

Achmea Hypotheekbank N.V.  
Press release, Annual Report 2010  
16 March 2011

- **Net Profit of EUR 46 million (2009: EUR 50 million), generated a return on average equity of 9.1% (2009: 10.9%)**
- **Excellent portfolio performance**
- **EUR 1.9 billion of wholesale funding raised in 2010**
- **Core Tier 1 ratio improved to 12.8% (2009: 10.4%) and the BIS ratio to 15.3% (2009: 13.1%)**

## **Achmea Hypotheekbank achieves good results despite increased funding cost**

Despite difficult market circumstances, Achmea Hypotheekbank generated good financial returns during 2010. Net profit decreased by EUR 4 million (8%) to total EUR 46 million, but return on average equity remained satisfactory at 9.1%. Capitalization of the bank improved, resulting in a Core Tier 1 ratio of 12.8% and a BIS ratio of 15.3%.

### **Interest margin declined but profitability remained satisfactory**

In aggregate interest margin declined by EUR 31 million (26%) in 2010. Of this amount, EUR 19 million was caused by an increase in the net cost of refinancing the bank's funding under difficult but improving market circumstances characterised by increased liquidity spreads. In addition the gradual rise in short term interest rates throughout the year also contributed to a reduction in the interest margin of approximately EUR 10 million.

Fees and commission expense decreased by EUR 7 million (64%) as the Front-office activities for the Woonfonds Hypotheken and Avéro Achmea labels were transferred to Achmea Hypotheekbank. Total expenses decreased by EUR 2 million (4%).

Net profit amounted to EUR 46 million in 2010, including a gain (net of tax effects) of EUR 17 million (pre-tax: EUR 23 million) on changes in fair value of financial instruments compared to a gain of EUR 4 million (pre-tax: EUR 6 million) in 2009. Excluding the aforementioned fair value changes, the figure for net profit amounted to EUR 29 million in 2010, compared to EUR 46 million in 2009, representing a reduction of 37%.

### **Excellent portfolio performance**

The mortgage portfolio decreased by EUR 0.7 billion from EUR 13.6 billion as at December 2009 to EUR 12.9 billion as at December 2010. This is in line with the bank's strategy to maintain profit margins in favour of volume growth. Despite the difficult economic environment the quality of the credit portfolio remained very strong as write offs on receivables amounted to EUR 6.4 million in 2010 and the amount of payments being in arrears by more than 91 days, amounted to less than EUR 0.5 million (less than 1 basis point of the mortgage portfolio).

### **The liquidity position strengthened**

In 2010 the bank strengthened the liquidity position by successfully issuing two securitizations for a total amount of EUR 1.9 billion. In addition, more than EUR 0.8 billion of additional savings were raised by Achmea Retail Bank N.V. during the fourth quarter of 2010, of which a significant part is used to fund Achmea Hypotheekbank's mortgage portfolio.

### **Focus on Core Tier 1 Capital**

In anticipation of the more stringent capital requirements as set out in Basel III, Core Tier 1 capital strengthened from 10.4% to 12.8%.

## Achmea Hypotheekbank N.V.

### KEY FIGURES

for the year ended 31 December

In millions of euros	2010	2009	Change
Interest income	686	721	-5%
Interest expenses	597	601	-1%
Interest margin	89	120	-26%
Changes in fair value of financial instruments	23	6	283%
Interest margin and changes in fair value of financial instruments	<b>112</b>	<b>126</b>	<b>-11%</b>
Fee and commission expense	4	11	-64%
<b>Operating income</b>	<b>108</b>	<b>115</b>	<b>-6%</b>
Operating expenses	38	36	6%
Impairment on financial instruments and other assets	9	10	-10%
Impairment on intangible assets	0	3	-100%
<b>Total expenses</b>	<b>47</b>	<b>49</b>	<b>-4%</b>
<b>Profit before income taxes</b>	<b>61</b>	<b>66</b>	<b>-8%</b>
Income tax expenses	15	16	-6%
<b>Net profit</b>	<b>46</b>	<b>50</b>	<b>-8%</b>

#### Ratios

	2010	2009
Efficiency ratio	35.2%	31.3%
BIS ratio	15.3%	13.1%
Core Tier 1 ratio	12.8%	10.4%
Return on average equity	9.1%	10.9%

## Achmea Hypotheekbank N.V.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of euros	31-12-2010	31-12-2009
<b>Assets</b>		
Cash and cash equivalents	9	30
Derivative assets held for risk management	710	383
Loans and advances to banks	899	1,115
Loans and advances to public sector	806	250
Loans and advances to customers	13,477	14,137
Interest-bearing securities	130	80
Current tax assets	21	-
Deferred tax assets	1	1
Prepayments and other receivables	22	3
<b>Total assets</b>	<b>16,075</b>	<b>15,999</b>
<b>Liabilities</b>		
Derivative liabilities held for risk management	796	674
Deposits from banks	1,814	1,280
Funds entrusted	1,272	1,235
Debt securities issued	11,361	12,002
Current tax liabilities	-	14
Deferred tax liabilities	24	8
Accruals and other liabilities	104	121
Subordinated liabilities	175	181
<b>Total liabilities</b>	<b>15,546</b>	<b>15,515</b>
<b>Shareholders' equity</b>	<b>529</b>	<b>484</b>
<b>Total equity and liabilities</b>	<b>16,075</b>	<b>15,999</b>

The financial statements of Achmea Hypotheekbank 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.

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