



ACHMEA BANK REPORTS A POSITIVE RESULT AND RETAINS A STRONG LIQUIDITY POSITION

Tilburg, 16 August 2019

- Achmea Bank N.V. reports a profit before tax of EUR 9 million, EUR 7 million after tax for the first half-year 2019
- The Bank issued a Conditional Pass Through Covered Bond of EUR 500 million
- The Common Equity Tier 1 Ratio increased to 21.3 % (2018: 20.8%)
- Achmea Bank will acquire part of the banking operations of a.s.r. bank

The operating profit, excluding exceptional items, decreased from EUR 18 million in the first half-year of 2018 to EUR 9 million in the first half-year of 2019. The lower operating profit is due to increased operating expenses (EUR 10 million), lower fair value result (EUR 3 million) and a higher addition to the loan loss provision (EUR 2 million) and is partly compensated by higher interest margin (EUR 5 million) and higher fee income (EUR 1 million).

The interest margin in 2019 increased by EUR 5 million compared to the same period 2018, mainly as a result of lower funding costs. Furthermore, the 2018 interest margin included a negative result of prepayment of debt securities of EUR 2 million.

Compared to the same period in 2018, operating expenses increased by EUR 10 million, of which EUR 8 million is due to a policy change by Achmea B.V. with respect to cost allocation. The costs of outsourcing increased by EUR 1 million, due to increased mortgage production.

The net addition to the loan loss provision amounted to EUR 2 million of which EUR 0.7 million related to the Acier portfolio. The provision for the regular portfolio increased slightly from 8 points per the end of 2018 to 9 basis points per the end of June 2019. The number of defaults continues to be low. The addition in 2019 was mainly related to further model improvements and a lower macro-economic outlook related to the Acier portfolio, which is included in the calculation of the loan loss provision as of the application of IFRS 9.

In the first half-year of 2019 the production of new mortgages increased sharply with EUR 435 million to EUR 788 million, of which EUR 461 million for Achmea Pensioen- en Levensverzekeringen N.V. (2018 EUR 57 million). Furthermore, the production of the niche mortgage propositions, e.g. the buy-to-let mortgage and a mortgage product for self-employed persons, increased to EUR 123 million.

The regular mortgage portfolio of Achmea Bank remained relatively stable at EUR 9.6 billion (2018 EUR 9.8 billion).

As announced on 21 March 2019, Achmea and a.s.r. have agreed that Achmea Bank will acquire part of the banking operations of a.s.r. bank. These operations consist of a liability portfolio with savings of EUR 1.7 billion and approximately 125,000 customers, and an asset portfolio consisting of mortgages with a volume of EUR 1.5 billion. The acquisition of the portfolios fits with Achmea's strategy, which is in part focused on growth in pensions and pension services, along with integrated banking products and asset management. The acquisition has been approved by the Dutch Central Bank and the advisory process with the Works Councils has been completed. Achmea and a.s.r. expect to finalise the integration of this transaction in the second half of 2019.

The savings portfolio remained stable at EUR 5.7 billion (2018 EUR 5.7 billion). In 2019 Achmea Bank redeemed EUR 0.6 billion RMBS notes and issued a conditional pass Through Covered Bond of EUR 0.5 million. The Bank retained its sound liquidity position with liquidity ratios well above internal and external limits.

The Total Capital ratio increased to 21.4% (2018: 20.9%). The Common Equity Tier 1 (CET1) ratio increased to 21.3% as per June 2019 (20.8% at the end of 2018). The increase is mainly due to an improvement in the creditworthiness of a number of loans in the Acier portfolio. The net result 2018 of EUR 29 million is paid-out as a dividend.

Since year-end 2018 Achmea Bank has retained its Issuer Default Rating of A/Stable (Fitch). Standard and Poor's revised the Issuer Credit Rating Outlook per 31 March 2019 from A-/ negative to A-/stable.

OUTLOOK

The market circumstances for mortgage products have improved, mainly driven by lower interest rates on capital markets resulting in higher margins on new mortgages. Modernizing the product conditions of our mortgage lines, e.g. automatic reduction of risk premiums, on the other hand will decrease slightly future interest margins. Overall we expect to be able to further improve interest margin by further decreasing funding costs and continued focus on niche propositions. We expect the number of defaults in the regular portfolio to continue to be low. Given the specific nature of the Acier portfolio, coupled with the macro-economic uncertainty, we are unable to make any predictions regarding loan impairments in the Acier portfolio and fair value effects.

Tilburg, 16 August 2019

The Executive Board

P.J. Huurman, Chief Executive Officer

P.C.A.M. Emmen, Chief Financial & Risk Officer

KEY FIGURES

FOR THE PERIOD ENDED 30 JUNE		
IN THOUSANDS OF EUROS		
	2019	2018
Interest Income	175	197
Interest expense	114	141
Interest margin	61	56
Changes in fair value of financial instruments	-3	-
Interest margin and changes in fair value of financial instruments	58	56
Other income	1	1
Fees and commission income and expense	3	2
Operating income	62	59
Impairment of financial instruments and other assets	2	-
Operating expenses	51	41
Total expenses	53	41
Operating profit before income taxes	9	18
Income tax expense	2	5
Net profit	7	14
Operating profit before income taxes regular Achmea Bank portfolio	8	17
Operating profit before income taxes Acier loan portfolio	1	1
Operating profit before income taxes Achmea Bank	9	18
Ratios	30 June	31 December
	2019	2018
Return on average equity	1.8%	3.6%
Efficiency ratio (operating expenses/interest margin, fees and other income)	78.8%	67.8%
Common Equity Tier 1 Capital Ratio	21.3%	20.8%
Total Capital Ratio	21.4%	20.9%
Leverage ratio	6.6%	6.5%
Net Stable Funding Ratio	125%	121%
Liquidity Coverage Ratio	206%	364%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUROS		
	30 JUNE 2019	31 DECEMBER 2018
Assets		
Cash and balances with Central Banks	138,529	115,781
Derivative assets held for risk management	95,831	82,575
Loans and advances to banks	664,415	758,361
Loans and advances to public sector	687	699
Loans and advances to customers	10,920,750	11,056,321
Interest-bearing securities	196,530	201,168
Prepayments and other receivables	128,358	70,912
Total assets	12,145,100	12,285,817
Liabilities		
Derivative liabilities held for risk management	529,269	470,479
Deposits from banks	85,809	202,148
Funds entrusted	5,833,594	5,859,866
Debt securities issued	4,793,582	4,858,361
Provisions	1,300	150
Current tax liabilities	38,314	34,102
Deferred tax liabilities	294	1,632
Accruals and other liabilities	71,290	45,562
Subordinated liabilities	8,114	8,336
Total liabilities	11,361,565	11,480,636
Share capital	18,152	18,152
Share premium	505,609	505,609
Reserves	253,100	251,948
Net profit	6,674	29,472
Total Equity	783,535	805,181
Total Equity and liabilities	12,145,100	12,285,817

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.

For further information:

Media:

Marco Simmers
+31 6 5343 8718
marco.simmers@achmea.nl
www.achmeabank.com

Investors:

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

Frits van Deijk
+31 6 3045 1482
F.van.Deijk@achmea.nl
www.achmeabank.com

Achmea Bank N.V.

Spoorlaan 298
5017 JZ Tilburg
The Netherlands

P.O. Box 54
7300 AB Apeldoorn
The Netherlands

www.achmeabank.com

Chamber of Commerce The Hague no. 27154399