Achmea Bank N.V.
Pillar III report
2021

KvK 27154399

achmea Bank

Contents

SUMMARY ANALYSIS

Common Equity Tier 1 ratio (CET1-ratio) (2020: 20.4%) **20.9%**	Tier 1 Capital ratio (2020: 20.4%) **20.9%**	Total Capital ratio (2020: 20.4%) **20.9%**
Leverage ratio (2020: 5.9%) **6.5%**	Total Risk Weighted Exposure Amount (2020: € 3,954M) **€ 3,726M**	Write-offs (2020: € 5.063 M) **€ 4.965M**
Liquidity Coverage ratio (LCR) (2020: 332%) **297%**	Net Stable Funding ratio (NSFR) (2020: 126%) **133%**	

Capital management

Achmea Bank is adequately capitalized, also from a strategy, growth and diversification point of view. The Total Capital ratio at 31 December 2021 amounted to 20.9% and is well above the current requirements and limits for the capital (risk) position of Achmea Bank. Also in the near future the capital positions is expected to stay above limits. To ensure this, the bank frequently and consistently monitors projections of its capital position, both in going-concern as in stress for a horizon of at least 3 years. Since the end of 2019 Achmea Bank has an increased (internal) focus on capital optimization, where capital size, composition and costs form important elements.

Minimum Required Eligible Liabilities

Pursuant to the Single Resolution Mechanism (SRM) Regulation, on 17 December 2021 De Nederlandsche Bank (DNB) in its capacity of National Resolution Authority (NRA) set the Minimum Requirement for own funds and Eligible Liabilities (MREL) for Achmea Bank at 10.9% of the Total Risk Exposure Amount (MREL-TREA) and at 3% of the Total Exposure Measure (MREL-TEM). At year-end 2021 the amount of available own funds was EUR 779 million, which adequately covers both requirements of EUR 405 million (MREL-TREA) and EUR 357 million (MREL-TEM). The MREL requirements do not lead to any additional capital requirements.

Advanced Internal Rating Based (AIRB) approach

Achmea Bank currently operates under the Standardized Approach (SA), the Basel II methodology applied for calculating credit risk and determining the capital requirement. An alternative to calculating credit risk and thus the capital requirement is the Advanced Internal Rating-Based (A-IRB) approach. 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 requirement. A-IRB ensures further professionalization in areas necessary to improve our competitiveness. Our goal is to receive AIRB permission in 2023.

Liquidity management

The liquidity risk management of Achmea Bank is adequate. The development of relevant indicators, such as the cash and liquidity position, the survival period and the Liquidity Coverage ratio (LCR) are monitored consistently by the bank. The size and composition of the liquidity buffer at 31 December 2021 is adequate and enables the bank to continuously meet its payment obligations, both under normal and stressed conditions. Achmea Bank consistently complies with internal and external requirements, including healthy balance sheet ratios, e.g. asset encumbrance (ratio).

INTRODUCTION

This document presents the consolidated Capital Adequacy and Risk Management report (hereafter referred to as Pillar III report) of Achmea Bank N.V. as at 31 December 2021.

Achmea Bank operates under the CRDIV capital framework which came into force in 2014. CRDIV constitutes the Basel framework which aligns regulatory requirements with the economic principles of risk management. CRDIV is implemented into Dutch law as amendments to the 'Financial Supervision Act' (Wet op het financieel toezicht, Wft) and further accompanying regulations. Pillar III requirements under CRDIV are designed to promote market discipline through the disclosure of key information about risk exposures and risk management processes. Achmea Bank's 2020 year end disclosures are prepared in accordance with the CRDIV requirements and associated guidelines of the European Banking Authority (EBA) technical standards that came into force.

The implementation of CRDIV is subject to transitional arrangements. As of the end of 2021, Achmea Bank no longer uses transitional arrangements.

In addition to the changes required under CRDIV, Achmea Bank monitors and assesses the impact of ongoing regulatory developments.

This report describes the Bank's:

- Company profile
- Risk management
- Covid-19
- Capital management
- Liquidity management
- Credit Risk management
- Securitisations
- Operational Risk management
- Market risk management
- Remuneration principles and policy
- Climate-related risk

ACHMEA BANK

Achmea Bank N.V. (Achmea Bank or the Bank) is licensed as a financial services provider under the Financial Supervision Act (Wft). All shares in the Company are held by Achmea B.V. (hereinafter, together with its subsidiaries and affiliates, referred to as ’Achmea’).

Achmea, one of the largest insurance companies in the Netherlands with a history stretching back more than 200 years, offers its clients a range of insurance and banking products and services. Achmea is an innovative service provider with the ambition to provide financial comfort to its customers. The key brands in the Dutch market are Centraal Beheer and Zilveren Kruis.

At year end the main shareholders of Achmea B.V. were Vereniging Achmea (61%) and Coöperatieve Rabobank U.A. (28%). The percentages reflect the capital rights of the shareholders of Achmea.

Achmea Bank is a wholly owned subsidiary of Achmea , the largest insurer in the Netherlands, with a history of more than 200 years.

Achmea Bank is a customer-driven, efficient and agile date driven network bank. We aim for a high level of customer satisfaction. Customers expect outstanding service quality, simple and intuitive processes, 24/7 availability, self-service, transparency of products and pricing, personalization and tailoring, and a consistent approach across channels. We strive to offer our customers an excellent digital customer experience.

We are actively involved with our customers and society. Our staff are trustworthy, knowledgeable and professional. The duty of care is deeply embedded in our corporate culture. We are result oriented and have a professional, open and informal culture. We are located in Tilburg and employ around 200 people.

PRODUCTS

Achmea Bank primarily provides owner-occupied residential mortgage loans to private customers under the labels Centraal Beheer and Woonfonds. Mortgage lending is secured by a contingent claim on residential properties in the Netherlands. Centraal Beheer and Woonfonds use the distributive power of intermediaries to offer mortgage loans. Furthermore, Centraal Beheer offers mortgage loans online. The Acier portfolio relates to the former Staalbankiers portfolio that was acquired in 2015 and 2016. This portfolio is a closed book portfolio.

Achmea Bank also provides savings products in the third and fourth pillar to private customers under the Centraal Beheer label. Relevant for our customers to further support them in wealth accumulation, and relevant for our business model as substantial part of Achmea Bank’s funding consists of retail savings. In addition, unsecured and secured money market and capital market funding is used to fund the Bank’s activities.

Achmea Bank plays a key role in the wealth accumulation strategy of Achmea by providing its retail savings and niche mortgage products and as investor in AMIP (Achmea Mortgages Investment Platform). Centraal Beheer is our main brand for mortgage and savings products. Centraal Beheer transforms from a traditional insurer into a broad financial services provider in the field of insurance, saving, (retail) investment and mortgages.

STRATEGY

Achmea has stated her purpose as Sustainable Living Together. Being a financial service provider by and for customers, Achmea has the ambition to create sustainable value for its customers, employees, company and society at large.

We want to help people to make well-considered financial decisions throughout their life by means of providing them insight, overview and comprehensible products.

Achmea aims to be a leading player in retirement services in response to social and demographic trends and in anticipation of a shift towards more individualized needs for retirement solutions. Achmea has positioned itself strongly in this market and offers integrated propositions to consumers consisting of pension solutions, investment products, and savings and mortgage products.

Achmea Bank plays a relevant role in achieving this goals as funder of the Achmea Mortgages Investment Platform, as servicer and backbone of retail wealth accumulation products, as developer of relevant propositions and services for customers on wealth accumulation and living. As network bank with data driven competences.

The business model is primarily based on the interest margin on mortgage products. We invest in and provide a full range of mainstream products primarily through the Centraal Beheer brand. In addition to the mainstream products we aim to target clients in underserved market segments (niche markets) with tailored solutions such as buy-to-let and mortgages for the self-employed. We also invests in mortgage portfolios of third parties. Next to this we are building in partnerships that in the future can contribute to our business model and further diversification via fee income.

The strategy of Achmea Bank consists of 4 pillars:

1. Wealth accumulation: Provider of retail savings products
2. Mortgages: Funder and provider of mortgages
3. Balance: Balance sheet transactions and liquidity provider & portfolio optimizer
4. Partnerships: New (fee) business models

Wealth accumulation:
Achmea Bank develops and manages retail savings products. Savings products are an important part of the Retirement Services strategy and are essential for Centraal Beheer as a broad financial services provider.

Mortgages:
Achmea has created a separate account (Achmea Mortgages Investment Platform, AMIP) for mortgages which allows institutional investors to build their own Dutch residential mortgage portfolio with the risk profile they desire. These mortgages are originated under the Centraal Beheer brand. Achmea Bank N.V. is one of the investors on this platform, providing a stable source of funding, ‘skin in the game’ and opportunities for investors to optimize holdings in mortgages.

Achmea Bank has a growth and diversification strategy (volume and margin based), therefore next to mainstream growth via the AMIP, Achmea Bank focusses on niche propositions to achieve better interest margins and is active in the field of acquiring third party mortgage portfolios.

Balance sheet:
Acquiring portfolios both within and outside of Achmea increases (economies of) scale and enables the bank to attract additional assets with risk/return characteristics that fit well into our balance sheet. The focus is on mortgages with a fixed interest period up to and including 10 years.

In November 2021, Achmea Bank acquired a mortgage portfolio of EUR 0.5 billion from a.s.r. This was a first step in what can grow into a strategic cooperation as both organisations have expressed the intention to conduct additional transactions of EUR 0.5 billion in both 2022 and 2023. In addition, Achmea Bank will acquire roughly EUR 0.2 billion of newly originated mortgages from a.s.r. annually for the next three years. The acquisition of this portfolio underlines our ambition to grow in mortgages.

Achmea Bank also explores other opportunities for further growth of the balance sheet, such as the role of portfolio optimizer and liquidity provider. This role is aimed at creating flexibility for institutional investors and provide them the possibility to optimize their mortgage portfolio. In short, a mortgage portfolio will match the profile and targeted characteristics of an investor when building a portfolio but over time duration will shorten and the portfolio might be less suited for the investor. Setting up a cooperation with Achmea Bank to periodically sell parts of the portfolio provides an opportunity to optimize portfolios for both parties.

Partnerships:
In order to diversify the revenue base of Achmea Bank and create additional value for Achmea and its brands in an ever changing financial world we also focus on developing new business models and partnerships.

New business models and partnerships are focused on three overall themes: wealth accumulation, balance sheet enhancement and cross-domain innovations. Within the topic “wealth accumulation” we concentrate on developing new financial products and services for Achmea especially for Centraal Beheer customers. Balance sheet enhancement is focused on diversifying and new niche markets and alternative assets. Cross-domain innovations are based on using our core competencies and banking license, such as PSD2 services.

In 2021 Achmea partnered with fintech Bittiq to expand her services with PSD2. With PSD2 customers can share their transaction data with companies. These companies use the data to give customers insights in their current and future financial situation. We want to help our customers to gain more comfort by having more insights and access to solutions. The PSD2-application of Bittiq contributes to this. Together with Centraal Beheer Achmea Bank develops other, new solutions for our customers.

To improve interest margins and realize profitable growth Achmea Bank’s has formulated the following strategic priorities:

- ➢ Growth in mainstream mortgage market through the Achmea Mortgages Investment Platform and the Centraal Beheer brand
- ➢ Growth in selected mortgage niche markets
- ➢ Investment in credit portfolios with risk/return characteristics that fit well into our financial position
- ➢ Professionalize credit risk management and thereby lowering capital requirements and increase ROE by implementing the Advanced IRB model for our Centraal Beheer and Woonfonds mortgage portfolio(s)
- ➢ Develope new (fee) business models, in order to further diversify our income, by leveraging our core competencies
- ➢ Optimize funding mix among others through the set-up of a new Covered Bond Programme with a soft bullet structure
- ➢ Offer the opportunity to optimize mortgage portfolios for Achmea and third parties

Rating agencies

Achmea bank has an implied public rating by S&P and Fitch. The ratings of both agencies are derived from Achmea’s credit rating. The S&P rating is A-/A-2 Stable Outlook, the rating was reaffirmed in March 2022. Achmea Bank has a Fitch rating of A/F1 Stable Outlook; the rating was reaffirmed in April 2022. Both rating agencies use own methodologies for assessing Achmea Bank's capital and liquidity position. These assessments include the strategic position of the bank within Achmea, its competitive position and Dutch market conditions. The latest reports can be found on Achmea Bank’s website: https://www.achmeabank.nl/investeerders/ratings.

BASIS OF CONSOLIDATION

Subsidiaries are all entities over which the Bank has control (based on the requirements of IFRS 10). The Bank controls an entity when the Bank is exposed to, or has rights to, the variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank and deconsolidated from the date that control ceases.

The consolidated financial statements of the Bank include the financials figures of the following companies:

- ➢ Dutch Residential Mortgage Portfolio II B.V. (shares are held by Stichting Holding DRMP II)
- ➢ Securitised Residential Mortgage Portfolio I B.V. (shares are held by Stichting Holding SRMP I)
- ➢ Securitised Residential Mortgage Portfolio II B.V. (shares are held by Stichting Holding SRMP II*)
- ➢ Achmea Conditional Pass-Through Covered Bond Company B.V. (shares are held by Stichting Achmea Conditional Pass-Through Covered Bond Company)
- ➢ Achmea SB Covered Bond Company B.V. (shares are held by Stichting Achmea SB Covered Bond Company**)
- ➢ Stichting Trustee Achmea Bank
- ➢ Stichting Incasso Achmea Hypotheken

*) Set up in 2020
**) Set up in 2021

All consolidated companies have their registered office in Amsterdam except for Stichting Trustee Achmea Bank which has its registered office in The Hague.

The entities Dutch Residential Mortgage Portfolio II B.V., Securitised Residential Mortgage Portfolio I B.V. and Securitised Residential Mortgage Portfolio II B.V. are companies set up by the Bank for securitisation purposes of residential mortgage loans. There are no representatives of the Bank in the boards of these entities.

Achmea Bank set up a EUR 5 billion Conditional Pass-Through Covered Bond Programme in 2017 (“ACPTCB”). The shares of Achmea Conditional Pass-Through Covered Bond Company B.V. are held by Stichting Achmea Conditional Pass-Through Covered Bond Company.

In 2021 Achmea Bank set up an additional EUR 5 billion Soft Bullet Covered Bond Programme (“SBCB”). From this programme EUR 0.5 billion has been issued in October 2021. The shares of Achmea SB Covered Bond Company B.V. are held by Stichting Achmea SB Covered Bond Company.

The Bank has a Trust agreement with Stichting Trustee Achmea Bank. Under this Trust agreement the Bank pledges mortgage receivables to Stichting Trustee Achmea Bank as collateral for liabilities of and funds entrusted to the Bank.

The Stichting Incasso Achmea Hypotheken has been set up to collect and distribute payments on the mortgage receivables to the Bank and related group companies mentioned above.

The above-mentioned companies are consolidated based on an evaluation of the substance of their relationship with the Bank and the entity’s risks and rewards. If one of the following circumstances is applicable, the Bank controls and consequently consolidates an entity when:

- The entity’s activities meet Achmea Bank’s specific funding needs;
- The Bank has decision-making power to obtain the majority of the benefits of the entity’s activities;
- The Bank is able to obtain the majority of the benefits of the entity’s activities;
- By having a right to the majority of the entity’s benefits, the Bank is exposed to the entity’s credit risks on mortgages;
- There is a cash advance facility or liquidity fund applicable for the Special Purpose Vehicles (‘SPV’) to meet their liquidity needs;
- The entity has the majority of residual interest in the SPV.

All transactions with group companies are at arm’s length.

When the Bank no longer has control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and other components of equity. Any resulting gain or loss is recognised under profit or loss. Any interest retained in the former subsidiary is measured at fair value once control is lost.

RISK MANAGEMENT

INTRODUCTION

The Executive Board bears the ultimate responsibility to formulate and implement the bank's strategy. An important element of the bank's strategy is the policy concerning capital and financial risk management and the resulting capital and funding plan. The Executive Board is responsible for the review, approval and execution of this plan. This also means that the Executive Board has the ultimate responsibility for the set up and effective operation of the processes that enable Achmea Bank to hold sufficient capital and liquidity, considering its objectives as well as the statutory and regulatory capital and liquidity adequacy requirements. Within this scope, the Executive Board has delegated specific tasks to committees, including the Asset & Liability Committee (ALCo).

The objective of the bank's risk management framework is identifying and analysing risks at an early stage and setting and monitoring limits. Adequate internal control procedures and reporting systems, including the application of appropriate limits, are key elements in the bank's risk management.

In addition to stronger prudential CRR/CRDIV requirements, there was also a need for a framework on recovery and resolution measures for banks to ensure that bank failures across the EU are managed in a way which avoids financial instability and minimizes costs for taxpayers. Therefore, in April 2014, the European Parliament passed the Bank Recovery and Resolution Directive (BRRD) effective January 1st 2016.

The Financial Stability Board (FSB) has published its final Total Loss Absorbing Capacity (TLAC) standard in November 2015 to be applied to global systemically important banks (G-SIB'-s). Hence TLAC does not apply for Achmea Bank.

KEY METRICS SUMMARY

IN MILLIONS OF EUROS	2021	2020
Common Equity Tier 1 (CET1)	779	807
Tier 1	779	807
Total capital	779	808
Total risk-weighted assets (RWA)	3,726	3,954
Common Equity Tier 1 ratio	20.9%	20.4%
Tier 1 ratio	20.9%	20.4%
Total capital ratio	20.9%	20.4%
Additional CET1 buffers		
Capital conservation buffer	2.5%	2.5%
Countercyclical buffer	0.0%	0.0%
Total of bank CET1 specific buffer	0.0%	0.0%
Leverage ratio		
leverage ratio exposure	11,904	13,572
Leverage ratio	6.5%	5.9%
Liquidity Coverage Ratio		
Total HQLA	1,217	1,389
Total Net Cash Outflow	410	418
LCR ratio	297%	332%
Net Stable Funding Ratio		
Total Available Stable funding	10,783	11,346
Total Required Stable funding	8,135	9,014
NSFR ratio	133%	126%

RISK APPROACH

Risk strategy

Achmea Bank’s risk strategy supports management in the realisation of the business strategy by defining boundaries within which the bank must operate. The risk strategy focuses on:

- sound balance sheet management to control financial risks; and
- protection of Achmea Bank’s identity and reputation: Achmea Bank aims to retain the confidence of its customers and other stakeholders.

The mission of the Risk Management departments is to ensure the financial and operational stability and continuity of Achmea Bank. Risk Management safeguards a continuous monitoring of the risk profile and that risk management is implemented correctly, in line with legislation and market best practices.

Risk appetite

Risk appetite is defined as the level of (financial and non-financial) risk the Bank is willing to take, given the Bank's business objectives. The risk appetite is translated into the minimum levels of liquidity and solvency and the maximum decline in results, the Bank is willing to accept under normal and extreme conditions. With respect to solvency and liquidity, the Bank aims to:

- achieve a responsible level of return on equity that guarantees access to the capital markets;
- maintain sufficient levels of capital and liquidity to meet internal and external requirements;
- be able to continue its business even in times of severe stress;
- avoid irresponsible concentration risks in its loan portfolio;
- maintain a sound balance sheet, including a diversified funding mix and an acceptable level of asset encumbrance; and
- have a conservative investment policy.

A further explanation of these items is provided in the following paragraphs, including the limits per individual risk type.

The risk appetite is a general policy which is reviewed at least annually. The department Balance Sheet Management & Financial Risk is responsible for the risk appetite. The risk appetite is approved by the Asset and Liability Committee (ALCo), the Finance and Risk Committee (F&RC), the Executive Board and ultimately the Supervisory Board.

Significant risks and developments

Achmea Bank identifies the following types of material risks:

- Solvency risk: Solvency risk defines the risk that the Bank cannot meet maturing obligations because it has a negative net worth, causing the market to lose its confidence in the bank;
- Liquidity risk: Liquidity risk is defined as the risk that the bank fails to fulfil its short and long-term liabilities. This includes the risk that the bank is not able to attract funding with appropriate maturities or at appropriate interest rates and the risk that the bank fails to liquidate assets at a reasonable price or within a reasonable period of time;
- Credit risk: Credit risk is defined as the risk that a counterparty cannot (fully) meet its obligations to Achmea Bank and comprises retail credit risk and the credit risk related to exposures to professional counterparties;
- Interest rate risk on banking book: Interest rate risk is the present or future risk of a decline in equity or income due to changes in market interest rates;
- Operational risk: Operational risks are possible losses as a result of inadequate or defective internal processes and systems, inadequate or incorrect human actions or external events and fraud;
- Strategic risk: Strategic risk is defined as risk that affects an entity's vital interests or execution of chosen strategy, whether imposed by external threats or arising from flawed or poorly implemented strategy.

The integral overview of the material risks, the changes in these risks and the measures taken are regularly discussed in the ALCo, Credit Committee, Finance and Risk Committee and the Executive Board. To control the material risks, risk management processes are in place which ensure that the risks are taken within the risk appetite of the bank.

RISK MANAGEMENT ORGANIZATION

Achmea Bank has two departments that have shared responsibility for risk management. The Balance Sheet management & Financial Risk department is responsible for the financial risks of the Bank. The Compliance & Operational Risk Management department is responsible for the non-financial risks.

Risk decision making

The CEO is responsible for the effectiveness of non-financial risk management. The CFRO is responsible for effectiveness of financial risk management. The financial risk management department is led by the senior manager Balance Sheet Management & Financial Risk Management. The non-financial risk management department, i.e. operational risk, is led by the senior manager Compliance & Operational Risk management.

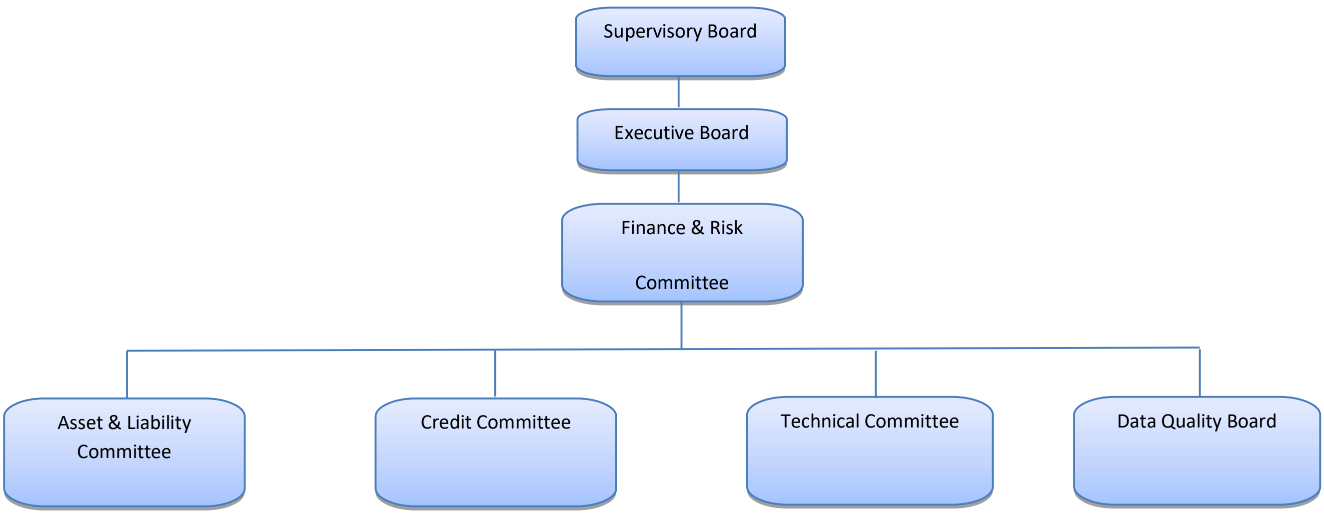
Risk governance and risk management committee structure

The Bank aims to achieve an optimal balance between risk and return. Adequate risk management is key in order to support and monitor the Bank's core activities.

The Executive Board is responsible for defining and executing the Bank's strategy. An important element of the Bank's strategy is risk management for liquidity risk, counterparty risk, credit risk, interest rate risk, foreign currency risk, operational risk and solvency risk.

The Executive Board is responsible for setting up effective processes that enable the Bank to hold sufficient capital and liquidity with respect to its objectives and the regulatory capital and liquidity adequacy requirements. Within this scope, the Executive Board delegated specific tasks to different committees (such as F&RC, Credit Committee and ALCo).

The Credit Committee, the Technical Committee, the Data Quality Board and the ALCo are sub-committees of the Finance & Risk Committee (F&RC). The F&RC is the ultimate decision-making body for new and amended policies regarding financial and operational risks. The F&RC is chaired by the CFRO, other members are the CEO and the senior managers of Balance Sheet Management & Financial Risk, Control and Compliance and Operational risk and Operations.



The Credit Committee focuses on the management of credit risk. This means that the Credit Committee has the responsibility for approving of and advising on credit policy frameworks and the implementation of it, for the monitoring of the development of the quality of the credit portfolio inclusive taking actions to act upon those developments, and for projects concerning (the organization of) credit risk within Achmea. Credit reports and reports about compliancy to the credit policies are sources for undertaking actions if needed, e.g. in case risk appetite indicators are negatively impacted. The Credit Committee is chaired by the CFRO of Achmea Bank. Other members of the Credit Committee are representatives of Balance Sheet Management & Financial Risk, Operations including Partner management and Control.

The ALCo focuses on the management of interest rate risk, market risk, professional counterparty risk (retail counterparty risk is the focus of the Credit Risk Committee), liquidity risk, funding risk and capital management. Dicisions of the ALCo are partly based on standard reports in which actual as well as forecasted figures with several (stress) scenarios are represented. In addition, the ALCo supervises compliance with the relevant regulatory guidelines. The ALCo is chaired by the CFRO of Achmea Bank. Other members of the ALCo are representatives of Balance Sheet Management & Financial Risk, Control, (Group) Corporate Finance and (Group) Treasury.

The Data Quality Board (DQB) is responsible for Data Governance within Achmea Bank. The DQB defines policies, roles and responsibilities with regard to data and monitors Data Quality of critical and non-critical data elements as well as the resolution of data issues. It also has a formal role in the approval of data definitions and the traceability of data form source to consumption (data lineage). The DQB is chaired by the senior manager of Business Intelligence & Data Analytics, other members are the senior managers of Balance Sheet Management & Financial Risk, Control, Business & Operations, IT and a representative of Compliance & Operational risk.

RISK MANAGEMENT FRAMEWORK

The objective of the bank's risk framework is identifying and analysing risks at an early stage and setting and monitoring objective limits. Adequate internal control procedures and reporting systems are key elements in the bank's risk management.

The basis of the risk framework is a three lines of defence model, in which day-to-day responsibility for risk control is assigned to the commercial and/or operational departments (first line). Achmea Bank's first line also includes the Corporate Finance and Treasury department of Achmea. The Compliance & Operational Risk Management and Balance Sheet & Financial Risk Management departments form the second line and are responsible for the relevant risk policies and the monitoring and control of the Bank's risks. Internal Audit forms the third line and performs independent audits on the risk framework.

The core activities of the second line of defence are the following:

Balance Sheet & Financial Risk Management supports (and challenges) the first line in identifying, modelling, assessing, measuring and monitoring financial risks. Balance Sheet & Financial Risk Management is, with respect to (financial) risks, responsible for limit monitoring, providing risk assessments and reporting of potential limit breaches. Finally, Balance Sheet & Financial Risk Management is responsible for the development and maintenance of the stress testing policies and for the stress scenarios for the financial risk domain.

Operational Risk Management supports the first line in identifying, assessing, measuring and monitoring of operational risks.

Compliance is responsible for the monitoring of compliance with applicable laws and regulations to ensure the reputation and integrity of Achmea Bank, its employees and (senior) management.

The third line of defence is performed by Internal Audit:

Internal Audit (IA Bank) is responsible for assessing whether the internal controls are effective in set up, existence and operation. This concerns the quality and effectiveness of the system of governance and risk management processes within the bank. The internal audit function reports its findings to the executive board and the Audit and Risk Committee.

RISK MEASUREMENT

Achmea Bank applies the Standardised approach to determine credit risk and the Basic Indicator approach to determine operational risk capital requirements. The Bank applies an internal model to determine interest rate risk in the banking book. 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 requirement. A-IRB ensures further professionalization in areas necessary to improve our competitiveness. Our goal is to receive AIRB permission in 2023. See page 31 for more information regarding AIRB.

Stress testing

Banks should have the capacity to fully understand their risks and the potential impact of stressful events and circumstances on their financial condition. Stress testing is one of the techniques used to manage the risks the Bank is exposed to. Stress testing can assist in highlighting unidentified or under-assessed risk concentrations, interrelationships and their potential impact on the bank during times of stress.

Stress testing is an integral part of risk management at Achmea Bank. Achmea Bank has drawn up a stress testing policy and several scenarios for stress testing solvency and liquidity. The stress testing policy describes the governance, the stress methodology and the application of stress testing in the capital and liquidity planning process. The risk parameters for liquidity and capital are described in the corresponding stress test policies. The same holds for sensitivity analysis and the various scenarios for stress testing.

The purpose of the policy is to outline the framework for the identification, measurement, assessment, implementation and control of stress testing of Achmea Bank, which includes appropriate internal and external reporting and consistent safeguarding compliance to relevant regulation. These documents are reviewed at least annually.

The stress testing framework consists of sensitivity analyses by risk type, scenario analysis and reverse stress testing. Through sensitivity analysis Achmea Bank will have and/or improves insight in the relevant risks Achmea Bank faces. Achmea Bank uses the following subtypes of scenario analyses: idiosyncratic and market-wide stress testing. Combining idiosyncratic and market-wide stress provides the basis for enterprise-wide stress testing and reverse stress testing.

The results of the solvency and liquidity stress scenarios are reported (at least) on a quarterly basis. The time horizon of the solvency scenarios is three years. Based on the outcomes, ALCo may have to take corrective measures, when necessary, so that the risk exposures remain within the boundaries of the Bank’s risk appetite.

Capital management

For the purpose of stress testing its capital position Achmea Bank uses scenario planning to define a set of four scenarios, using input from multiple disciplines within the bank. After approval of the scenarios by the F&RC, these scenario are used to calculate the impact on the capital position on a quarterly basis. The outcome of the stress test is reported to and discussed by the ALCo. Per 31 December 2021 the capital position remains well above the internal limit, as defined in the risk appetite, in all four scenarios.

Stress testing is also used to determine the pillar II capital charges for e.g. interest rate risk in banking book.

Liquidity management

On a quarterly basis Achmea Bank determines the impact of a severe market-wide stress scenario, a severe idiosyncratic stress scenario and a combined scenario. Market-wide stress focusses on the effects of changes in the yield curve, credit ratings of counterparties and a limited access to the unsecured wholesale markets. Idiosyncratic stress is the result of a (sudden) loss of trust in the creditworthiness of Achmea Bank. The effects of idiosyncratic stress are simulated by a sudden and material outflow of retail funding (‘bank run’ on customer savings) and a limited access to the wholesale markets for several months.

These stress scenarios are severe and lead to a substantial outflow of liquidity, but the available liquidity buffer of Achmea Bank is in all scenarios more than sufficient to ensure business continuity in times of stress.

Recovery plan

The Bank Recovery and Resolution Directive (BRRD) requires banks to have a recovery plan operational. The recovery plan is an important management tool for the early detection of and averting a (potential) crisis.

In order to cope with a (developing) crisis situation, the recovery plan contains a trigger framework and specific governance. The recovery plan contains a list of possible recovery actions, depending on the (potential) crisis situation, which can ensure that Achmea Bank maintains or restores a solid liquidity and/or capital position. Furthermore, the recovery plan also includes several near-default scenarios, including calculations of the negative quantitative impact of these scenarios on the bank’s solvency and/or liquidity position.

For the defined liquidity and solvency metrics, the trigger framework contains trigger levels which present the depth of a crisis.
Achmea Bank defines four crisis levels:

- Level 0: Business as usual;
- Level 1: Early warning trigger;
- Level 2: Risk appetite limits;
- Level 3: Legal / SREP (Supervisory Review and Evaluation Process) limits.

The Early Warning levels and Risk Appetite levels are defined in the risk appetite of Achmea Bank. The SREP limit is the transition to level 3 and the legal minimum (if applicable) is the transition to the stage where non-conventional measures should be considered to avoid bankruptcy of resolution. The trigger framework is applied to the following metrics:

- Capital: CET1 ratio, Total Capital ratio and Leverage ratio;
- Liquidity: Cash position, LCR, NSFR and survival period.

The monthly ALCo report is the main source for monitoring the historic and expected, future development of the liquidity and capital metrics. The cash position is monitored on a daily basis. In addition, a monthly 'Early warning report' is prepared for the ALCo. This committee assesses the development of (key) early warning indicators and sets a crisis level; under normal circumstances this level is 'business as usual'.

(REGULATORY) DEVELOPMENTS

Minimum Required Eligible Liabilities

Minimum Required Eligible Liabilities (MREL) is a measure stemming from the Bank Recovery and Resolution Directive (BRRD). MREL is to ensure that institutions' failure can be managed in an orderly way, while minimizing risks to financial stability, disruption to critical economic functions and risks to public funds.

MREL ensures that banks have enough loss absorbing capital ('bail-in-able' debt) on their balance sheets for the resolution authority to effectively use their bail-in-tool. The bail-in-tool allows for an orderly resolution or for recapitalization (dependent on the preferred resolution strategy) and is to prevent a contribution from public funds in managing the failure of an institution.

The preferred resolution strategy for Achmea Bank in case of failure is liquidation through normal insolvency proceedings. Pursuant to the Single Resolution Mechanism (SRM) Regulation, on 17 December 2021 De Nederlandsche Bank (DNB) in its capacity of National Resolution Authority (NRA) set the Minimum Requirement for own funds and Eligible Liabilities (MREL) for Achmea Bank at 10.9% of the Total Risk Exposure Amount (MREL-TREA) and at 3% of the Total Exposure Measure (MREL-TEM). At year-end 2021 the amount of available own funds was EUR 779 million, which adequately covers both requirements of EUR 405 million (MREL-TREA) and EUR 357 million (MREL-TEM). The MREL requirements do not lead to any additional capital requirements.

Total Loss Absorbing Capacity

The TLAC (Total Loss Absorbing Capacity) is a measure similar to MREL, however, the TLAC requirement is only applicable for Globally and systematically important banks (G-SIBs). Achmea Bank is not a G-SIB, hence the TLAC requirement does not apply.

Basel IV

After the Basel III reforms, the Basel committee finalised the new guidelines in December 2017: Basel IV[1] (also labelled Basel 3.5). Where the Basel III reforms focussed on the capital side of solvability, Basel IV is focussing on the determination of the required capital (risk weights of assets). This guideline will be incorporated into European law, which is expected not to be finalized before 2025.

Achmea Bank has assessed the potential impact on the risk weights of its assets of the definitive Basel IV guidelines. The expected impact of the adjusted risk weights by application of the loan splitting method of Basel IV, is negligible. However, there may be an impact if original market value of residential properties has to be applied for determining LTVs. The impact (if any) is uncertain and depending on if and how these guidelines are implemented.

COVID-19

The Covid-19 pandemic has had a major impact on society, communities and the economy. Governments and central banks have responded with a variety of measures. In 2021 the results of these measures became visible and had a positive impact on public health and economy. The Dutch economy has returned to pre-crisis level. The individual payment arrangements that Achmea Bank offered in 2020, have been ended in

[1] Basel III: Finalising post-crisis reforms. (https://www.bis.org/bcbs/publ/d424.htm)

2021 and the ECL model calculating credit risk, is using its regular macro-economic scenario and parameter update without any additional assumptions on Covid-19. Also the capital markets reverted back to normal and liquidity risk management was business as usual in 2021. Most employees are still working from home most of the time, and Achmea explores a hybrid mix of remote working and work-in-office arrangements. The forms that remote working will take, and the resultant risks, will also continue to evolve. Therefore risk assessments are carried out periodically to identify (new) risks and take measures accordingly.

At the end of 2020 Achmea Bank participated in the Pandemic Emergency LTRO (PELTRO), borrowing EUR 350 million from the ECB to mid-2021. Achmea Bank has a continuously strong capital and liquidity positions and only made use of PELTRO as a low cost option to bridge the gap until finalisation of its new soft-bullet covered bond program.

In March 2020, as a result of the pandemic, the ECB recommended banks not to pay dividends. In July 2021 the ECB decided not to extend this recommendation beyond September. In October 2021 a dividend amount of EUR 56 million was paid out to Achmea B.V., representing the 2019 (EUR 23 million) and 2020 (EUR 28 million) distributable net profits plus a small amount of the other reserves (EUR 5 million). Achmea Bank's capital position remains strong even after the dividend pay-out.

CAPITAL MANAGEMENT

Achmea Bank must hold sufficient buffer capital to cover the (unexpected) risks arising from its operations. Pillar I of the Capital Requirements Regulation (CRR) offers regulation for calculating the minimum amount of capital that needs to be held in relation to credit risk, market risk and operational risk. Under these rules, the capital adequacy requirements relating to these risks can be calculated in a number of ways with varying degrees of sophistication. Achmea Bank uses the standardized approach to calculate the credit risk weightings for its assets and the basic indicator approach to calculate the capital requirement for operational risk. Achmea Bank applies the CRR netting rules for its derivative positions (CRR art. 327). Applying CRR articles 351 and 352 our net FX position is below the threshold of 2% of equity, which means that capital charge for pillar I market risk is nil. The Bank's policy is to maintain a strong capital base to ensure investor, creditor and market confidence in order to sustain the future development of the business.

The Dutch Central Bank (DNB) sets overall (capital) limits based on the outcomes of its annual Supervisory Review and Evaluation Process (SREP). The Bank complied with external and internal minimum capital requirements throughout the year with a Common Equity tier 1 Capital ratio of 20.9% and a Total Capital Ratio of 20.9% at 31 December 2021, which are well above the internally applied target for the minimum capital ratio level. For 2021 the Executive Board set the internal target for the minimum capital ratio level at SREP requirement plus the Pillar 2 Guidance plus the combined buffer requirement plus a management buffer of at least 1%.

AVAILABLE CAPITAL AND CAPITAL RATIO

IN MILLIONS OF EUROS	2021	2020
Share capital	18	18
Share premium reserve	506	506
Other Reserves	255	283
Common Equity Tier 1 Capital	**779**	**807**
Lower Tier 2	–	1
Total own funds	**779**	**808**
Total risk exposure amount	**3,726**	**3,954**
Common Equity Tier 1 Capital Ratio	**20.9%**	**20.4%**
Total Capital Ratio	**20.9%**	**20.4%**
Total SREP Capital Requirement (TSCR)	**10.9%**	**12.6%**

The total regulatory capital of EUR 779 million consists mainly of core equity tier 1 and is more than sufficient to cover the total pillar 1 capital requirements of EUR 297 million[2]

Dividend

In line with Achmea Group's policy to manage excess capital at group level and given Achmea Bank's strong capital position, a dividend of EUR 56 million was paid out in 2021 to its shareholder Achmea B.V. This amount includes the 2019 and 2020 net distributable profit plus a small amount of released legal reserves (EUR 5 million). As a result of COVID-19, the regulator has asked banks to refrain from dividend/capital distributions in 2020. Achmea Bank followed up on this advice but decided to pay-out dividend in 2021 at the moment that restrictions no longer held.

In 2022 Achmea Bank paid out a total dividend of EUR 42 million, which equals to the distributable net result over 2021 plus a small amount (EUR 2 million) of released legal reserves.

Achmea Bank's current methodology is to pay out 100% of net distributable profits generated in the previous year. In the near future (2023 onwards) Achmea Bank will, in mutual coordination with Achmea Group, introduce a bank specific capital policy to manage (excess) capital in a more efficient manner. This will be outlined with Achmea Group's Capital Adequacy Policy (CAP) which is applicable to Achmea Bank. Achmea Bank needs to have sufficient capital to cover its risks and to comply with internal and external requirements, on the other hand the bank tries to limit the amount of unused freely available capital for reasons of costs efficiency. The future dividend upstream methodology can therefore deviate from the current methodology.

Internal capital adequacy requirements

The Bank has implemented internal processes to align the required capital to the risks the Bank faces. These processes are described in the Internal Capital & Liquidity Adequacy Assessment Process (ICLAAP) manual. Among other things, the manual describes the governance structure, procedures, assumptions and methods used to determine the required capital. The Internal Capital Adequacy Assessment Process (ICAAP) safeguards that the Bank is able to meet and maintain both the current and future capital adequacy of the Bank on a continuous basis.

Capital contingency

The purpose of capital contingency is to ensure that appropriate measures are taken in case of a (imminent) solvency deficit. The Bank monitors its solvency position on a monthly basis. However, the Bank recognizes that unexpected internal or external events may adversely affect the

[2] Sources based to regulatory scope: reference to balance sheet on page 40. Overview of RWA can be found in the appendix.

capital position for a shorter or longer period and that this may jeopardize the continuity of the Bank. It is essential to be able to obtain sufficient capital at all times, not only in a going-concern situation but also in stress situations.

REGULATORY CAPITAL REQUIREMENTS

Achmea Bank applies the standardized and basic indicator approaches for calculating the Regulatory Capital requirements under Basel II and CRR (CRD IV) for credit risk and operational risk. Achmea Bank's market risk is related to currency risk. Articles 351 and 352 of the CRR include the capital requirements for currency risk. Article 351 contains the provision for the materiality threshold and the weighting for the pillar 1 capital requirement: if the total net position exceeds 2% of the total equity, the bank must hold capital of 8% of the net position. Since the net position does not exceed the 2% threshold, regulatory capital required for market risk is set at zero.

QUALIFYING CAPITAL

Achmea Bank's capital consists of tier 1 and negligible tier 2 capital. Tier 1 capital consists of three components: paid-up capital, reserves and hybrid capital. Achmea Bank currently does not hold any hybrid tier 1 capital. The reserves consist of the share premium reserve and the retained profits. The tier 2 capital is composed of subordinated loans. The deductions mainly relate to fair value gains and losses arising from the institution's own credit risk related to derivative liabilities and prudential valuation.

The available qualifying capital of EUR 779 million that the Bank retains to compensate for potential losses, is well above the level of the total external and internal capital requirements. This underlines the financial solidity of Achmea Bank.

Common equity tier 1 capital

In 2021 Common Equity Tier 1 capital decreased by EUR 28 million from EUR 807 million to EUR 779 million, mainly as a result of the pay-out of the 2019 net result that was added to the retained earnings in 2020 (due to COVID-19 related dividend pay-out restrictions). As the Bank does not hold any additional tier 1 instruments, tier 1 capital equals its core equity tier 1 capital.

Tier 2 capital

As of 31 December 2021 no subordinated loan qualifies as Lower Tier 2 (2020: EUR 0.7 million).

Risk weighted assets

The Bank reports the risk weighted exposure amounts in line with CRR II and CRD V. In 2021, total risk exposure amount (TREA) decreased with EUR 228 million from EUR 3.954 million to EUR 3.726 million, mainly due to a decrease in mortgage portfolio, partially offset by the acquisition of the a.s.r. mortgage portfolio, which had a EUR 153 million upward impact on TREA.

CAPITAL RATIOS

Total capital ratio (TCR) and Common Equity Tier I Capital Ratio (CET-1)

Both TCR and CET-1 increased to 20.9% (2019: 20.4%), mainly due to a decrease of the mortgage portfolio. Since Total Capital is equal to Common Equity Tier 1 Capital, there is no difference between these ratio's.

Total SREP capital ratio (TSCR)

The TSCR is the minimum capital level that the Bank has to maintain, which is determined by DNB and results from the annual Supervisory Review and Evaluation Process (SREP). The TSCR is a measure of the Bank's minimum required capital expressed as a percentage of its risk exposure amount. The minimum required capital consists of pillar I and pillar II capital charges and any add-ons imposed by DNB. DNB has set the total SREP capital ratio in 2021 on 10.9% (2020: 12,6%). The current (fully phased in) capital ratios and targets are higher than the minimum capital requirements. Achmea Bank's ambition is to maintain a strong capital position.

Minimum requirement for own funds and Eligible Liabilities (MREL)

Pursuant to the Single Resolution Mechanism (SRM) Regulation, on 17 December 2021 De Nederlandsche Bank (DNB) in its capacity of National Resolution Authority (NRA) set the Minimum Requirement for own funds and Eligible Liabilities (MREL) for Achmea Bank at 10.9% of the Total

Risk Exposure Amount (MREL-TREA) and at 3% of the Total Exposure Measure (MREL-TEM). At year-end 2021 the amount of available own funds was EUR 779 million, which adequately covers both requirements of EUR 405 million (MREL-TREA) and EUR 357 million (MREL-TEM).

Leverage ratio

The Leverage Ratio is a regulatory capital adequacy measure under CRD IV/CRR. The LR is calculated as an institution's capital divided by the institution's total non-risk weighted exposures, expressed as a percentage. Achmea Bank complies with the internal minimum requirement for 2021 of 3.2% and the (expected future) external minimum requirements; the LR at 31 December 2021 was 6.5% (2020: 5.9%). The LR increased during 2021 due to a lower non-risk weighted exposure, also caused by an adjustment for temporary exemption of exposures to central banks. As a result of exceptional macroeconomic circumstances due to the coronavirus, the European Central Bank decided that Euro area Banks may exclude certain central bank exposures from the leverage ratio.

Processes to manage the risk of excessive leverage
The LR is reported monthly to the ALCo and includes a three year forecast. This ensures that a potential decline in the LR is detected early and corrective management actions can be taken in a timely manner.

LIQUIDITY MANAGEMENT

Liquidity risk includes both the risk that Achmea Bank is not able to attract funding with appropriate maturities or at appropriate rates and the risk that Achmea Bank fails to liquidate assets at a reasonable price or within a reasonable period of time. Controlling the maturity mismatch of assets and liabilities is a fundamental element of Achmea Bank's liquidity risk management.

Liquidity risk consists of two basic types of risk:

- Market liquidity risk: The risk that, because of a crisis in the financial markets, Achmea Bank cannot liquidate its assets in a short period of time and at acceptable costs.
- Funding liquidity risk: The possibility that, over a specific horizon, Achmea Bank will become unable to (re)finance itself in order to meet its obligations. A typical example of this type of risk is a 'bank run'.

Internal liquidity adequacy process and requirements

The day-to-day cash management is executed through Achmea's central Treasury department, which monitors the Bank's daily cash position. In the Risk appetite Achmea Bank has defined a dynamic limit and early warning for the cash position linked to the DNB cash reserve requirement. Liquidity risk monitoring and reporting, which include actual and forecasted figures, is the responsibility of the Balance Sheet Management & Financial Risk department (2nd line of defence). Furthermore, the ALCo monitors Achmea Bank's liquidity risks on a monthly basis.

The bank has implemented internal processes to monitor and manage the liquidity risk of the bank. The objective is to manage liquidity risk within the bank to prevent that the bank can no longer meet its obligations. These processes are included in the Internal Liquidity Adequacy Assessment Process (ILAAP) manual. Amongst others, this manual describes the governance structure, the procedures, the assumptions and the methods used to determine the minimum level of liquidity. The objective of ILAAP is to assess liquidity risks and maintain an adequate level of current and future liquidity on a continuous basis.

Liquidity and funding contingency

The Bank has a Liquidity Contingency Plan (LCP) available in case of a liquidity stress event. The LCP is part of Achmea's Recovery Plan. The Recovery Plan provides solutions to ensure the survival of the Bank for at least six months of severe liquidity stress. The recovery plan contains a range of possible measures to generate cash liquidity in times of need and is reviewed at least once a year.

RISK MEASUREMENT

Liquidity position

Liquidity buffer and liquidity ratios
As part of adequate liquidity management it is necessary for banks to have a sufficient liquidity buffer to sustain unforeseen liquidity stress situations. The Bank has a strong liquidity stress testing framework which includes an idiosyncratic, a market-wide, a combined stress scenario and reverse stress testing. Some of the most important drivers of liquidity stress are:

- A material withdrawal of retail (on demand) savings: "bank run";
- A large outflow of cash due to collateral calls on (interest rate) derivatives in an adverse interest rate scenario; and
- No access to the unsecured wholesale markets for a prolonged period.

In 2015 the Bank entered into an Asset Switch agreement with Achmea Pensioen- en Leven N.V. (AP&L) in order to improve its liquidity position. The Bank legally (i.e. not commercially/economically) exchanged mortgages for government bonds held by AP&L at a market value ratio of 110:100. Due to the higher liquidity treatment of government bonds, this enhances the liquidity position of the Bank and provides more flexibility in the timing of new funding transactions in connection with managing the liquidity and the survival period of the Bank. The target amount of the Asset Switch is EUR 0.5 billion. At year-end 2021 EUR 590 million (2020: EUR 587 million) of mortgages at nominal value were exchanged for EUR 479 million (2020: EUR 489 million) of government bonds (market value).

The Bank's liquidity buffer mainly consists of on-demand Central Bank deposits and a portfolio of unencumbered high-quality liquid assets, including the government bonds under the Asset Switch. At year-end the Bank held approximately EUR 737 million cash available on demand at the Dutch Central Bank (excluding the mandatory cash reserve). Furthermore, the Bank had a portfolio of liquid debt securities amounting to EUR 2,135 million at year-end 2021 (2020: EUR 695 million), comprising of unencumbered retained RMBS notes (A-notes SRMP-I and A-notes SRMP-II) and Dutch government bonds.

The day-to-day cash management is the responsibility of Achmea Treasury, which monitors the daily minimum cash position. Liquidity risk monitoring and reporting, which includes actual and forecasted figures, is the responsibility of the Balance Sheet Management & Financial Risk department (2nd line of defence). Furthermore, ALCo monitors Achmea Bank's liquidity risks on a monthly basis. The Bank is required to hold a sufficient liquidity buffer that ensures the bank's survival for at least six months.

In 2015 two new regulatory liquidity measures were introduced in the CRD IV/CRR: the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The aim of the LCR is to ensure that a bank holds sufficient liquid assets to absorb the total net cash outflow during a 30-day period of stress. The LCR is managed in the form of an LCR surplus (i.e. HQLA minus net cash outflow) and the internal limit is set at a surplus of EUR 10 million for 2021. The NSFR aims to ensure that long-term assets are financed with stable, longer term funding. Achmea Bank has set its internal minimum target for the NSFR at 105% for 2021. Both limits are higher than the minimum external requirements. The Bank complies with all external and internal minimum requirements in 2021. At year-end 2021 the LCR was 297% (2020: 332%) and the NSFR was 133% (2020: 126%).

FUNDING STRATEGY

The Bank has a wide range of funding sources to finance its activities and a well-diversified funding mix which comprises of retail funding (savings), unsecured wholesale funding and secured wholesale funding. In addition, the Bank monitors the maturity ladder of its wholesale funding instruments to prevent and mitigate potential refinancing risks in the future.

Entrusted funds (retail)

Achmea Bank attracts consumer savings under the Centraal Beheer label. The total savings portfolio amounts to EUR 7.5 billion consisting of 60% available on demand accounts and 40% term deposits, including an amount of EUR 0.7 billion saving deposits linked to savings mortgages.

Secured wholesale funding

Securitisations

One of the Bank's funding sources is securitisation of residential mortgages (RMBS), although the volume has been declining in favour of covered bonds in recent years. As of 31 December 2021 the Bank has one outstanding RMBS (DRMP II) with a total outstanding amount of EUR 0.2 billion (2020: EUR 0.3 billion), excluding retained notes for an amount of EUR 1.9 billion (2020: EUR 0.8 billion). There are no RMBS notes held by other Achmea entities.

For RMBS, the Bank assigns a portfolio of mortgage receivables to a special purpose vehicle (SPV) which issues notes. The SPV uses the proceeds of the notes to finance the assigned mortgage receivables and uses the interest from the mortgage receivables to pay the interest on the notes. The director of these companies is Intertrust Management B.V.

Covered bond programme

In 2021 Achmea Bank has set up a EUR 5 billion Soft Bullet Covered Bond (SBCB) Programme in addition to its conditional pass-through covered bond (CPTCB) programme which was established in 2017. In September the Bank issued its inaugural EUR 0.5 billion 15 years SBCB. The total outstanding amount of covered bond at year-end 2021 was EUR 2 billion (2020: EUR 1.5 billion).

The bonds issued under both programmes are backed by high quality Dutch residential mortgage loans. Investors benefit from a so-called 'double recourse' which means that in the event of a default of the Bank an investor has recourse on the bank and on the underlying mortgage portfolio.

The programmes are UCITS eligible and Dutch Central Bank (DNB) registered. All issuances under these programmes are compliant with article 129 of CRR and AAA-rated.

Trustee
The Bank has entered into a Trust Agreement under which it periodically pledges mortgage receivables to Stichting Trustee Achmea Bank as collateral for some of its banking liabilities, such as private loans and the Secured Medium Term Note (the 'Secured EMTN Programme'). In the event of default by the Bank, investors can recover their investments from the pledged mortgage receivables. The private loans covered by the Trustee guarantee amounts to EUR 49 million (2020: EUR 53 million).

Unsecured wholesale funding

Unsecured MTN Programme
Since 2012 the Bank has a EUR 10 billion Unsecured European Medium Term Note programme. The total outstanding amount under the Programme was EUR 1.4 billion at year-end 2021 (2020: EUR 2.1 billion), including CHF denominated loans for an amount of CHF 0.4 billion (2020: CHF 0.4 billion).

French commercial paper programme
In 2013 the Bank set up a French commercial paper programme of EUR 1.5 billion. With this programme the Bank is able to access the international money markets for its short-term funding needs. The total outstanding amount under the programme was EUR 0.5 billion as at year-end 2021 (2020: EUR 0.7 billion).

ASSET ENCUMBRANCE (RATIO)

EBA states that an asset should be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit-enhance any on-balancesheet or off-balancesheet transaction from which it cannot be freely withdrawn (for instance, to be pledged for funding purposes). Assets pledged that are subject to any restrictions in withdrawal, such as assets that require prior approval before withdrawal or replacement by other assets, should be considered encumbered. At year-end 2021, EUR 3.5 billion of total assets were encumbered, resulting in an asset encumbrance ratio per year-end 2021 of 26.6% (2020: 25.0%)[3].

[3] Note that as a result of regulatory reporting requirements the Asset Switch has a strong negative impact on the asset encumbrance ratio due to nominator/denominator effects, whereas in practice the bank only swaps illiquid collateral for highly liquid collateral. Without the Asset Switch the asset encumbrance ratio would amount to 22.9% per year end 2021.

CREDIT RISK

CREDIT RISK MANAGEMENT

The scope of this chapter includes all positions subject to the credit risk framework, excluding all positions subject to the securitisation framework (Securitisation chapter).

Credit risk is defined as the risk that a counterparty cannot (fully) meet its obligations to Achmea Bank and consists of retail credit risk and the credit risk related to exposures to professional counterparties. This includes both actual payment arrears and impairments due to deterioration of the creditworthiness of a counterparty. For payment arrears of retail clients, provisions are made.

CREDIT PORTFOLIO

The credit portfolio consists of loans and advances to banks, public sector, retail customers, interest bearing securities in the banking book and derivatives.

Achmea Bank's mortgages and consumer credits activities are concentrated in the Netherlands, except for a small number of Acier loans. Achmea Bank's exposures to banks, e.g. derivatives, are both to domestic and foreign counterparties. No geographical segmentation is applied.

Credit risk consists of risks relating to mortgage lending, consumer credits and risks relating to counterparties in funding transactions (e.g. swaps). Achmea Bank's total credit portfolio is categorized by source of risk:

- The private sector (retail credit risk);
- Professional counterparties (counterparty credit risk);
- Other credit risks and contingent liabilities and commitments.

Private sector risks are risks related to the mortgage portfolio and risks on the consumer credit portfolio. Risks of professional counterparties are related to treasury exposures. Risks on other items are related to other assets, prepayments and accrued income. Contingent liabilities and commitments are irrevocable facilities which may increase credit risk. These categories are explained in the next paragraphs.

Private sector

Achmea Bank's policy on retail credit risk revolves primarily around counterparty risks associated with residential mortgage loans. Appropriate underwriting criteria for new clients and active credit risk management for existing clients safeguard the quality of the mortgage loan portfolio.

Achmea Bank mortgage portfolio
The total Achmea Bank mortgage portfolio amounted at year-end EUR 11.1 billion nominal. The mortgage portfolio consists of the regular Achmea Bank portfolio (EUR 8.1 billion) and the acquired Acier loan portfolio (EUR 0.7 billion), a.s.r. mortgage portfolio (EUR 1.5 billion), Obvion (EUR 0,4 billion) and the Dynamic Credit mortgage portfolio (0.4 billion).

The regular Achmea Bank mortgage portfolio consists of residential, owner occupied property loans and a proposition which allows buy-to-let. Collateral for these loans consists of residential property, pledged life insurance policies or savings and security accounts.

In 2021 the regular Achmea Bank portfolio decreased with EUR 0.7 billion to EUR 8.1 billion at year-end (2020 YE: EUR 8.8 billion).

Acquired portfolios
In 2021 Achmea Bank acquired a portfolio of Dutch residential mortgages from a.s.r. The acquisition of this portfolio, with a size of approximately EUR 0.5 billion, underlines Achmea's ambition to grow in mortgages. The two organisations have expressed the intention to conduct additional transactions of EUR 0.5 billion in both 2022 and 2023. In addition, it is also the intention that Achmea Bank acquires roughly EUR 0.2 billion of newly originated mortgages from a.s.r. annually for the next three years. This acquisition is in line with Achmea Bank's strategy of focusing on growth and scale.

Acier loan portfolio
The Acier loan portfolio differs in characteristics from the regular Achmea Bank mortgage portfolio. This portfolio is defined as a runoff portfolio and is managed as such. The portfolio is managed by the former Achmea entity Staalbankiers credit department.

In 2021 the Acier loan portfolio decreased with EUR 62 million to EUR 680 million at year-end (2020: EUR 742 million). As of December 2021 the allowance for losses on loans and advances related to the Acier loan portfolio amounts to EUR 7.4 million (2020: EUR 17.3 million), which is a decrease of EUR 9.9 million compared to December 2021. Achmea B.V. issued a capped guarantee to Achmea Bank to cover credit risk and legal claims related to this portfolio. The total amount of claims submitted to this guarantee is recognised on the consolidated statement of financial position as a receivable on Achmea B.V. In 2021 nothing is claimed on the guarantee. The majority of the collateral of the Acier loan portfolio is concentrated in the Netherlands. A minor part of collateral is in the rest of Europe.

Consumer and corporate credit portfolio
Consumer credit is credit used by the borrower to finance consumer expenditure. The main forms of consumer credit are revolving credit facilities and personal loans. Achmea Bank has been active in consumer credit via various distribution channels until mid-2009. No new loans have been granted since then. A substantial part of the revolving credit and personal loan portfolio was sold to a third party in December 2010. A small remaining part of the revolving credit and personal loan portfolio is still being managed by Achmea Bank (EUR 18 million). Part of the Acier portfolio also consists of loans with an exposure to non-households (corporations). Achmea Bank defines these loans as corporate credit (EUR 47 million).

Professional counterparties
The counterparty risk on exposures to governments and financial institutions is primarily associated with investment activities and collateral-management. When determining country limits and limits for financial institutions, Achmea Bank applies a risk mitigation policy that complies with the relevant group policy. To manage counterparty risk, Achmea Bank imposes individual counterparty limits on both exposure and maturity. The individual limits are approved by ALCo. Exposures are managed by the treasury department and are being monitored on a daily basis by Balance Sheet Management & Financial Risk.

Contingent liabilities, commitments and other risks
Liabilities due to off balance irrevocable facilities which may lead to an actual credit risk exposure, are mainly offers to customers for mortgage loans and credit facilities. Irrevocable facilities consist mainly of available credit under revolving credit facilities. No credit risk is incurred on revocable facilities. Bank guarantees are among the items accounted for under ‘irrevocable facilities’. Other credit risks include tax receivables, tangible assets and other assets.

LEGAL PROCEEDINGS
In the course of 2021 several instances of legal proceedings are pending against the bank. However, based on legal advice, the Management Board does not expect the outcome of the various proceedings to have a material effect on the company’s financial position.

GUARANTEE
Achmea B.V. has issued a capped guarantee to Achmea Bank to cover credit risk and legal claims in connection with the acquired loan activities of Staalbankiers (2015 and 2016). The maximum amount for the duration of the financial guarantee amounts to EUR 350 million, which will be decrease to EUR 280 million as of February 2022. This decrease is in line with the lower risk profile of the Acier portfolio. The contract for the financial guarantee will end in line with the maturity of the related loans. As at year-end 2021, the total amount claimed by Achmea Bank is EUR 20 million (2020: EUR 20 million).

CONTRACTUAL OBLIGATIONS
At year-end 2021 the Bank had contractual obligations for the coming year with Achmea Group companies amounting to EUR 51.4 million (2020: EUR 48.3 million), primarily in connection with outsourcing of the servicing of the regular mortgage portfolio by Syntrus Real Estate, ICT-related contracts and with Centraal Beheer for distribution.

The Bank had external contractual obligations for the coming year amounting to EUR 2.6 million (2020: EUR 2.5 million) for the servicing of the saving portfolio, EUR 4.3 million in contractual obligations for the servicing of the a.s.r. mortgage portfolio (2020: EUR 2.3 million), EUR 1.8 million in contractual obligations for the servicing of the Obvion mortgage portfolio (2020: EUR 2.4 million) and EUR 0.8 million in contractual obligations for the servicing of the Dynamic Credit mortgage portfolio. (2020: EUR 1.0 million)

IRREVOCABLE FACILITIES

This refers to all liabilities relating to irrevocable undertakings which could lead to credit losses, including mortgage loan proposals for EUR 270 million (2020: EUR 321 million), EUR 75 million related of newly originated mortgages from a.s.r., construction accounts of EUR 41 million (2020: EUR 31 million) and undrawn credit facilities of credit mortgages of EUR 16 million (2020: EUR 14 million).

POST FORECLOSURE CLAIM

Achmea Bank has a residual claim after write-off of mortgage receivables of EUR 38 million (2020: EUR 41 million). The expected net recovery of this exposure is limited.

MORTGAGE PORTFOLIO

Credit committees

Achmea Bank has two credit committees, one committee dedicated to the Achmea Bank retail portfolio and one committee dedicated to the Acier loan portfolio. Both Credit Committees are chaired by the CFRO, other members of the Credit Committees (not limited) are the following department's managers: Balance Sheet & Financial Risk Management, Credit Risk Management and Demand Management. The Credit Committees monitor the risk profile (policies, procedures, products) and the mortgage portfolios' credit risk by means of the credit cycle. The credit cycle is the foundation on which credit risk management forms its objective and independent judgement about the overall credit risk profile.

Credit policy

Achmea Bank's policy on credit risk revolves primarily around counterparty risks associated with residential mortgage loans. Appropriate underwriting criteria for new clients and active credit risk management for existing clients safeguard the quality of the mortgage loan portfolio. Achmea Bank establishes (underwriting) policy frameworks on the basis of legislation. Credit Risk Management is responsible for the review of the updated and/or revised policies as part of their 2nd line of defence role. Credit risk is monitored by the Credit Committee.

Credit approval

The underwriting policy sets the parameters to approve mortgage applications. Loan applications which do not meet the underwriting criteria can be discussed via a special procedure for non-compliant applications (in Dutch: 'buiten kader proces'). This procedure allows SAREF to approve non-compliant applications under increased scrutiny and by means of the so called 4-eye principle. Credit Risk Management monitors the 'explain' applications quarterly. As of September 2021 Achmea uses also an application score card based on the A-IRB model for credit approvals. Based on internal and external data a score determines if there is an increased risk for a specific credit application. The outcome can be overruled via the special procedure for 'explain' applications.

The Credit Risk Management department monitors the credit risk of the portfolio as part of their 2nd line of defence role. When actions are needed, the Credit Risk Management department will advise the Credit Committee and propose possible action(s). Possible actions are an adjustment/review of the policies, such as Product Approval and Review Process (PARP), Underwriting policy and Credit Risk policy.

Arrears management

Stringent procedures are in place to monitor payment arrears. Borrowers that fail to pay the scheduled payment will be approached (by telephone) by the Special Asset Management department within 15 days. The A-IRB model is used to identify customers with a high risk and are approached first. If regular customer contact fails, a physical house call will be made within 35 days in arrears. In case of no contact and 3 sent reminders, the transfer within the Special Asset Management department will take place at 2 months in arrears at the latest. Together they are responsible for arrears management and debt collection. Within the Special Asset Management department the A-IRB model is also used to prioritize further treatment and determine viable measures to limit any expected losses. In case of foreclosure or forced sale and a residual debt has arisen, the Special Asset Management department realises the collateral and any remainder debt will be written off.

Credit risk monitoring also takes place for the acquired portfolio's a.s.r. (including the 2021 acquired portfolio), Obvion and Dynamic Credit. These mortgages portfolio are comparable with the bank's own portfolio in terms of credit risk. Arrears Management of the acquired portfolios is outsourced to the parties that have issued the mortgages. Achmea Bank receives ISAE 3402 reports for all respective organisations.

Definition of default
In 2021 Achmea Bank updated the Definition of Default, Forbearance and Non-performing exposure policy and amended the definition of default. This definition is based on the standard as laid down in the latest Guidelines of EBA (EBA GL Default definition (EBA-GL-2016-07) (2016)). This Definition of Default is also used in the calculation of the IFRS 9 provision.

A retail mortgage facility is in default when at least one of the following criteria is met:
➢ A facility is materially past due for more than 90 days;
➢ The obligor of the facility is unlikely to pay.

An obligor of an 'other credit risk exposure' is in default when at least one of the following criteria is met:
➢ The obligor is materially past due for more than 90 days;
➢ The obligor is unlikely to pay.

The frequency of assessing the default criteria will be done on a daily basis and is triggered if:
➢ Any amounts have not been paid at the date they were due;
➢ Credit ratings are downgraded to below investment grade (<BBB).

Achmea Bank applies the following unlikely to pay (UtP) indicators:
➢ Distressed restructuring;
➢ Bankruptcy;
➢ Fraud;
➢ Insufficient sources of recurring income;
➢ Seizure;
➢ Sale (by the Special Asset Management department or with a residual debt);
➢ A non performing forborne exposure in 12-month probation period.

A facility can only recover from the default status once the arrears have been repaid in full or the UtP triggers have lapsed and probation periods have expired.

Forbearance
Forbearance measures may be applied in situations where the Bank considers the borrower unable to meet the terms and conditions of the contract due to financial difficulties. Depending on the nature of those difficulties, Achmea Bank may decide to modify the terms and conditions of the contract to maximise collection opportunities and minimise the risk of default. Forbearance is the temporary or structural modification of the terms and conditions. Some examples of the forbearance measures Achmea Bank applies:

➢ temporary payment holidays longer than 6 months;
➢ temporary lowering of interest rate;
➢ restructuring and/or extension of the loan; and/or
➢ interest or cost forgiveness;

The registration of the forbearance measures of the acquired portfolios takes place at the issuing party. The relevant information for the portfolios is added to the banking systems of Achmea Bank.

As of 31 December 2021 the forborne exposure amounted to EUR 111 million (2020: EUR 306 million), of which EUR 71 million relates to performing forborne exposures (2020: EUR 173 million). The remaining part of EUR 40 million (2020: EUR 133 million) relates to non-performing forborne exposures.

Impairment and past due loans
In 2016 and 2017 Achmea Bank worked on the adoption of the IFRS 9 regulation replacing IAS 39. One of the three aspects of the new regulation is a different approach towards impairments and the related provisioning. One of the goals of International Accounting Standards Board (IASB) is to harmonize Finance and Risk with a more model driven approach for the provisions using the so-called Expected Credit Losses.

Expected credit loss (ECL) is, in contrast to the IAS 39 incurred losses, a forward looking measure. The forward looking aspect is included to make sure that future losses are accounted for in an early stage to avoid future 'too little, too late' situations.

Risk management of Achmea Bank has used IFRS 9 to harmonize Finance and Risk and for two years the two departments have worked on the implementation of IFRS 9 in the monthly reporting. As a result, the main responsibility of the ECL models is delegated to Control for its monthly reporting process. The ECL models are also used by Credit Risk Management and by the Balance sheet &Financial Risk department for stress testing.

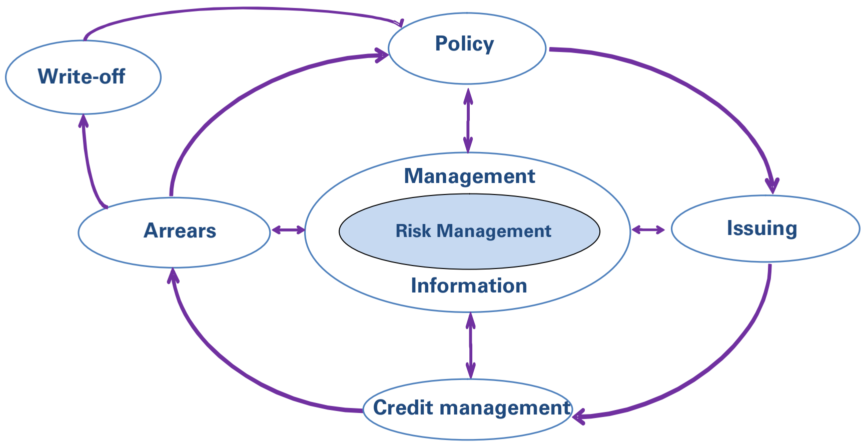
The ECL models for the regular and Acier portfolio consist of several sub-models which are common in the banking world. The sub-models are amongst others: Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and Discounting. All models are validated by Group Model Validation, and have proven fit for purpose. The model development will continue to follow the model lifecycle and the first in-depth review (which can start changes or redevelopment) has been performed.

For 2021 the total write offs for the regular retail portfolio amounted EUR 0.3 million (2020: EUR 0.7 million). For the Acier portfolio the write offs amounted EUR 4.7 million (2020: EUR 5.0 million). Achmea Bank has a (capped) guarantee of Achmea B.V. to cover credit risk and legal claims related to this portfolio. As a consequence of this guarantee, the impact of the impairment charges on the income statement is limited.

Credit risk measurement

Credit risk measurement framework

Credit risk is managed by means of the 'credit cycle'. The credit cycle monitors for each part of the mortgage process (policies, underwriting, credit management, arrears management, write offs and management information in general) if credit risk is under control. If not, risk mitigating solutions are discussed in the credit committee. In addition, IFRS9 models are being used for actively identifying high risk clients. An example of the IFRS9 use case is applying the underlying models for pre-emptive arrears management.



Credit risk reporting

Balance Sheet & Financial Risk Management compiles monthly reports for both the regular and the Acier portfolios. The reports focus on the developments in the credit portfolio and are discussed in the Credit Committee. The report structure is based on the credit cycle and provides insight into the origination of new mortgages, the portfolio as a whole, collections and write-off and links these subjects to policy.

The Control department compiles a monthly financial report that includes impairments and provisions. This report is discussed in meetings of the management board.

The Special Asset Management department compiles a monthly report on clients under management. This report is discussed in the Credit Committee.

For capital calculation requirements Achmea Bank applies the standardised approach for its credit risk portfolio according to CRR (CRD IV).

Advanced Internal Rating Based (AIRB) approach

Achmea Bank currently operates under the Standardized Approach (SA), the Basel II methodology applied for calculating credit risk and determining the capital requirement. An alternative to calculating credit risk and thus the capital requirement is the Advanced Internal Rating-Based (A-IRB) approach. In the A-IRB approach, banks use proprietary models (in accordance with legislation and regulations from the European Commission and DNB and guidelines from EBA / ECB / DNB) to calculate credit risk and determine the capital requirement. This is a fundamentally different way of reporting, calculating and operating. A-IRB requires strong professionalization of the bank, full compliance with the A-IRB laws and regulations and a minimum of three years of internal experience with A-IRB models.

A-IRB is the market standard for banks in (risk) management of Dutch mortgages. The use of credit risk models contributes to the necessary professionalization of risk management and the improvement of competitiveness. The potential capital benefit is significant, also taking into account developments proposed by BIS / BCBS that are known in the market as Basel 4/Basel 3.5.

To meet the A-IRB requirements and the increasing demands of the market, Achmea Bank invests in the quality of its internal organization (data, data quality, processes, policy, knowledge and mindset). Achmea Bank has started an A-IRB implementation program in this context.

A-IRB is of strategic importance for Achmea (Bank). A-IRB ensures further professionalization in areas necessary to improve our competitiveness. Advantages are:

- Improve data quality and data quality management
- Reliable and consistent decision taking throughout the credit cycle
- Improve mortgage return through lower capital use and improve opportunities to optimize exposure allocation with Achmea group
- Use A-IRB models for acceptance, policy and more control over new and existing credit risks
- Strengthen trust of external stakeholders like rating agencies and investors
- Improve competitiveness, supporting our brands Centraal Beheer and Woonfonds

SPECIFIC COUNTERPARTY CREDIT RISK

Counterparty risk policy

The counterparty risk on exposures to governments and financial institutions is primarily associated with investment activities and the Bank's cash management. When determining country limits and limits for financial institutions, Achmea Bank applies a risk mitigation policy that complies with the relevant Achmea group policy. To manage counterparty risk, the Bank imposes individual counterparty limits on both exposure and maturity. These limits are approved by the ALCo. Exposure is monitored on a daily basis by Achmea Treasury (1st line) and Balance Sheet Management & Financial Risk (2nd line). The credit risk exposure to professional counterparties is managed and monitored by the ALCo.

On June 2021 the amendments on the CRR, so called CRRII, apply. A new method for calculating counterparty credit risk (SA-CCR) has been introduced with limited impact on the Achmea Bank figures.

Credit risk measurement

The Bank uses Credit Support Annexes (CSA) to reduce the risk exposures on derivative counterparties by means of (cash) collateral; for new over-the-counter derivatives -e.g. plain vanilla interest rate swaps- the European Market Infrastructure Regulation (EMIR) applies. No impairments on counterparty positions occurred in 2021. Furthermore, as at 31 December there are no concentrations of counterparty credit risk above the internally applied concentration limit.

The total net exposure mainly consists of the exposures on the top 10 professional counterparties (financial institutions). As at year-end the total net exposure for the top 10 amounted to EUR 338 million (2020: EUR 333 million) and mainly concern direct debit accounts related to mortgage repayments and the total fair value of the derivatives versus the collateral positions. As at year-end of 2021 the net exposure for the derivative exposures amounted to EUR 19 million (2020: EUR 18 million) and consisted of the total fair value of the derivatives versus the collateral position, initial margin for central clearing and independent amounts for the back-to-back swaps.

The credit risk on the other financial assets of the Bank (investments and derivatives) are managed by means of the external credit ratings of the counterparties (Achmea middle rating: Standard & Poor's, Moody's, DBRS and Fitch):

The lowest rating at year-end 2021 was BBB (EUR 12.3 million) (year-end 2020: rating BB, EUR 0.7 million). The unrated exposure consists of the exposure to London Clearing House Limited. Most of the collateral positions are included in the category loans and advances to banks.

At year-end 2021 part of the collateral position (EUR 6 million) (2020: EUR 12 million) is reported as liability and recognised under deposits from banks (credit rating A).

Qualifying central counterparties

Following regulatory requirements, Achmea Bank clears all new derivatives (IRS) through a qualifying central counterparty (QCCP) , via its clearing members. For QCCPs appropriate limits are set in the Bank's counterparty risk policy. Achmea Bank's exposure to QCCPs at year-end 2021 amounts to EUR 29 million (2020: 83 million).

Credit risk reporting

Exposures to professional counterparties are monitored by the treasury department (1st line) and Balance Sheet & Financial Risk Management (2nd line). Balance Sheet & Financial Risk Management is responsible for daily exposure reports to involved senior management of Achmea Bank. The daily report covers e.g. the net exposures and the corresponding limits of the individual professional counterparties.

Additional contractual obligations in case of a rating downgrade

In the event of a rating downgrade of a specific counterparty, Achmea bank could be required to post additional collateral. These potential collateral requirements are connected to the rating triggers in Back-to-Back swap arrangements of the securitisation transactions of Achmea Bank. In case of a rating downgrade of three notches for all swap counterparties the additional collateral to be posted was EUR 15 million at year-end 2021.

SECURITISATIONS

RETAINED SECURITISATION

Achmea Bank uses securitisation (RMBS) as part of its funding mix. At year-end 2021 there are three outstanding transactions:, DRMP II, SRMP I and SRMP II. For SRMP I and SRMP II, all notes are retained by Achmea Bank. The class A notes of SRMP I and SRMP II are ECB eligible and can be used as collateral for e.g. central bank funding. The total amount was EUR 1,656 million (SRMP I and II A notes) as per 31 December 2021.

An amount of liquidity risk in securitisation transactions is retained by Achmea Bank by acting as liquidity facility provider in some of its retained securitisation transactions. Achmea Bank does not act as swap counterparty in any of its own securitisations. Contingent liquidity risk in securitisation swaps arises from the rating triggers related to the back-to-back swaps as part of the securitisation structure.

REGULATORY CAPITAL APPROACH

For the currently outstanding exposures Significant Risk Transfer (SRT) is not applicable therefore regulatory capital is determined by the total risk exposure amount (TREA) for the underlying assets as if these assets where not securitized ('look-through'). With this method the issuance of a securitisation does not change the required capital amount for the originator.

OPERATIONAL RISK MANAGEMENT

Operational risk is defined as the risk of loss arising from inadequate or failing internal processes, employees or systems, or from external events. This can lead to a financial loss, but also to reputational damage. Reputational risk is not seen as a separate risk category, but as a form of damage that can arise from the risks that Achmea Bank runs.

Operational Risk Management Process
The Bank has a structured process for identifying, assessing, monitoring and reporting operational risks, including compliance risks and risks surrounding information security and business continuity. This process comprises the following key activities:

- Identification: identification of all (key) risks and related controls
- Assessment and response: evaluation of risks and controls and formulation of appropriate actions
- Monitoring: regular review of the risk profile and exposure in relation to risk appetite.
- Reporting: articulating the risk profile for internal governance and external reporting requirements.

Risk identification and assessment are the fundamental characteristics of Achmea Bank's Operational Risk Management Framework (ORMF), and these activities are supported by the following tools:

- Loss Event Management: analysis of events to identify new operational risks, understanding the underlying causes and control weaknesses, and formulating an appropriate response to prevent recurrence of similar events.
- Loss database: maintaining a risk event dataset that collects all material events experienced by Achmea Bank which serves as basis for Risk Self Assessments
- Risk Self Assessments: performing self-assessments of operational risks and controls on various different levels.
- Control Framework (CFW): a structured approach to the evaluation, review and ongoing monitoring and testing of key controls in place to manage the risks.
- Metrics: monitoring of Key Risk Indicators and related trends through time against agreed thresholds or limits to provide early warning information.
- Issue Management: ongoing monitoring of the timely remediation of observed issues in the management and controlling of risks

Operational Risk Governance and Policy
To manage operational risks Achmea Bank relies on three lines of defence. The first line of defence is business unit management which is responsible for identifying and managing the risks inherent in the products, activities, processes and systems for which it is accountable. Compliance & Operational Risk Management is the second line of defence and provides independent risk oversight over business processes and the proper implementation of the risk management policies and framework. The third line comprises the internal audit function which provides independent assurance to the board of the appropriateness of Achmea Bank's ORMF. At least every three months the risk management cycle is discussed in detail by the Finance & Risk Committee.
The Operational Risk Policy describes the objectives of operational risk management, the governance structure, roles and responsibilities and the overall design of the ORMF. The policy is reviewed every year and contains additional policies and procedures for specific risk events, such as for information security and business continuity and outsourcing:

- Information security: The whole of activities that focus on the permanent realization of an optimal level of availability, integrity and confidentiality of information and information systems in order not to jeopardize business continuity, not to harm the interests of customers, to protect and prevent financial damage and image damage. comply with laws and regulations. Control measures have been included for this in the CFW, focusing on the following themes: Cyber security, IT Architecture, Data center Facilities, IT Operations, Logical Access Security and Change Management.
- Business Continuity Management (BCM): This includes recognizing threats and their potential impact, determining the minimum required level of services to customers and other stakeholders, and implementing and testing measures to prevent major disruptions of business-critical chains and the impact of the disruptions is limited to an acceptable proportion. Control measures have been included for this purpose in the CFW, aimed at preventing long-term system failure and back-up and recovery of data and systems.

- Outsourcing: Outsourcing processes must take place carefully and in a controlled manner, based on a risk / return assessment and written documentation of mutual obligations. To this end, the CFW contains control measures aimed at contracting, compliance with Service Level Agreements and registration of outsourcing.

Important Operational Risks for Achmea Bank

The most important operational risks that could harm Achmea Bank are the risks related to information security / privacy and cybercrime, risks associated with the digitization and outsourcing of our services and liability claims from products and services. The risks for cybercrime are high, due to malware and ransomware attacks by cyber criminals using changing techniques. Risks concerning the security of websites and privacy-sensitive information also remain high. This is due to the digitization of our services whereby changes are made to our websites and IT environment. The risk of irresponsible handling of big data is increasing in a world where data plays an increasingly important role. The reputation of banks as part of the financial sector is still under pressure. Everything that a bank does is assessed in a social context.

Outsourcing risk

For Achmea Bank as a network bank, outsourcing risk is also an important risk within the ORM framework. *Outsourcing risk is the risk that the continuity, integrity and/or quality of the activities outsourced to third parties are harmed*. Achmea Bank has implemented the EBA Guidelines on outsourcing arrangements (2019). Based on these guidelines, in conjunction with the Achmea Outsourcing Policy, Achmea Bank follows a tight process when entering into and managing outsourcing arrangements, involving the following four phases:

1. Analysis phase: qualification of the contract (critical or important functions), risk analysis, business impact analysis, business case, due diligence service provider and determining the necessary control measures for IT and Privacy, among others.
2. Initiation phase: establishing the agreements with the service provider in a contract and/or Service Level Agreement or Security Agreement.
3. Management phase: monitoring during the lifetime of the contract that the service provider performs the function or activities as agreed in the contract, based on periodic (assurance) reports from service providers.
4. Evaluation phase: periodic assessment of the outsourcing arrangement to determine whether the risks and associated control measures are still current and sufficiently effective.

In its Control Framework (CFW) Achmea Bank has set up key controls to periodically test compliance with the above described process and the outsourcing policy. In the quarterly report from Compliance & Operational Risk Management (CORM) to the Executive Board and A&RC, effectiveness of these controls is reported.

Capital Calculation

The Bank applies the basic indicator approach for calculating its operational risk capital charge under Pillar I of the Basel framework.

Security and fraud incidents in 2021

No security incidents occurred in the previous year which significantly harmed or affected the provision of services to clients, nor did any material loss or damage occur as a result of instances of fraud.

MARKET RISK

INTEREST RATE RISK BANKING ENVIRONMENT

Interest rate risk framework

One of the Bank's objectives is to generate a positive interest margin on its banking operations. The Bank's market risk mainly consists of interest rate risk in the banking book. The Bank has a strict policy on mitigating foreign currency risk and uses financial instruments to hedge interest rate risk and foreign currency risk.

The Balance Sheet Management & Financial Risk department is responsible for monitoring and managing the Bank's market risk. Transactions on the financial markets are supported and executed by Achmea Treasury department and Corporate Finance department. The Bank's risk exposure is discussed during ALCo meetings and appropriate action is taken if necessary.

Achmea Bank does not engage in proprietary trading activities on financial markets and therefore does not calculate a pillar 1 market risk capital charge.

Governance of management interest rate risk in the banking book
Interest rate risk is the present or future risk of a decline in total equity and interest income due to changes in market interest rates. The Bank hedges the interest rate risk arising from its mortgage lending and funding operations mainly by means of interest rate derivatives (swaps), but also with investments (for example government bonds) and (long-term) funding instruments like retail savings.

Interest rate risk is managed from both an income and value perspective:

- Value perspective: Effects of a change in interest rate on the economic value of total equity; and
- Income perspective: Effects of a change in interest rate on the income statement (and therefore in the net result).

Several limits have been set on the bank's interest positions under the interest rate risk policy and Risk Appetite. ALCo uses duration and Income-at-Risk as the main ratio's to manage interest rate risk. Treasury is responsible for executing the decisions of ALCo.

Risk measurement

Effects of a change in interest rates on total equity
The impact on total equity is based on the market value of all financial instruments. It is not directly visible in the income statement or in the consolidated statement of the financial position as most instruments are recognised at amortised cost.

The Bank uses various methodologies to monitor the impact of IRRBB:

- Duration of equity: measures the sensitivity of the market value of equity due to a parallel shift (shock) of the interest rates of one basis point;
- Sensitivity analysis: measures the effect on the market value of total equity of an event that is exceptional, but relevant to the Bank. It comprises a sudden, parallel shift of the interest rate curve (swap curve) by 200 basis points (up and down). The impact of a non-parallel shift can be higher than that of a parallel shift. The sensitivity analysis recalculates the market value of the entire portfolio under the above mentioned scenarios;
- Income at Risk: measures the impact on the interest income by a fluctuation of the interest rates.

Sensitivity analyses are also used in management reports and discussed in ALCo. The outcome of the sensitivity analysis is within the internally applied limits.

DURATION

IN YEARS	2021	2020
Duration of equity	2.6	2.2

The table above shows that the duration of total equity of Achmea Bank has slightly increased from 2.2 years as at 31 December 2020 to 2.6 years as at 31 December 2021.

SENSITIVITY ANALYSIS

IN MILLIONS OF EUROS	2021	2020
Parallel shift in the yield curve of 200 basis points downward	−18.6	−1.50
Parallel shift in the yield curve of 200 basis points upward	−72.3	−44.30

The impact on the EVE of a 200 basis point upward shift of the yield curve is EUR -72 million at 31 December 2021, compared to EUR -44 million at 31 December 2020. The EVE impact is larger (more negative) than in 2020. This is mainly because AB introduced a new CPR model which is more sensitive to interest changes. In case of higher interest rates, the mortgages are assumed to remain longer on the consolidated statement of financial position (lower CPR), which is less beneficial in case the mortgages have a low coupon.

The impact on EVE of a minus 200 basis point downward shift of the yield curve is EUR -19 million at 31 December 2021, compared to EUR -2 million at 31 December 2020. The EVE impact is larger (more negative) than in 2020. This is mainly driven by the EBA-floor that caps the shock in interest rates. Per ultimo 2021 market interest rates have risen compared to ultimo 2021, leading to a larger shock and hence a larger (negative) impact on EVE.

Effects of a change in the interest rate on income statement

Income at Risk measures the sensitivity of the net interest income when the underlying interest rates are decreased by 200 basis point (in line with EBA guidelines), with a time horizon of one year.

INTEREST RATE RISK EXPOSURE

IN MILLIONS OF EUROS	2021	2020
Income at Risk	−8.9	−10.6

The effect of a minus 200 basis point shift of the yield curve on the IaR is EUR -9 million at 31 December 2021, compared to EUR -11 million at 31 December 2020. The decrease in Income at Risk (less negative) is mainly driven by a lower (DNB) cash position per ultimo 2021.

FOREIGN CURRENCY RISK

With respect to foreign currencies, the Bank´s policy is to fully hedge its exposure to foreign currency risk. The Bank´s exposure at 31 December 2021 is limited to the CHF mortgages in the Acier loan portfolio.

Part of the Acier loan portfolio is denominated in CHF (EUR 362 million at year-end 2021). This position is hedged by CHF 400 million (EUR 387 million) unsecured loans. The remaining CHF exposure is hedged on a monthly basis with foreign exchange derivatives. The net valuation effect over 2021 amounts to a EUR 0.1 million loss (2020: EUR 0.4 million gain) and is recognised in changes in fair value of financial instruments.

All foreign exchange (CHF) positions are being hedged. The remaining open CHF position is EUR 0.05 million short. Therefore Achmea Bank does not calculate a capital charge for market risk.

FOREIGN CURRENCY EXPOSURE

	2021			2020		
In thousands of euros	**Total exposure**	**Notional amounts of hedging instruments**	**Net exposure**	**Total exposure**	**Notional amounts of hedging instruments**	**Net exposure**
Assets						
Swiss Franc	362,465	362,511	−46	388,705	393,312	−4,607
	362,465	**362,511**	**−46**	**388,705**	**393,312**	**−4,607**
Liabilities						
Swiss Franc	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**
Net						
Swiss Franc	362,465	362,511	−46	388,705	393,312	−4,607
	362,465	**362,511**	**−46**	**388,705**	**393,312**	**−4,607**

REMUNERATION PRINCIPLES AND POLICY

The Supervisory Board approved the remuneration of the Executive Board members and the senior staff of Achmea Bank. The Supervisory Board evaluates remunerations in the context of the remuneration policy of Achmea Group. More details regarding remuneration policies can be found in the Remuneration Report and on www.achmea.nl or www.achmea.com.

CLIMATE-RELATED RISK

Achmea Bank recognizes the potential impact that climate related risks can have on the risk profile of her mortgage portfolio. The responsibility for both the risks and opportunities that arise from climate change and environmental issues lie with the Board of Directors, and our are further integrated in all parts of our organization.

Noting that ESG-risks are drivers for all risk categories (credit risk, operational risk, etc.), we look at both how to mitigate our impact on climate change by reducing emissions, as at how we can adapt our organization and strategy accordingly. In 2021 steps have been taken to further this approach. Qualitatively an ESG perspective was already embedded in the bank's ICLAAP macro-scenarios. In 2021, investigations have been initiated to understand the relevance of both physical risk and transition risk. Using datasets form CAS (Climate Adaption Services), the key physical risks in our mortgage portfolios were identified, serving as a basis for further analysis. Additionally, we continually monitor different transitional risks that arise from the transformation to a more sustainable economy.

As further explained in the ESG-paragraph of the annual report 2021, we will continue to integrate these insights into our existing risk management structures. Our climate risk investigations will continue in 2022, including scenario analysis and stress testing. In line with the risk management cycle, further insights will be gathered that may lead to alterations of the risk appetite, credit risk policies and credit risk management practices. Additionally, we already set and monitor targets that relate to emission reduction and engagement with partners and investors on these issues, which can be found in the ESG-paragraph of the annual report 2021.

APPENDIX: TABLES

KEY METRICS AND OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS

KEY METRICS (CRR Art. 447 (a) to (g) - Template EU KM1)

IN MILLIONS OF EUROS	2021Q4	2021Q2	2020
Available own funds (amounts)			
Common Equity Tier 1 (CET1) capital	779	807	807
Tier 1 capital	779	807	807
Total capital	779	807	808
Risk-weighted exposure amounts			
Total risk exposure amount	3,726	3,766	3,954
Capital ratios (as a percentage of risk-weighted exposure amount)			
Common Equity Tier 1 ratio (%)	20.9%	21.4%	20.4%
Tier 1 ratio (%)	20.9%	21.4%	20.4%
Total capital ratio (%)	20.9%	21.4%	20.4%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.6%	2.6%	2.6%
of which: to be made up of CET1 capital (percentage points)	0.5%	0.9%	0.9%
of which: to be made up of Tier 1 capital (percentage points)	0.8%	1.1%	1.1%
Total SREP own funds requirements (%)	10.9%	12.6%	12.6%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%
Institution specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%
Systemic risk buffer (%)	0.0%	0.0%	0.0%
Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%
Other Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%
Combined buffer requirement (%)	2.5%	2.5%	2.5%
Overall capital requirements (%)	13.4%	15.1%	15.1%
CET1 available after meeting the total SREP own funds requirements (%)	10.0%	8.8%	7.8%
Leverage ratio			
Total exposure measure	11,904	12,103	13,572
Leverage ratio (%)	6.5%	6.7%	5.9%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	
of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	
Total SREP leverage ratio requirements (%)	3.2%	3.2%	
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
Leverage ratio buffer requirement (%)	0.0%	0.0%	
Overall leverage ratio requirement (%)	3.2%	3.2%	
Liquidity Coverage Ratio (LCR)			
Total high-quality liquid assets (HQLA) (Weighted value -average)	1,217	1,426	1,389
Cash outflows - Total weighted value	788	479	759
Cash inflows - Total weighted value	377	309	341
Total net cash outflows (adjusted value)	410	170	418
Liquidity coverage ratio (%)	297%	837%	332%
Net Stable Funding Ratio (NSFR)			
Total available stable funding	10,783	11,241	11,346
Total required stable funding	8,135	8,110	9,014
NSFR ratio (%)	133%	139%	126%

Overview of total risk exposure amounts (TREA,CRR Art. 438 (d) - Template EU OV1)

IN MILLIONS OF EUROS	TREA	TREA	Minimum capital requirements
	2021	2020	2021
Credit risk (excl. counterparty credit risk)	**3,390**	**3,680**	**271**
Of which Standardised approach	3,390	3,680	271
Of which the Foundation IRB (F-IRB) approach	-	-	-
Of which slotting approach	-	-	-
Of which equities under the simple riskweighted approach	-	-	-
Of which the Advanced IRB (A-IRB) approach	-	-	-
Counterparty credit risk - CCR	**70**	**24**	**6**
Of which the standardised approach	29	24	2
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	1	-	0
Of which credit valuation adjustment - CVA	41	-	3
Of which other CCR	-	-	-
Settlement risk	**-**	**-**	**-**
Securitisation exposures in the non-trading book (after the cap)	**-**	**-**	**-**
Of which securitisation internal rating-based approach	-	-	-
Of which securitisation external rating-based approach (including IAA)	-	-	-
Of which securitisation standardised approach	-	-	-
Of which 1250% / deduction	-	-	-
Position, foreign exchange and commodities risks (Market risk)	**-**	**-**	**-**
Of which Standardised approach	-	-	-
Of which internal model approach	-	-	-
Large exposures	**-**	**-**	**-**
Operational risk	**266**	**250**	**21**
Of which basic indicator approach	266	250	21
Of which standardised approach	-	-	-
Of which advanced measurement approach	-	-	-
Amounts below the threshold for deduction (subject to 250% risk weight)	**-**	**-**	**-**
Total	**3,726**	**3,954**	**298**

SCOPE OF APPLICATION

Differences between accounting and prudential scopes of consolidation (CRR Art 436 (c) - Template EU LI1)

IN MILLIONS OF EUROS			Carrying values of items:				
	published financial statements	under scope of prudential consolidation	credit risk	counterparty credit risk	securitisation framework	market risk	Not subject to capital requirements
Cash and balances with Central Banks	780	780	780	-	-	-	-
Derivative assets held for risk management	62	62	-	62	-	-	-
Loans and advances to banks	593	593	593	-	-	-	-
Loans and advances to public sector	1	1	1	-	-	-	-
Loans and advances to customers	11,363	11,363	11,363	-	-	-	-
Current tax assets	-	-	-	-	-	-	-
Deferred tax assets	2	2	2	-	-	-	-
Prepayments and other receivables	48	48	48	-	-	-	-
Total assets	**12,848**	**12,848**	**12,786**	**62**	**-**	**-**	**-**

Main sources of differences between regulatory exposure amounts and carrying values in financial statements for 2021 (CRR Art. 436 (d) - Template EU LI2)

IN MILLIONS OF EUROS		Items subject to			
	Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
Asset carrying value amount under scope of prudential consolidation	**12,848**	**12,786**	**-**	**62**	**-**
Liabilities carrying value amount under the prudential scope of consolidation	**-**	**-**	**-**	**-**	**-**
Total net amount under the prudential scope of consolidation	**12,848**	**12,786**	**-**	**62**	**-**
Off-balance sheet amounts	**327**	**327**	**-**	**-**	**-**
Differences in valuations					
Differences due to different netting rules,	(302)	(302)			
Differences due to consideration of provisions					
Differences due to the use of credit risk mitigation techniques (CRMs)					
Differences due to credit conversion factors	(245)	(245)			
Differences due to Securitisation with risk transfer					
Other differences	32			32	
Exposure amounts considered for regulatory purposes	**12,659**	**12,566**	**-**	**93**	**-**

Differences in the scopes of consolidation (entity by entity) - CRR Art. 436(b) - Template EU LI3

as per 31/12/2021		Method of regulatory consolidation				Description of the entity
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Neither consolidated or deducted	Deducted	
Securitised Residential Mortgage Portfolio I B.V.	Full consolidation	X				Special purpose vehicle
Securitised Residential Mortgage Portfolio II B.V.*	Full consolidation	X				Special purpose vehicle
Dutch Residential Mortgage Portfolio II B.V.	Full consolidation	X				Special purpose vehicle
Stichting Trustee Achmea Hypotheekbank	Full consolidation	X				Special purpose vehicle
Stichting Incasso Achmea Hypotheken	Full consolidation	X				
Achmea Conditional Pass-Through Covered Bond Company B.V.	Full consolidation	X				
Achmea Soft Bullet Covered Bond Company B.V.	Full consolidation	X				

*Set up in 2021

Prudent valuation adjustments for 2021 (CRR Art. 436€ - Template EU PV1)

IN THOUSENDS OF EUROS	Risk category:					Category level AVA - Valuation uncertainty		Total category level post-diversification		
Category level AVA	Equity	Interest rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
Market price uncertainty										
Close-out cost										
Concentration										
Early termination										
Model risk										
Operational risk										
Future administrative costs										
Total Additional Valuation Adjustments (AVAs)								**102**		

Achmea Bank applies the simplified approach for Additional Valuation Adjustments

OWN FUNDS

Composition of regulatory own funds (CRR Art 437(a,d,e,f) - Template EU CC1)

IN THOUSENDS OF EUROS	Amounts	Sources based to regulatory scope
Directly issued qualifying common share capital plus related stock surplus	523,761	(b) + (c)
Retained earnings	246,056	(d) minus result of 2021 and other comprehensive income
Accumulated other comprehensive income	8,980	
Common Equity Tier 1 capital before regulatory adjustments	**778,797**	
Prudential valuation	102	
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-	
Other transitional adjustments to CET1 Capital	-	
Total regulatory adjustment to CET1	**102**	
Common Equity Tier 1 Capital (CET1)	**778,694**	
Paid up capital instruments and subordinated loans	-	
Tier 2 Capital	-	
Total capital	**778,694**	
Total risk exposure amount	**3,725,906**	
Common Equity Tier 1 ratio	20.9%	
Tier 1 ratio	20.9%	
Total Capital Ratio	20.9%	
Institution specific buffer requirement	2.5%	
of which: capital conservation buffer requirement	2.5%	
of which: bank specific countercyclical buffer requirement	0.0%	
Common Equity Tier 1 available to meet buffers after meeting the banks' minimum capital requirements	**14.80%**	

Reconciliation of regulatory capital to balance sheet (CRR Art 437(a) - Template EU CC2)

IN THOUSENDS OF EUROS

	Balance sheet as in published financial statements	Reference
Assets		
Cash and balances with Central Banks	780,114	
Derivative assets held for risk management	61,769	
Loans and advances to banks	592,694	
Loans and advances to public sector	629	
Loans and advances to customers	11,363,221	
Deferred tax assets	1,879	
Prepayments and other receivables	47,684	
Total Assets	**12,847,990**	
Liabilities		
Derivative liabilities held for risk management	339,695	
Deposits from banks	55,535	
Funds entrusted	7,515,211	
Debt securities issued	4,050,709	
Provisions	500	
Current tax liabilities	2,043	
Deferred tax liabilities	-	
Accruals and other liabilities	65,040	
Subordinated liabilities	1,191	
Total Liabilities	**12,029,924**	
Share Capital	18,152	b
Share premium	505,609	c
Reserves	294,305	d
Total shareholders' equity	**818,066**	
Total Equity and Liabilities	**12,847,990**	

LEVERAGE RATIO

Summary reconciliation of accounting assets and leverage ratio exposures (CRR Art. 451 (1b) - Template EU LR1 - LRSum)

IN MILLIONS OF EUROS	2021
Total assets as per published financial statements	12,848
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
(Adjustment for temporary exemption of exposures to central banks (if applicable))	(780)
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure)	-
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
Adjustment for eligible cash pooling transactions	-
Adjustments for derivative financial instruments	32
Adjustments for securities financing transactions "SFTs"	-
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	82
(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	(9)
(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
Other adjustments	(269)
Total leverage ratio exposure	**11,904**

Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (CRR Art. 451 (1b) - Template EU LR3 - LRSpl)

IN MILLIONS OF EUROS	CRR leverage ratio exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**11,728**
Trading book exposures	-
Banking book exposures, of which:	**11,728**
Covered bonds	-
Exposures treated as sovereigns	2
Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	-
Institutions	314
Secured by mortgages of immovable properties	10,052
Retail exposures	864
Corporates	84
Exposures in default	78
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	334

Leverage ratio common disclosure (CRR Art. 451 - Template EU LR2 - LRCom)

IN MILLIONS OF EUROS		2021	2020
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	12,795	13,752
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	(11)
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(278)	(375)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	
5	(General credit risk adjustments to on-balance sheet items)	(9)	
6	(Asset amounts deducted in determining Tier 1 capital)	-	
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**12,508**	**13,366**
	Derivative exposures		
8	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	78	66
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions*)	16	63
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivative exposures**	**94**	**129**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**-**	**-**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	327	366
20	(Adjustments for conversion to credit equivalent amounts)	245	289
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	-	-
	Off-balance sheet exposures	**82**	**77**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
	(Exposures to the central bank exempted in accordance with point (n) of Article 429a(1) CRR)	(780)	
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	**(780)**	**-**
	Capital and total exposure measure		
23	Tier 1 capital	779	807
24	**Total exposure measure**	**11,904**	**13,572**
	Leverage ratio		
25	Leverage ratio	6.5%	5.9%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	6.5%	
25a	Leverage ratio (excluding the impact of any applicable temporary exemption ofcentral bank reserves)	6.1%	
26	Regulatory minimum leverage ratio requirement (%)	3.2%	
27	Additional leverage ratio requirements (%)	0.0%	
EU-27a	Required leverage buffer (%)	0.0%	
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	0	
	Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	0	
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0	
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11,904	
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12,684	
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.5%	
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.1%	

*)In 2020: Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)

LIQUIDITY MANAGEMENT

Quantitative information of LCR (CRR Art. 451a(2) - Template EU LIQ1)

IN THOUSENDS OF EUROS

	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on (DD Month YYY)	31/12/2021	30/09/2021	30/06/2021	31/03/2021	31/12/2021	30/09/2021	30/06/2021	31/03/2021
Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					1,411,927	1,395,240	1,263,724	936,672
CASH – OUTFLOWS								
Retail deposits ans deposits from small business customers	**4,735,789**	**4,843,996**	**4,697,684**	**4,458,656**	**278,134**	**290,382**	**277,974**	**259,375**
of which stable deposits	4,037,560	4,057,419	4,014,729	3,878,974	201,878	202,871	200,736	193,949
of which less stable deposits	698,228	786,577	682,955	579,682	76,256	87,511	77,238	65,426
Unsecured wholesale funding	**195,628**	**137,405**	**138,740**	**368,818**	**195,227**	**133,045**	**133,418**	**360,444**
of which operational deposits and bank deposits	-	-	-	-	-	-	-	-
of which non operational deposits	26,804	22,384	32,857	31,823	26,403	18,025	27,535	23,449
of which unsecured debt	168,824	115,021	105,883	336,995	168,824	115,021	105,883	336,995
Secured wholesale funding					**375**	**29**	**40**	**221**
Additional requirements	**142,696**	**139,017**	**133,077**	**130,198**	**91,197**	**92,022**	**87,721**	**85,417**
of which outflows related to derivatives and collateral	83,271	85,812	79,885	77,440	83,271	85,812	79,885	77,440
of which outflows related to loss of funding on debt products	5,215	3,737	5,449	5,620	5,215	3,737	5,449	5,620
of which credit and liquidity facilities	54,210	49,469	47,744	47,138	2,711	2,473	2,387	2,357
Other contractual funding obligations	**227,356**	**216,783**	**164,083**	**196,768**	**121,324**	**111,091**	**84,255**	**112,007**
Other contingent funding obligations	**53,617**	**51,451**	**46,628**	**25,842**	**2,145**	**2,105**	**2,181**	**1,073**
TOTAL CASH OUTFLOWS					**688,402**	**628,673**	**585,590**	**818,537**
CASH – INFLOWS								
Secured lening (eg reverse repos)	-	-	-	-	-	-	-	-
Inflows from fully performing exposures	**196,663**	**192,163**	**174,290**	**213,278**	**189,827**	**185,419**	**167,129**	**205,045**
Other cash inflows	**221,440**	**215,270**	**213,779**	**219,190**	**101,440**	**95,270**	**93,779**	**99,190**
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
(Excess inflows from a related specialised credit institution)					-	-	-	-
TOTAL CASH INFLOWS	**418,103**	**407,433**	**388,069**	**432,468**	**291,267**	**280,689**	**260,908**	**304,234**
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	***418,103***	***407,433***	***388,069***	***432,468***	***291,267***	***280,689***	***260,908***	***304,234***
TOTAL ADJUSTED VALUE								
Liquidity buffer					1,411,927	1,395,240	1,263,724	936,672
Total net cash outflows					397,135	347,984	324,682	514,302
Liquidity Coverage ratio (%)					**356%**	**401%**	**389%**	**182%**

Net Stable Funding Ratio (CRR Art. 451a(3) - Template EU LIQ2)

IN THOUSENDS OF EUROS	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	> 1 yr	
AVAILABLE STABLE FUNDING (ASF) items					
Capital items and instruments	**778,797**	**-**	**-**	**-**	**778,797**
Own funds	778,797	-	-	-	778,797
Other capital instruments		-	-	-	-
Retail deposits		**4,609,913**	**224,174**	**1,919,834**	**6,497,278**
Stable deposits		4,333,445	201,867	1,574,481	5,883,028
Less stable deposits		276,467	22,306	345,353	614,249
Wholesale funding		**1,201,310**	**313,776**	**3,348,012**	**3,505,563**
Operational deposits		-	-	-	-
Other wholesale funding		1,201,310	313,776	3,348,012	3,505,563
Interdependent liabilities					
Other liabilities	**19,749**	**104,452**	**2,193**	**183**	**1,280**
NSFR derivative liabilities	19,749				
All other liabilities and capital instruments not included in the above categories		104,452	2,193	183	1,280
TOTAL AVAILABLE STABLE FUNDING (ASF)					**10,782,917**
REQUIRED STABLE FUNDING(RSF) items					
Total high quality liquid assets (HQLA)					**-**
Assets encumbered for a residual maturity of one year or more in a cover pool		**-**	**-**	**2,300,846**	**1,955,719**
Deposits held at other financial institutions for operational purpose		**1**	**-**	**-**	**0**
Performing loans and securities; of which		**343,535**	**109,583**	**8,586,159**	**5,791,406**
Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		259,551	10,301	38,811	69,917
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		376	596	99,960	81,301
with a risk weight of less than or equal to 35% (SA credit risk)		1	1	20,755	13,491
Performing residential mortgages; of which		83,607	98,685	8,447,388	5,640,188
with a risk weight of less than or equal to 35% (SA credit risk)		82,269	97,030	8,261,971	5,481,086
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		-	-	-	-
Interdependent assets					**-**
Other assets		**358,779**	**26,155**	**303,648**	**371,299**
Physical traded commodities					
Assets posted as intitial margin for derivative contracts and contibutions to default funds of CCP's		-	-	23,922	20,334
NSFR derivative assets		14,402	-	-	14,402
NSFR derivative liabities before deduction of variation margin posted		286,425	-	-	14,321
All other assets not included in the above categories		57,952	26,155	279,726	322,242
Off balance sheet items		327,295	-	-	16,365
TOTAL REQUIRED STABLE FUNDING (RSF)					**8,134,790**
Net Stable Funding Ratio (%)					**133%**

CREDIT RISK QUALITY

Performing and non-performing exposures and related provisions (Article 442 - EU CR1)

IN THOUSENDS OF EUROS

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Cash balances at central banks and other demand deposits	799,044	799,044													
Loans and advances	11,583,162	11,019,319	563,844	81,895	-	81,895	-9,194	-2,831	-6,364	-4,866	-	-4,866	-	10,867,870	77,029
Central banks	1,000	1,000													
General governments	629	629												629	
Credit institutions	532,203	532,203					-15	-15							
Other financial corporations	58,740	51,985	6,755				-42	-3	-38					17,744	
Non-financial corporations	26,543	16,629	9,914				-586	-2	-584					23,898	
Of which SMEs	26,543	16,629	9,914				-586	-2	-584					23,898	
Households	10,964,048	10,416,873	547,175	81,895		81,895	-8,551	-2,810	-5,741	-4,866		-4,866		10,825,599	77,029
Debt securities															
Central banks															
General governments															
Credit institutions															
Other financial corporations															
Non-financial corporations															
Off-balance-sheet exposures	326,947	325,683	1,264	348	-	348	-		-	-	-	-		-	-
Central banks															
General governments															
Credit institutions															
Other financial corporations															
Non-financial corporations															
Households	326,947	325,683	1,264	348		348									
Total	**12,709,153**	**12,144,046**	**565,107**	**82,243**	**-**	**82,243**	**-9,194**	**-2,831**	**-6,364**	**-4,866**	**-**	**-4,866**	**-**	**10,867,870**	**77,029**

Performing and non-performing exposures and related provisions (CRR Art. 442 - Template EU CR1-A)

IN THOUSENDS OF EUROS

	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Loans and advances	799,044	1,420,058	3,699,178	6,228,619	303,142	12,450,041
Debt securities						-
Total	***799,044***	***1,420,058***	***3,699,178***	***6,228,619***	***303,142***	***12,450,041***

Credit quality of forborne exposures (CRR Art. 442 (c) - Template EU CQ1)

IN THOUSANDS OF EUROS

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
Cash balances at central banks and other demand deposits								
Loans and advances	**71,058**	**40,009**	**40,009**	**40,009**	**(363)**	**(371)**	**109,582**	**39,425**
Central banks								
General governments								
Credit institutions								
Other financial corporations								
Non-financial corporations	1,072						1,072	
Households	69,986	40,009	40,009	40,009	(363)	(371)	108,510	39,425
Debt Securities								
Loan commitments given								
Total	**71,058**	**40,009**	**40,009**	**40,009**	**(363)**	**(371)**	**109,582**	**39,425**

Credit quality of performing and non-performing exposures by past due days (CRR Art. 442(d) - Template EU CQ3)

IN THOUSANDS OF EUROS

	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits	799,044	799,044										
Loans and advances	**11,583,162**	**11,567,701**	**15,462**	**81,895**	**53,211**	**11,482**	**5,872**	**6,052**	**2,139**	**3,138**		**73,607**
Central banks	1,000	1,000										
General governments	629	629										
Credit institutions	532,203	532,203										
Other financial corporations	58,740	58,740										
Non-financial corporations	26,543	26,543										
Of which SMEs	26,543	26,543										
Households	10,964,048	10,948,586	15,462	81,895	53,211	11,482	5,872	6,052	2,139	3,138		73,607
Debt securities												
Central banks												
General governments												
Credit institutions												
Other financial corporations												
Non-financial corporations												
Off-balance-sheet exposures	**326,947**			**348**								**348**
Central banks												
General governments												
Credit institutions												
Other financial corporations												
Non-financial corporations												
Households	326,947			348								348
Total	**12,709,153**	**12,366,744**	**15,462**	**82,243**	**53,211**	**11,482**	**5,872**	**6,052**	**2,139**	**3,138**	**-**	**73,955**

Credit quality of loans and advances to non-financial corporations by industry (Art. 442 (c,e) - Template EU CQ5)

IN THOUSANDS OF EUROS

	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing						
Mining and quarrying						
Manufacturing						
Electricity, gas, steam and air conditioning supply						
Water supply						
Construction						
Wholesale and retail trade						
Transport and storage						
Accommodation and food service activities						
Information and communication						
Financial and insurance actvities						
Real estate activities	22,122			22,122	(532)	
Professional, scientific and technical activities	3,795			3,795	(52)	
Administrative and support service activities	200			200		
Public administration and defense, compulsory social security						
Education						
Human health services and social work activities	301			301		
Arts, entertainment and recreation						
Other services	125			125	(2)	
Total	**26,543**			**26,543**	**(586)**	

CREDIT RISK MITIGATION TECHNIQUES

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (CRR Art. 453 - Template EU CR3)

IN THOUSENDS OF EUROS

	Unsecured carrying amount	Secured carrying amount			
			Of which secured by collateral	Of which secured by financial guarantees	
					Of which secured by credit derivatives
Loans and advances	1,519,202	10,944,899	10,839,267	105,632	
Debt securities					
Total	1,519,202	10,944,899	10,839,267	105,632	
Of which non-performing exposures	4,866	77,029	76,722	307	
Of which defaulted	4,866	77,029			

STANDARDISED APPROACH

Standardised approach – Credit risk exposure and CRM effects (CRR Art. 444 and 453 - Template EU CR4)

IN THOUSENDS OF EUROS

	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
Central governments or central banks	781,993		2,553,151	2,421	4,698	0.2%
Regional government or local authorities						
Public sector entities						
Multilateral development banks						
International organisations						
Institutions	290,543		290,543		58,096	20.0%
Corporates	84,235		78,653		78,653	100.0%
Retail	863,553	73,466	397,133	30,579	320,784	75.0%
Secured by mortgages on immovable property	10,051,726	253,829	8,049,663	48,884	2,834,549	35.0%
Exposures in default	77,718		59,887		60,479	101.0%
Exposures associated with particularly high risk						
Covered bonds						
Institutions and corporates with a short-term credit assessment						
Collective investment undertakings						
Equity						
Other items	334,301		1,055,040		32,414	3.1%
TOTAL	**12,484,070**	**327,295**	**12,484,070**	**81,884**	**3,389,673**	**27.0%**

Standardised approach (Article 444 - EU CR5)

IN THOUSENDS OF EUROS

	Risk weight															Total	Of which unrated
Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
Central governments or central banks	2,553,693	-	-	-	-	-	-	-	-	-	-	1,879	-	-	-	2,555,572	
Regional government or local authorities																	
Public sector entities																	
Multilateral development banks																	
International organisations																	
Institutions	-	28,738	-	-	302,746	-	52,343	-	-	-	-	-	-	-	-	383,827	355,089
Corporates	-	-	-	-	-	-	-	-	-	78,653	-	-	-	-	-	78,653	
Retail exposures	-	-	-	-	-	-	-	-	427,712	-	-	-	-	-	-	427,712	
Exposures secured by mortgages on immovable property	-	-	-	-	-	8,098,164	383	-	-	-	-	-	-	-	-	8,098,547	
Exposures in default	-	-	-	-	-	-	-	-	-	58,703	1,184	-	-	-	-	59,887	
Exposures associated with particularly high risk																	
Covered bonds																	
Exposures to institutions and corporates with a short-term credit assessment																	
Units or shares in collective investment undertakings																	
Equity exposures																	
Other items	994,170	-	-	-	35,569	-	-	-	-	25,300	-	-	-	-	-	1,055,040	
TOTAL	**3,547,863**	**28,738**	**-**	**-**	**338,315**	**8,098,164**	**52,726**	**-**	**427,712**	**162,656**	**1,184**	**1,879**	**-**	**-**	**-**	**12,659,238**	**355,089**

COUNTERPARTY CREDIT RISK

Analysis of CCR exposure by approach (CRR Art. 439 (f,g,k) - Template EU CCR1)

IN THOUSANDS OF EUROS

	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU - Original Exposure Method (for derivatives)								
EU - Simplified SA-CCR (for derivatives)								
SA-CCR (for derivatives)	55,640	10,992		1.4	93,284	93,284	93,284	29,200
IMM (for derivatives and SFTs)								
Of which securities financing transactions netting sets								
Of which derivatives and long settlement transactions netting sets								
Of which from contractual cross-product netting sets								
Financial collateral simple method (for SFTs)								
Financial collateral comprehensive method (for SFTs)								
VaR for SFTs								
Total					**93,284**	93,284	**93,284**	29,200

Transactions subject to own funds requirements for CVA risk (Art. 439 (h) - Template EU CCR2)

IN THOUSANDS OF EUROS

	Exposure value	RWEA
Total transactions subject to the Advanced method		
(i) VaR component (including the 3× multiplier)		
(ii) stressed VaR component (including the 3× multiplier)		
Transactions subject to the Standardised method	93,284	41,130
Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
Total transactions subject to own funds requirements for CVA risk	**93,284**	41,130

Standardised approach – CCR exposures by regulatory exposure class and risk weights (Art. 439 (1) - Template EU CCR3)

IN THOUSANDS OF EUROS	RISK WEIGHT										
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	250%
Central governments or central banks											
Regional government or local authorities											
Public sector entities											
Multilateral development banks											
International organisations											
Institutions		28,741	-	-	12,156	52,387					
Corporates											
Retail											
Institutions and corporates with a short-term credit assessment											
Other items											
Total exposure value	**-**	**28,741**	**-**	**-**	**12,156**	**52,387**	**-**	**-**	**-**	**-**	**-**

Composition of collateral for CCR exposures (Art. 439 (e) - Template EU CCR5)

IN THOUSANDS OF EUROS	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash – domestic currency		5,470	-	302,151				
Cash – other currencies								
Domestic sovereign debt								
Other sovereign debt								
Government agency debt								
Corporate bonds								
Equity securities								
Other collateral								
Total		**5,470**		**302,151**				

Exposures to CCPs (Art. 439 (i) - Template EU CCR8)

IN THOUSANDS OF EUROS

	Exposure value	RWEA
Exposures to QCCPs (total)		
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
(i) OTC derivatives	11,229	225
(ii) Exchange-traded derivatives		
(iii) SFTs		
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin	17,512	350
Prefunded default fund contributions		
Unfunded default fund contributions		
Exposures to non-QCCPs (total)		
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
(i) OTC derivatives		
(ii) Exchange-traded derivatives		
(iii) SFTs		
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin		
Prefunded default fund contributions		
Unfunded default fund contributions		

OPERATIONAL RISK

Operational risk own funds requirements and risk-weighted exposure amounts (CRR Art. 446 - Template EU OR1)

IN THOUSANDS OF EUROS

	Relevant indicator			Own funds requirements	Risk exposure amount
Banking activities	2021	2020	2019		
Banking activities subject to basic indicator approach (BIA)	139,482	153,377	132,587	21,272	265,904
Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
Subject to TSA:					
Subject to ASA:					
Banking activities subject to advanced measurement approaches AMA					

Business indicator for operational risk

IN THOUSENDS OF EUROS

	2021	2020	2019
Interest income	304,208	334,996	343,056
Interest expense	166,681	194,235	218,494
Interest	137,527	140,761	124,562
Fee income	6,465	9,403	8,136
Fee expenses	5,722	87	111
Other operating income	1,754	4,400	-
Other operating expense	542	1,100	-
Services	1,955	12,616	8,025
Net P&L on Banking Book	-	-	-
Financial	-	-	-
Total exposure for operational risk	**139,482**	**153,377**	**132,587**

ENCUMBERED AND UNENCUMBERED ASSETS

Encumbered and unencumbered assets 2021 (CRR Art. 443 - Template EU AE1)

IN THOUSENDS OF EUROS

	Carrying amount of encumbered assets	of which notionally elligible EHQLA and HQLA	Fair value of encumbered assets	of which notionally elligible EHQLA and HQLA	Carrying amount of unencumbered assets	of which EHQLA and HQLA	Fair value of unencumbered assets	of which EHQLA and HQLA
	010	030	040	050	060	080	090	100
Assets of the reporting institution	3,541,053	-			9,694,360	848,658		
Equity instruments	-	-			-	-		
Debt securities	-	-	-	-	-	-	-	-
of which: covered bonds	-	-	-	-	-	-	-	-
of which: asset-backed securities	-	-	-	-	-	-	-	-
of which: issued by general governments	-	-	-	-	-	-	-	-
of which: issued by financial corporations	-	-	-	-	-	-	-	-
of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
Other assets	3,541,053	-			9,694,360	-		
of which: mortgage loans	3,186,632	-			7,908,061	-		

*) The figures are based on the median value of the four quarters in the financial year.

Collateral received 2021 and own debt securities issued (CRR Art. 443 - Template EU AE2)

IN THOUSENDS OF EUROS

	Encumbered		Unencumbered	
	Fair value of encumbered collateral received or own debt securities issued	of which notionally elligible EHQLA and HQLA	Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA and HQLA
	010	030	040	060
Collateral received by the reporting institution	218,013	218,013	266,186	266,186
Loans on demand	-	-	-	-
Equity instruments	-	-	-	-
Debt securities	218,013	218,013	266,186	266,186
of which: covered bonds	-	-	-	-
of which: asset-backed securities	-	-	-	-
of which: issued by general governments	218,013	218,013	266,186	266,186
of which: issued by financial corporations	-	-	-	-
of which: issued by non-financial corporations	-	-	-	-
Loans and advances other than loans on demand	-	-	-	-
Other collateral received	-	-	-	-
Own debt securities issued other than own covered bonds or asset-backed securities	-	-	-	-
Own covered bonds and asset-backed securities issued and not yet pledged			-	-
TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	3,761,774	438,734		

*) The figures are based on the median value of the four quarters in the financial year.

Sources of encumbrance 2021 (CRR Art. 443 - Template EU AE3)

IN THOUSENDS OF EUROS

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
	010	030
Carrying amount of selected financial liabilities	**2,796,524**	**3,157,640**
of which: Derivatives	373,691	337,352
of which: Deposits	453,458	497,969
of which: Debt securities issued	1,971,870	2,324,602
*) The figures are based on the median value of the four quarters in the financial year.		

REMUNERATION

Renumeration awarded during the financial year (Article 450 - Template EU REM1)

IN THOUSANDS OF EUROS

Renumeration amount	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration				
Number of identified staff	4	2	1	
Total fixed remuneration	115	570	167	
Of which: cash-based	115	570	167	
Of which: share-linked instruments or equivalent non-cash instruments				
Of which: other instruments				
Of which: other forms				
Variable remuneration				
Number of identified staff		2	1	
Total variable remuneration		80	12	
Of which: cash-based		40	6	
Of which: deferred		40	6	
Of which: shares or equivalent ownership interests		-		
Of which: deferred				
Of which: share-linked instruments or equivalent non-cash instruments				
Of which: deferred				
Of which: other forms				
Of which: deferred				
Total remuneration	**115**	**650**	**179**	

Deferred remuneration (Article 450 - Template EU REM3)

IN THOUSANDS OF EUROS

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Supervisory function								
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
MB Management function	**147**		**147**					
Cash-based	147	-	147	-	-	-	-	-
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Other senior management	**23**	-	**23**	-	-	-	-	-
Cash-based	23		23					
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Other identified staff								
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Total amount	170	-	170	-	-	-	-	-

Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (Article 450 - Template EU REM5)

IN THOUSANDS OF EUROS

	Management body remuneration			Business areas						
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
Total number of identified staff										**7**
Of which: members of the MB	4	2	6							
Of which: other senior management									1	
Of which: other identified staff										
Total remuneration of identified staff	115	650	765						179	
Of which: variable remuneration		80	80						12	
Of which: fixed remuneration	115	570	685						167	

INTEREST RATE IN THE BANKING BOOK

Interest rate risks of non-trading book activities (CRR Art. 448 (a) en (b) - Template EU IRRBB1)

IN THOUSENDS OF EUROS

Supervisory shock scenarios	Changes of the economic value of equity		Changes of the net interest income	
	2021	2020	2021	2020
Parallel up	-79,384	-61,556	26,745	27,614
Parallel down	-21,193	154	-8,859	-10,625
Steepener	-32,571	-18,298		
Flattener	28,119	22,196		
Short rate up	27,511	12,566		
Short rate down	-19,956	1,550		

Colophon

This is the English version of our 2021 pillar III report. There is no Dutch version of this report. The pillar III report can be downloaded from our website achmeabank.com.

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