RESULT		
IN THOUSANDS OF EUROS		
AS AT	31 DECEMBER 2020	31 DECEMBER 2019
Assets		
Cash and balances with Central Banks	938,708	72,366
Derivative assets held for risk management	82,035	90,513
Loans and advances to banks	669,166	713,350
Loans and advances to public sector	652	675
Loans and advances to customers	12,092,263	12,632,401
Deferred tax assets	4,760	–
Prepayments and other receivables	46,092	147,468
Total Assets	13,833,676	13,656,773
Liabilities		
Derivative liabilities held for risk management	456,475	464,969
Deposits from banks	377,234	197,749
Funds entrusted	7,447,114	7,507,919
Debt securities issued	4,651,080	4,574,111
Provisions	1,200	3,600
Current tax liabilities	7,533	23,753
Deferred tax liabilities	0	930
Accruals and other liabilities	57,053	68,139
Subordinated liabilities	1,191	8,336
Total Liabilities	12,998,880	12,849,506
Share Capital	18,152	18,152
Share premium	505,609	505,609
Reserves	283,506	246,377
Net profit	27,529	37,129
Total Equity	834,796	807,267
Total Equity and Liabilities	13,833,676	13,656,773

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN MILLIONS OF EUROS	2020	2019	CHANGE
Interest Income	335	343	-2%
Interest expense	194	218	-11%
Interest margin	141	125	13%
Changes in fair value of financial instruments	-5	16	n/a
Interest margin and changes in fair value of financial instruments	136	141	-4%
Other income	1	2	-50%
Fees and commission income and expense	9	8	13%
Operating income	146	151	-3%
Impairment of financial instruments and other assets	3	-4	n/a
Operating expenses	106	105	1%
Total expenses	109	101	8%
Operating profit before income taxes	37	50	-26%
Income tax expense	9	13	-31%
Net profit	28	37	-24%
Operating profit excluding exceptional items and fair value result	42	34	24%
RATIOS	2020	2019	
Return on average equity	3.4%	4.6%	
Efficiency ratio (operating expenses/interest margin, fees and other income)	69.9%	78.0%	
Common Equity Tier 1 Capital Ratio	20.4%	19.2%	
Total Capital Ratio	20.4%	19.2%	
Leverage ratio	6.0%	5.7%	
Net Stable Funding Ratio	126%	121%	
Liquidity Coverage Ratio	332%	249%	

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. The primary statements included in this press release are based on the audited Financial Statements of Achmea Bank and have not been audited separately.

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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 €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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