



# Green Apple 2019 – I NHG

Investor Presentation

June 2019



# Executive summary

## Argenta

- Argenta Spaarbank N.V. ('Aspa') is a wholly owned subsidiary of Argenta Bank- en Verzekeringsgroep N.V. ('Group')
- The Group provides retail banking and insurance services in Belgium and the Netherlands
- At 2018FY, Aspa's fully loaded CET1 ratio was 23.1% and the total balance sheet size was EUR 39.6bn
- S&P assigned an A- credit rating (positive outlook) to Aspa

## Green Apple 2019-I NHG

- Green Apple 2019-I NHG is Aspa's new residential mortgage backed securitisation rated [AAA/AAA] by DBRS and Fitch
- One tranche of class of A notes offered to investors with a WAL of [4.81] years (based on 6.0% CPR)
- Credit enhancement of [13.3]% is provided by subordination of the B Notes and a reserve account
- The transaction is structured with an interest rate cap until the First Optional Redemption Date ('FORD')
- The strike of the interest rate cap is set at [2.5]%
- The cash advance facility of [1.5]% at closing provides liquidity support
- Strong call incentives included from the FORD through structural features. FORD is in [January 2026]
- Compliance with article 6 of the Securitisation Regulation through retention of the Class B and C notes
- Compliance with STS requirements under Securitisation Regulation and article 243(2) under the CRR assessed by PCS

## 100% NHG collateral

- All loans in the provisional pool benefit from an NHG guarantee
- Average outstanding loan balance of EUR [160,574]
- Weighted average CLTOMV is [88.4]%
- More than [85]% of the loans are amortising mortgage loans (annuity / linear)
- Quion acts as sub-servicer for the mortgage loan portfolio

# Green Apple comparison

	Green Apple 2019-I NHG	Green Apple 2018-I NHG	Green Apple 2017-I NHG
<b>Closing Date</b>	[June 2019]	June 2018	October 2017
<b>Total size AAA rated notes</b>	EUR [•]	EUR 1.0 bn	EUR 1.2 bn
<b>Credit enhancement</b>	[13.3]%	12.0%	13.0%
<b>FORD</b>	[January 2026]	January 2025	March 2024
<b>Rating agencies</b>	DBRS / Fitch	Fitch / Moody's	Fitch / Moody's
<b>Portfolio characteristics</b>	<ul style="list-style-type: none"> <li>▪ 100% NHG pool</li> <li>▪ [13.4]% interest only loans</li> <li>▪ WA CLTOMV: [88.4]%</li> <li>▪ WA seasoning: [3.10] years</li> <li>▪ WA asset yield: [2.67]%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 100% NHG pool</li> <li>▪ 0.0% interest only loans</li> <li>▪ WA CLTOMV: 89.7%</li> <li>▪ WA seasoning: 2.97 years</li> <li>▪ WA asset yield: 2.84%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 100% NHG pool</li> <li>▪ 6.8% interest only</li> <li>▪ WA CLTOMV: 91.0%</li> <li>▪ WA seasoning: 2.54 years</li> <li>▪ WA asset yield: 2.95%</li> </ul>
<b>Hedging</b>	<ul style="list-style-type: none"> <li>▪ Cap strike at [2.50]%</li> <li>▪ Up to FORD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cap strike at 2.75%</li> <li>▪ Up to FORD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cap strike at 3.00%</li> <li>▪ Up to FORD</li> </ul>
<b>Interest Class A Notes pre FORD</b>	A: 3mE + [40]bps [expected to price above par]	A: 3mE + 40bps (priced above par)	A: 3mE + 40bps (priced above par)
<b>Interest Class A Notes post FORD</b>	<ul style="list-style-type: none"> <li>– <b>Coupon:</b> 3mE (up to [5.0]%) + margin of [40]bps</li> <li>– <b>Excess Consideration:</b> <ol style="list-style-type: none"> <li>1. 3mE &gt; [5.0]%</li> <li>2. Step-up margin of [40]bps</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>– <b>Coupon:</b> 3mE (up to [5.0]%) + margin of 40bps</li> <li>– <b>Excess Consideration:</b> <ol style="list-style-type: none"> <li>1. 3mE &gt; 5.0%</li> <li>2. Step-up margin of 40bps</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>– <b>Coupon:</b> 3mE (up to [5.0]%) + margin of 40bps</li> <li>– <b>Excess Consideration:</b> <ol style="list-style-type: none"> <li>1. 3mE &gt; 5.0%</li> <li>2. Step-up margin of 40bps</li> </ol> </li> </ul>
<b>Reserve fund</b>	[1.3]%	1.5%	1.5%
<b>Additional Amounts</b>	Accelerated redemption of the Class A Notes	Accelerated redemption of the Class A Notes	Accelerated redemption of the Class A Notes



# 1. Transaction summary

# Transaction highlights

Class	Amount (%)	CE (%)	Ratings (D/F)	Coupon up to FORD <sup>1</sup>	Coupon from FORD <sup>2</sup>	Excess Consideration <sup>2</sup>	Exp. WAL (yrs) <sup>3</sup>	FORD	Final Maturity	Status
A	[88.0]%	[13.3]%	[AAA(sf)/AAA(sf)]	Euribor 3M+[40]bps	Min(Euribor 3M,5%) +[40]bps	Max(Euribor 3M-5%,0) +[40]bps	[4.81]	[Jan 2026]	[Jan 2058]	Offered
B	[12.0]%	[1.3]%	NR	n.a.	n.a.	n.a.	[6.56]	[Jan 2026]	[Jan 2058]	Retained
<b>Total</b>	<b>[100]%</b>									
C	[1.3]%	-	NR	n.a.	n.a.	n.a.	n.a.	[Jan 2026]	[Jan 2058]	Retained

- Aspa is offering EUR [●]m of Class A notes through Green Apple 2019-I NHG B.V.
- Class A and B notes are backed by 100% NHG mortgage loan receivables
- Credit enhancement for the Class A notes is provided through:
  - Subordination of the Class B notes [12.0]%
  - Reserve account of [1.3]%
  - Excess spread
- Compliance with article 6 of the Securitisation Regulation through retention of Class B and C notes
- Compliance with STS requirements under Securitisation Regulation and article 243(2) to receive preferential capital treatment under the CRR assessed by PCS<sup>4</sup>
- Transaction is compliant with the RMBS standards of the Dutch Securitisation Association
- Transaction is modelled and available on Bloomberg (GAPPL 2019-1 <Mtge>), Intex (code GRAPP191) and EuroABS

(1) Pre-set coupon 3mE+40bps, expected to price above par

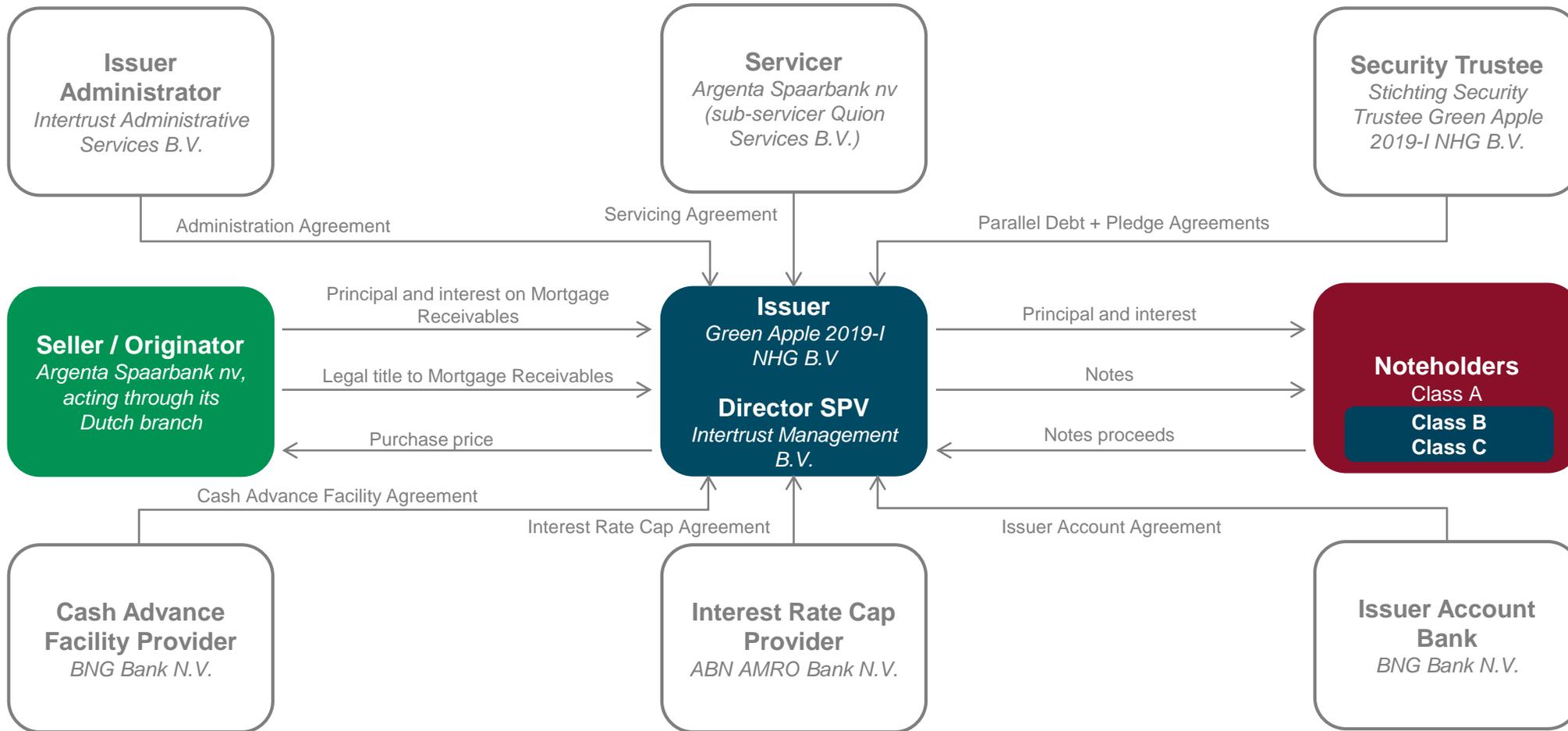
(2) From the FORD, the Class A Excess Consideration, consisting of the Class A Step-up Margin (equal to the Class A Notes Margin) and 3m EURIBOR in excess of the EURIBOR Agreed Rate of [5.0]% will be paid subordinated to the Class A PDL and Reserve Fund replenishment.

(3) Based on CPR of [6.0]%, no arrears or losses, and full redemption of the Notes on FORD

(4) Provisional verification available at announcement and final verification at closing

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# Transaction structure





# Credit enhancement and liquidity

## Credit enhancement

- The Reserve Account:
  - Proceeds of the Class C Notes, equivalent to [1.3]% of the aggregate Principal Amount Outstanding of the Mortgage-Backed Notes, fund the Reserve Account at Closing
  - The Reserve Account Required Amount will not amortise as long as the Class A Notes are outstanding
- Subordination provided by the Class B Notes [12.0]%

## Excess spread

- The excess spread will mainly be determined by the difference between the weighted average interest rate received from the underlying mortgage portfolio ([2.67]% at Cut-Off Date) and the interest paid on the Notes
- **Before FORD:** any excess spread will be paid to the Seller in accordance to relevant Priority of Payments
- **After FORD:** any excess spread will be diverted in the form of Class A Additional Amounts to the Available Principal Funds for the accelerated redemption of the Class A Notes

## Cash Advance Facility

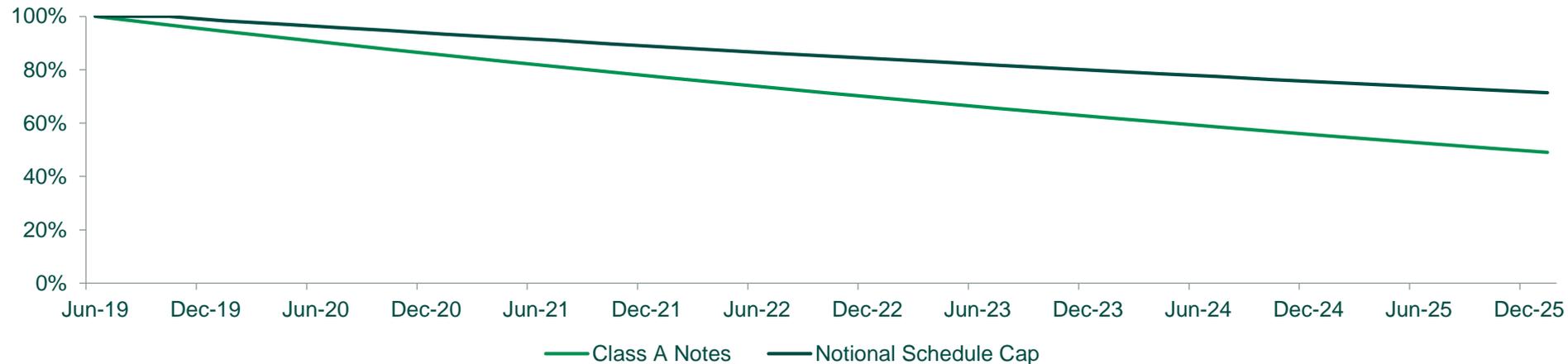
- A Cash Advance Facility of [1.5]% of the aggregate Principal Amount Outstanding of the Mortgage-Backed Notes with a floor of [1.0]% of the Mortgage-Backed Notes at Closing is available to cover any timing mismatches and interest payable on the Class A Notes

# Interest hedging arrangements until FORD

## Interest rate cap until FORD

- The Issuer will enter into an Interest Rate Cap Agreement (with a strike price of [2.5]%) for the Class A Notes up to and including the FORD
- The Interest Rate Cap Agreement is in line with the structured finance criteria of DBRS and Fitch
- The notional schedule of the cap is pre-determined and based on the total size of the Class A Notes with an all-in amortisation profile of [4.5]% per annum

## Indicative Class A notes amortisation profile (CPR 6.0%) compared to the cap amortisation profile





# Interest hedging arrangements post-FORD

## Interest rate cap post-FORD

- Post-FORD the Class A Notes will be paying a floating coupon based on 3m Euribor, capped at [5.0]% (“Euribor Agreed Rate”) and the Class A Notes margin
- The Euribor Agreed Rate is close to the historical high of October 2008
- 3m Euribor exceeding [5.0]% and the Step-up Consideration (equal to the Class A Notes margin) are subordinated in the Post-FORD Revenue Priority of Payments

## Incentives to call at FORD

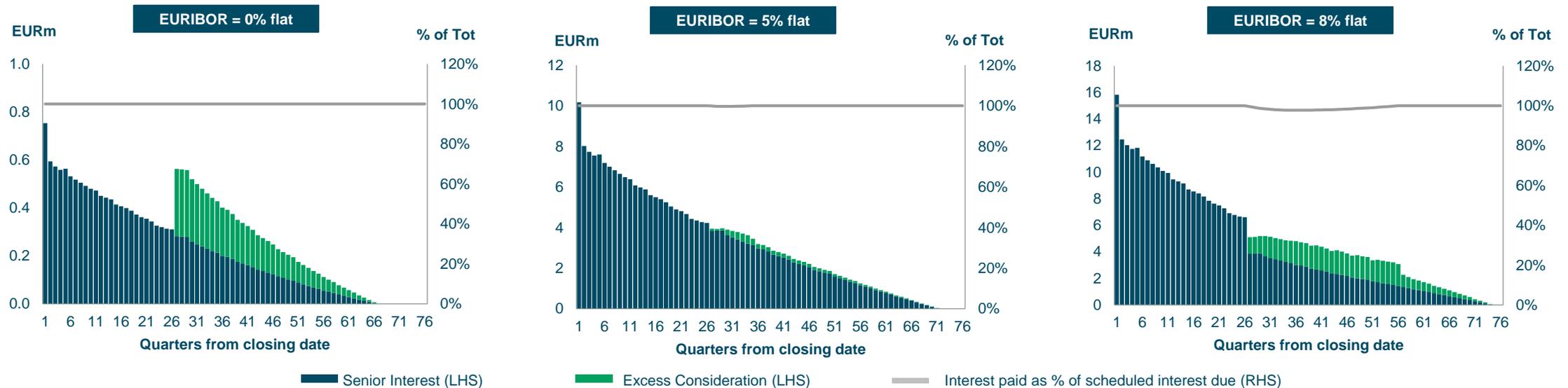
- Margin on the Class A Notes doubles
- The Class A Excess Consideration (Deficiency Ledger) ranks ahead of the Class B Notes. This may lead to losses for Aspa as the Class B Noteholder in high interest rate scenarios
- After the FORD, available revenue funds remaining after paying the Class A Excess Consideration (Deficiency Ledger) will be added to the Available Principal Funds for the accelerated redemption of the Class A Notes, serving as a mitigant to extension risk
- From [July 2026], the Issuer will have the option to sell the loan portfolio if the sale would generate sufficient proceeds to redeem the Class A Notes only
- With an estimated credit enhancement of around [25.5]% (see slide 13 for assumptions) on the notes payment date falling in [July 2026], this effectively allows for a discount on the sale of the NHG mortgage portfolio to redeem the Class A Notes

# Indicative class A revenue breakdown

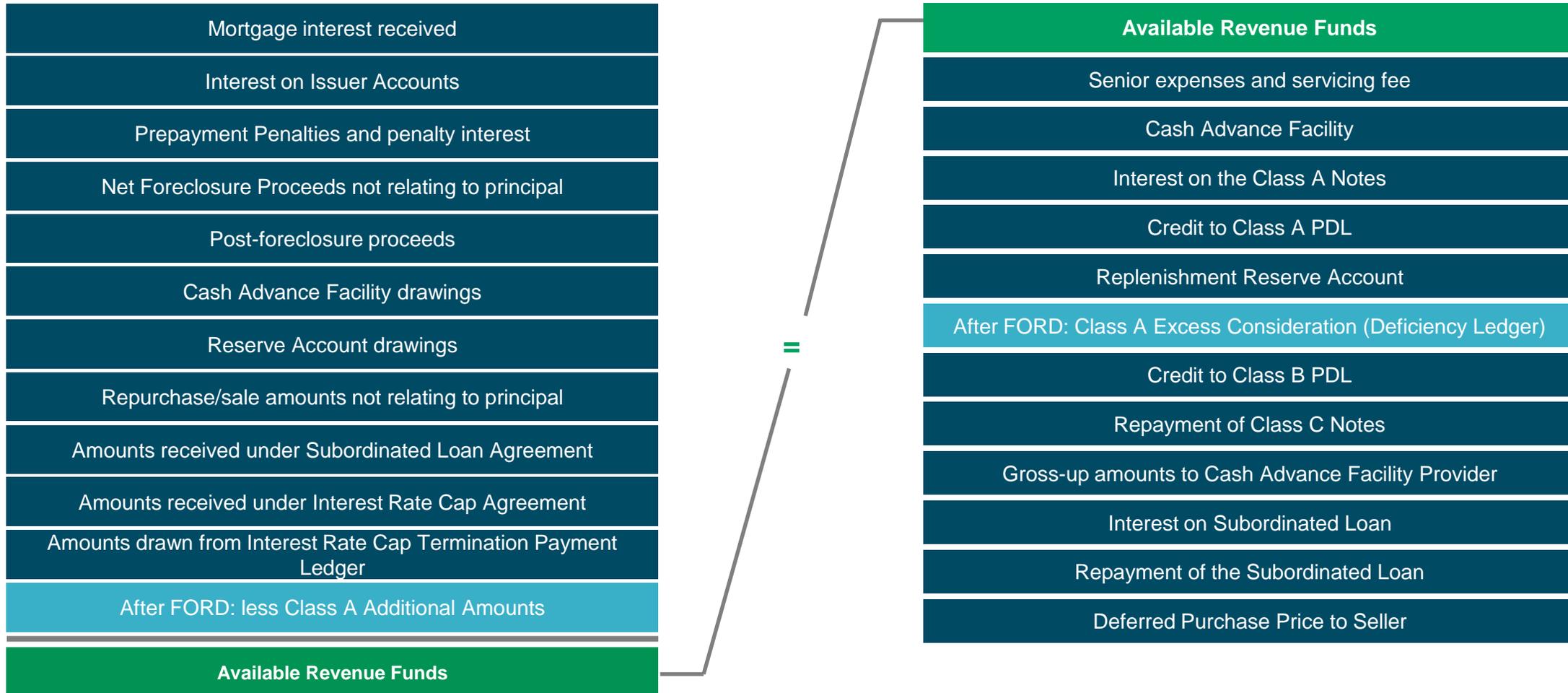
## Underlying assumptions

- Three interest rate scenarios: Euribor rates flat at 0.0%, 5.0% and 8.0%
- Asset repricing at reset dates of the mortgage loans is set at Euribor + [250]bp
- The cumulative expected losses are set at [20]bp
- The CPR modelled at 6.0% throughout the life of the transaction

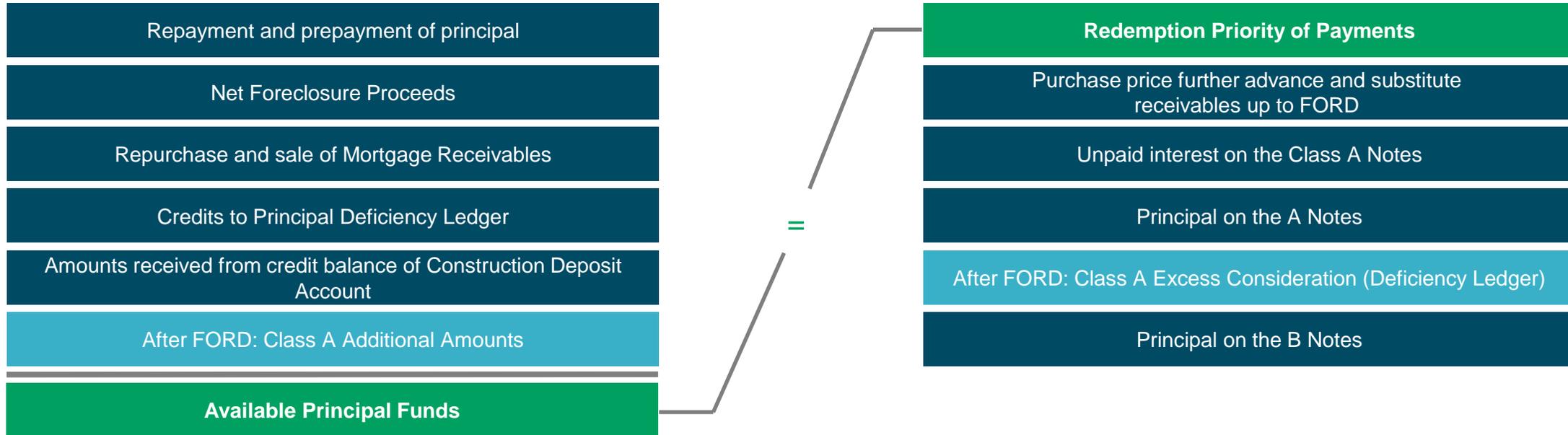
## Notes revenue breakdowns for different Euribor scenarios should the call not be exercised at the FORD



# Revenue priority of payments (simplified)



# Redemption priority of payments (simplified)



# Indicative amortisation profile of the notes

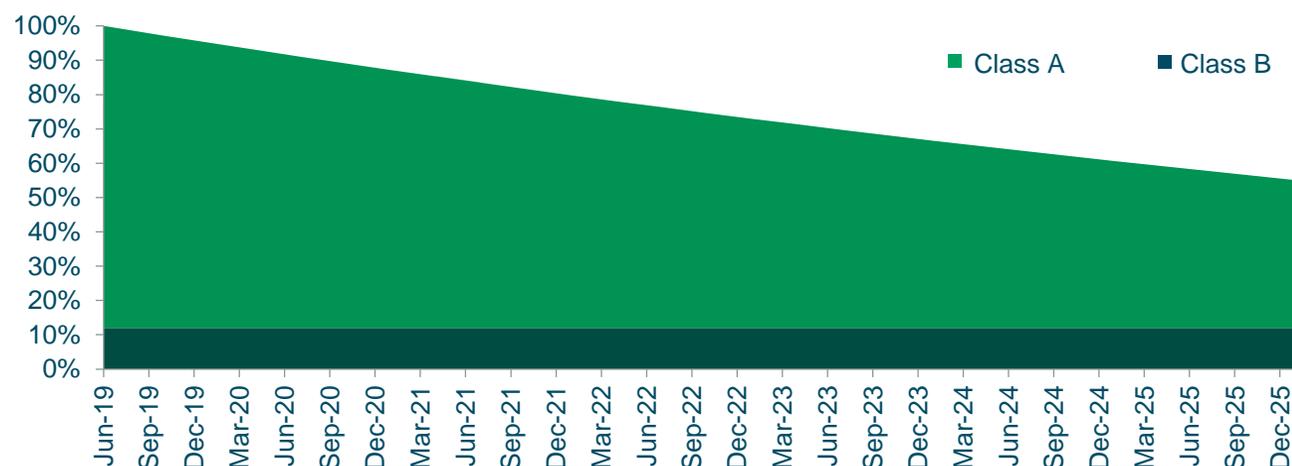
## Assumptions

- Call at the FORD [January 2026]
- No arrears and/or losses
- CPR of [6.0%]
- No repurchases or further advances

## WAL table (in years) of the Class A Notes<sup>1</sup>

CPR	0.0%	2.5%	5.0%	6.0%	7.0%	10.0%
Class A	[5.96]	[5.46]	[4.99]	[4.81]	[4.64]	[4.16]

## Indicative amortisation profile of Class A and B notes (6.0% CPR)



## Indicative issue price sensitivity<sup>1</sup>

Discount margin	0.0% CPR	2.5% CPR	5.0% CPR	6.0% CPR	7.0% CPR	10.0% CPR
15	[101.52]	[101.39]	[101.27]	[101.22]	[101.18]	[101.06]
20	[101.21]	[101.11]	[101.01]	[100.98]	[100.94]	[100.85]
25	[100.91]	[100.83]	[100.76]	[100.73]	[100.71]	[100.63]
30	[100.60]	[100.55]	[100.51]	[100.49]	[100.47]	[100.42]
35	[100.30]	[100.28]	[100.25]	[100.24]	[100.23]	[100.21]
40	[100.00]	[100.00]	[100.00]	[100.00]	[100.00]	[100.00]

# Transaction parties

<b>Issuer</b>	Green Apple 2019-I NHG
<b>Originator / Seller</b>	Argenta Spaarbank (A- (S&P)), acting through its Dutch branch
<b>Servicer</b>	Argenta Spaarbank
<b>Sub-servicer</b>	Quion Services
<b>Issuer Administrator</b>	Intertrust Administrative Services
<b>Security Trustee</b>	Stichting Security Trustee Green Apple 2019-I
<b>Interest Rate Cap Provider</b>	ABN AMRO (A+ / A1 / A (F/M/S))
<b>Cash Advance Facility Provider</b>	BNG Bank (AAA/ Aaa/ AAA (F/M/S))
<b>Issuer Account Bank</b>	BNG Bank
<b>Paying and Listing Agent, Agent Bank</b>	Deutsche Bank
<b>Credit Rating Agencies</b>	DBRS / Fitch
<b>Sole Arranger</b>	ABN AMRO
<b>Joint Lead Managers</b>	ABN AMRO, Société Générale

# Recent benchmark swapless transactions

	Green Apple 2019-I NHG	Green Apple 2018-I NHG	Saecure 16	Green Apple 2017-I NHG	DRMP II	Arena NHG 2016-1
Closing Date	[June 2019]	June 2018	October 2018	October 2017	November 2016	June 2016
Hedging	<ul style="list-style-type: none"> <li>Cap strike at [2.5]%</li> <li>Up to FORD</li> </ul>	<ul style="list-style-type: none"> <li>Cap strike at 2.75%</li> <li>Up to FORD</li> </ul>	<ul style="list-style-type: none"> <li>Cap strike at 2.5%</li> <li>15 years</li> </ul>	<ul style="list-style-type: none"> <li>Cap strike at 3.0%</li> <li>Up to FORD</li> </ul>	<ul style="list-style-type: none"> <li>Cap strike at 3.5%</li> <li>10 years</li> </ul>	<ul style="list-style-type: none"> <li>Cap strike at 3.5%</li> <li>Up to FORD</li> </ul>
Interest on the Class A Notes pre FORD	A: 3mE + [40]bps [expected to price above par]	A: 3mE + 40bps (priced above par)	<ul style="list-style-type: none"> <li>A1: 3mE + 24bps</li> <li>A2: 3mE + 33bps</li> <li>A3: 0.273%</li> </ul>			
Interest on the Class A Notes post FORD	<ul style="list-style-type: none"> <li>Coupon: 3mE (up to [5.0]%) + applicable margin</li> <li>Excess Consideration:               <ol style="list-style-type: none"> <li>3mE &gt; [5.0]%</li> <li>Step-up margin</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Coupon: 3mE (up to 5.0%) + applicable margin</li> <li>Excess Consideration:               <ol style="list-style-type: none"> <li>3mE &gt; 5.0%</li> <li>Step-up margin</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Coupon: 3mE (up to 5.0%) + applicable margin</li> <li>Excess Consideration:               <ol style="list-style-type: none"> <li>3mE &gt; 5.0%</li> <li>Step-up margin</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Coupon: 3mE (up to 5.0%) + applicable margin</li> <li>Excess Consideration:               <ol style="list-style-type: none"> <li>3mE &gt; 5.0%</li> <li>Step-up margin</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Coupon: 3mE (up to 5.0%) + applicable margin</li> <li>Excess Consideration:               <ol style="list-style-type: none"> <li>3mE &gt; 5.0%</li> <li>Step-up margin</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Coupon: 1mE (up to 5.0%) + applicable margin</li> <li>Excess Consideration:               <ol style="list-style-type: none"> <li>3mE &gt; 5.0%</li> <li>Step-up margin</li> </ol> </li> </ul>
Additional Amounts	Accelerated redemption of the Class A Notes	Accelerated redemption of the Class A Notes	Accelerated redemption of the Class A Notes	Accelerated redemption of the Class A Notes	Paid out as additional revenue to the Class A Noteholders	Paid out as additional revenue to the Class A Noteholders



## 2. STS

# New securitisation regulation

## Mandatory requirements for all securitisations

- **Due diligence (article 5):** Investor responsibility
- **Risk retention (article 6):** Aspa retains ongoing material net economic interest of at least 5% through Class B and C retention
- **Transparency (article 7):** Aspa will disclose all material relevant information and documents to investors (see slide [19])

**Green Apple 2019-I NHG will comply with the mandatory requirements of the Securitisation Regulation**

## Requirement for STS securitisations (optional)

- **Simple:** Aspa does not perform negative selection and active portfolio management. The transaction includes clear and documented eligibility criteria, the securitised exposures are homogenous, no credit impaired borrowers and underwriting standards are no less stringent to similar non-securitised exposures
- **Transparent:** Aspa provides historical static and dynamic default and loss performance data (at least 5 years history) and liability cash flow model
- **Standardised:** Green Apple 2019-I NHG includes (amongst others) enforcement provisions, non-sequential priority of payments and holds no speculative positions
- PCS as an authorized third party verification agent is expected to verify the STS compliance by closing<sup>1</sup>

**Green Apple 2019-I NHG is structured to meet the STS criteria**

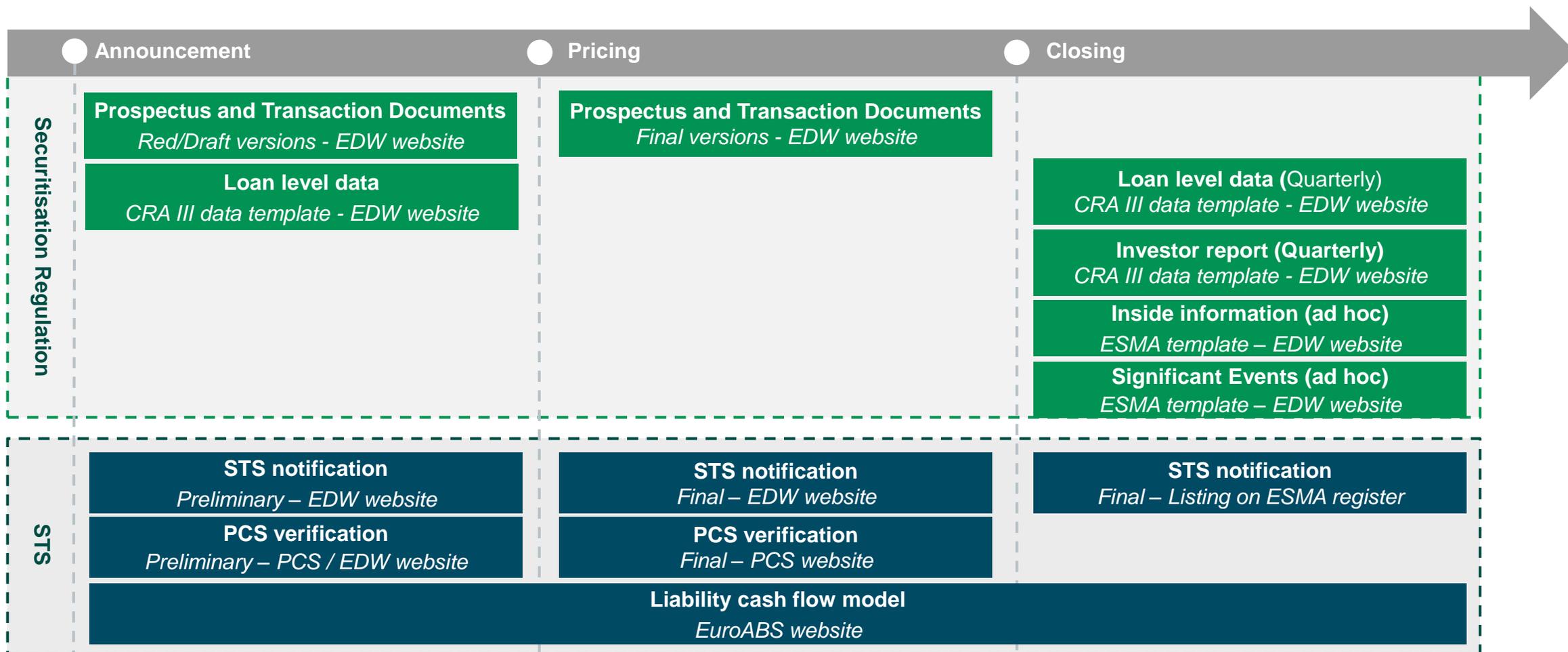
## Criteria for preferential capital treatment for STS securitisations (optional)

- No single-borrower in the mortgage pool does exceed 2%
- Weighted average risk weight of the mortgage pool (assuming standardized approach) does not exceed 40% for residential mortgage loans
- Only first lien mortgage loan (or similar) are included
- No mortgage loan has an current LTV (indexed) above 100%
- PCS is expected to verify CRR article 243 compliance by closing<sup>1</sup>

**Green Apple 2019-I NHG is structured to meet the CRR criteria (article 243) for preferential capital treatment**

(1) Provisional verification available at announcement and final verification at closing. PCS will also perform an LCR assessment for Green Apple 2019-I NHG

# Timelines for Securitisation Regulation and STS compliance



# Compliance with article 7 of the Securitisation Regulation

## Article 7: Transparency requirements for originators, sponsors and SSPEs

7(1)(a)	<b>Loan level data</b>	<ul style="list-style-type: none"><li>▪ Will be provided on each notes payment date</li></ul>
7(1)(b)	<b>Transaction documentation</b>	<ul style="list-style-type: none"><li>▪ Draft versions will be available prior to pricing on European Data Warehouse</li><li>▪ Final copies will be available within 15 days after closing</li></ul>
7(1)(c)	<b>Transaction summary</b>	<ul style="list-style-type: none"><li>▪ Not applicable</li></ul>
7(1)(d)	<b>STS notification</b>	<ul style="list-style-type: none"><li>▪ A draft version will be made available prior to pricing and [a final version at closing]</li></ul>
7(1)(e)	<b>Investor reporting</b>	<ul style="list-style-type: none"><li>▪ The investor report will be on a quarterly basis</li></ul>
7(1)(f)	<b>Inside information</b>	<ul style="list-style-type: none"><li>▪ Any inside information relating the securitisation will be disclosed without undue delay on an ad hoc basis in accordance with Regulation (EU) 596/2014</li></ul>
7(1)(g)	<b>Significant events</b>	<ul style="list-style-type: none"><li>▪ Any significant events will be disclosed without undue delay once occurred</li></ul>

# Compliance with CRR (Article 243)

## Green Apple 2019-I NHG meets the requirements for preferential risk weights under CRR article 243

- No single-borrower concentration in the mortgage pool exceeds 2%
- **Weighted average risk weight of the mortgage pool (assuming standardised approach) does not exceed 40%**
- Only first lien mortgage loans (or similar) included
- No mortgage loan has a current LTV (indexed) above 100%

- **The weighted average risk weight of the mortgage pool criteria is tested via two methods**
  - I. NHG risk weights
  - II. No distinction between NHG and non-NHG risk weights.
- **Method I:**
  - For mortgage loans originated before 1 January 2013: 100% of the mortgage loan is covered by NHG
  - For mortgage loans originated after 1 January 2013: 90% of the mortgage loan is covered by NHG, banks have to take 10% of a potential loss related to such mortgage loan
  - The part which is covered by the NHG guarantee has a 0% risk weight
  - The part which is not covered by the NHG guarantee receives a risk weight of 35% for the first 80% of Current Loan to Indexed Market Value (CLTIMV) and 75% risk weight for the part above 80%
  - **The current weighted average risk weight of Green Apple 2019-I NHG based on method I is: [5.4]%**
- **Method II:**
  - the first 80% of Current Loan to Indexed Market Value (CLTIMV) receives a risk weight of 35%, the part above 80% receives a risk weight of 75%
  - **The current weighted average risk weight of Green Apple 2019-I NHG based on method II is: [36.1]%**



# 3. Company and management overview

# Company history

## Foundation of Argenta

Argenta was founded as a company specializing in offering personal loans by Karel Van Rompuy. Until today, the Van Rompuy family is still the majority shareholder

1956

## Argenta Assuranties

Argenta Assuranties nv was established, enabling Argenta to offer life and fire insurances. Bankassurance was a fact.

1974

## Financial crisis

Argenta came unscathed through the crisis and did not need any government support

2008

## 60 years of Argenta

Argenta celebrates its 60th anniversary, Argenta is remaining true to its historical and strong cultural values of simplicity, transparency, honesty and sustainability.

2016

Today

## Argenta Spaarbank

The establishment of Argenta Spaarbank nv enables Argenta to offer saving accounts. This moment also marked the start of the distribution network of independent agents.

## Argenta Netherlands

Argenta starts selling mortgage loans in the Netherlands.

## Argen-co

Argenta Coöperatieve cvba was founded, and launched in 2010 and 2011 a public issue of shares to 67.000 clients and office holders. This gave Argen-co a +-14% stake in Argenta.

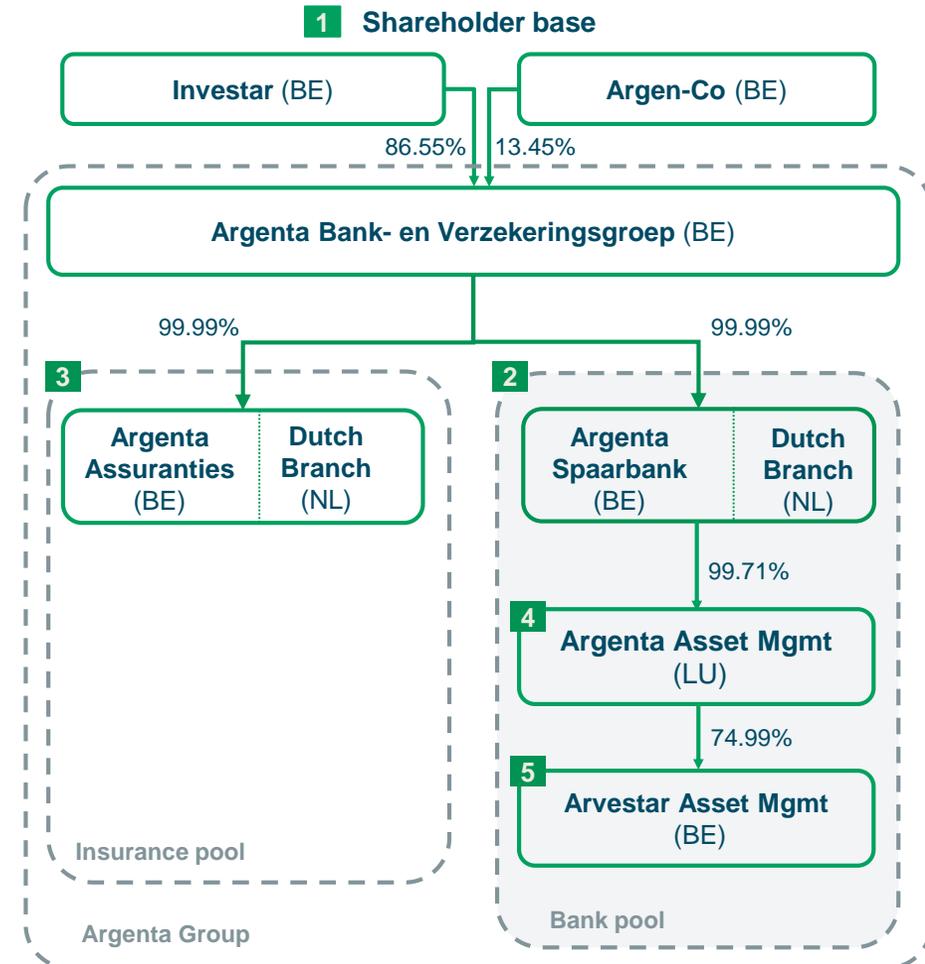
## Digitalization and growth

Significant investment in updating platforms and digitalization and on/off balance growth

# Group structure: full-fledged retail bank

## A transparent group structure<sup>1</sup>

- 1** Stable family shareholder base Investar (holding company of founding family) and Argen-Co (cooperative capital held by employees and clients)
- 2** Banking operations in Belgium and the Netherlands
- 3** Insurance operations in Belgium and the Netherlands
- 4** Asset Management operation incorporated in Luxembourg
- 5** On 30 July 2018, Arvestar Asset Management (AAM) was founded, a consolidated joint venture with Bank Degroof Petercam Asset Management N.V. (DPAM)



(1) Share percentages rounded

# Argenta group strategy and business profile

## Simple and easy-to-understand business model

### Market share<sup>1</sup>



Deposits	0.7%
Mortgage loans	2.5%



### Market share<sup>1</sup>



Deposits	8.3%
Investment funds	3.8%
Mortgage loans	5.6%
Life insurance	5.9%
Non-life insurance	2.2%

- Integrated bank-insurance business model focussed on fruitful long term relationships with its retail clients, employees, tied agents, family shareholders and investors
- Offering simple and transparent bank and insurance products and free of charge payment and custodial services
- Broad reach through a strong network of independent agents in Belgium, third party distribution in the Netherlands, complemented by a user-friendly digital platform
- Unrivalled levels of customer satisfaction, loyalty and brand strength:
  - Internal and external NPS surveys show top notch results
  - Voted best Savings and Current Account by Bankshopper.be in 2017 and 2018
  - Voted best bank – General Satisfaction by the independent inquiry by Spaargids.be in 2018
  - Voted best bank of Belgium by Spaargids.be in 2017
  - Identified as strongest bank brand strength in Flanders in 2016 in a study published by the Benchmark Company
- Integrated operating model creating cost synergies and efficiencies

(1) Total portfolio for Banking and Investment products (EoY 2018)

# Overview of key financial data

## FY 2018

### Argenta Group<sup>1</sup>

Net result	174.4 m
Return on equity	6.7%
Total assets	45.9 bn
Total equity	2.7 bn
Cost / Income <sup>2</sup>	64.0%
Total funds under mgmt	45.0 bn
CET1 (BIII fully loaded)	23.0%

### Argenta Spaarbank<sup>1</sup>

Net result	130.0 m
Return on equity	6.8%
Total assets	39.6 bn
Total equity	2.0 bn
Cost / Income <sup>2</sup>	69.0%
Total funds under mgmt	39.7 bn
CET1 (BIII fully loaded)	23.1%

### Credit Rating

#### Standard & Poor's

Short term	A-2
Long term	A-
Outlook	Positive

### Argenta Assuranties<sup>3</sup>

Net result	52.5 m
Return on equity	13.0%
Total assets	6.6 bn
Total equity	0.5 bn
Premium life <sup>4</sup>	656 m
Premium non-life	141 m
Solvency II	273.0%

Note: all numbers are stated in EUR

(1) Consolidated IFRS

(2) Cost / Income ratios excluding bank levies are 52% for Argenta Group and 56% for Argenta Spaarbank – see next slide

(3) BGAAP

(4) Including universal life unit linked

# Financial objectives

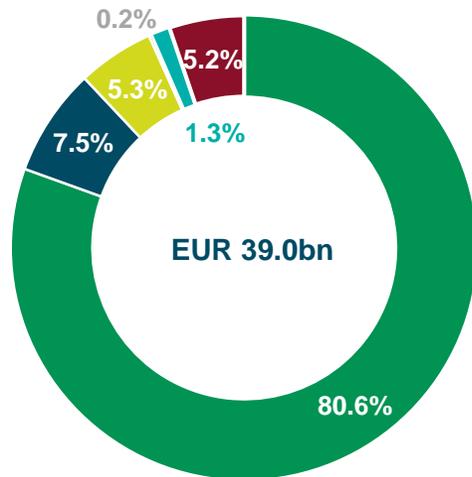
Argenta Spaarbank	FY 2018	Target
Return on Equity	6.8%	>8%
Leverage Ratio (fully loaded)	4.7%	>4%
Cost / Income Ratio (excluding bank levies)	56%	40%
CET 1 Ratio (BIII fully loaded) <sup>1</sup>	23.1%	>18%
Total Capital Ratio (BIII fully loaded) <sup>1</sup>	29.0%	>20%
Net Interest Margin (NIM)	1.37%	>1.4%
NSFR	143%	>120%
LCR	170%	>125%

(1) BIII IRB solvency ratio

# Funding and liquidity position

## YE 2018

Funding mix (%)



- customer deposits on demand
- customer deposits on term (incl. saving certificates)
- securitization funding
- subordinated certificates
- subordinated issues (institutional)
- equity

(1) Basel III  
(2) EU Delegated Act

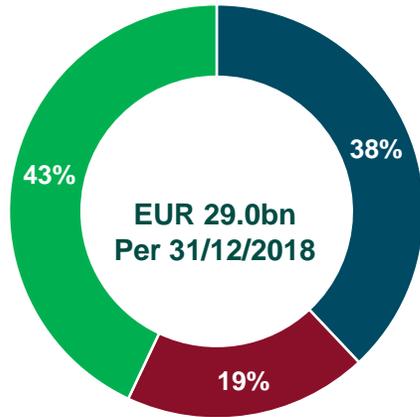
In %	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18
Liquidity coverage ratio <sup>1</sup>	181	180	168	179	167	162	195	170
Net stable funding ratio <sup>2</sup>	146	144	142	145	145	143	145	141

- Strong liquidity position, well above regulatory limits, for both LCR and NSFR
- Loan-to-funding ratio of 81%
- Stable deposit funding base mainly consisting of retail savings deposits
- Diversification of funding sources with two Green Apple securitization transactions of Dutch NHG mortgages outstanding for a total of EUR 2.0bn
- In Jan 2019, EUR 500 mln senior preferred issued under EMTN programme

# A high-quality mortgage loan book

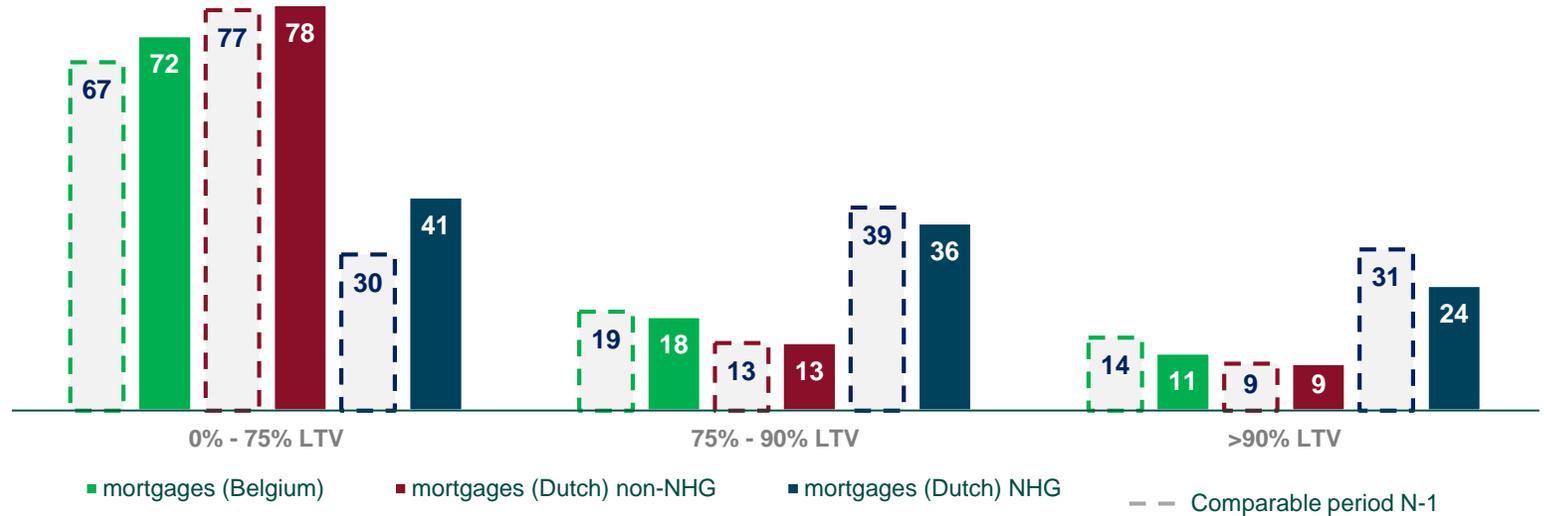
## YE 2018 Argenta Spaarbank

Composition of the loan book (%)



■ mortgages (Dutch) NHG  
■ mortgages (Dutch) non-NHG  
■ mortgages (Belgium)

Indexed loan-to-value mortgage loan book (%)



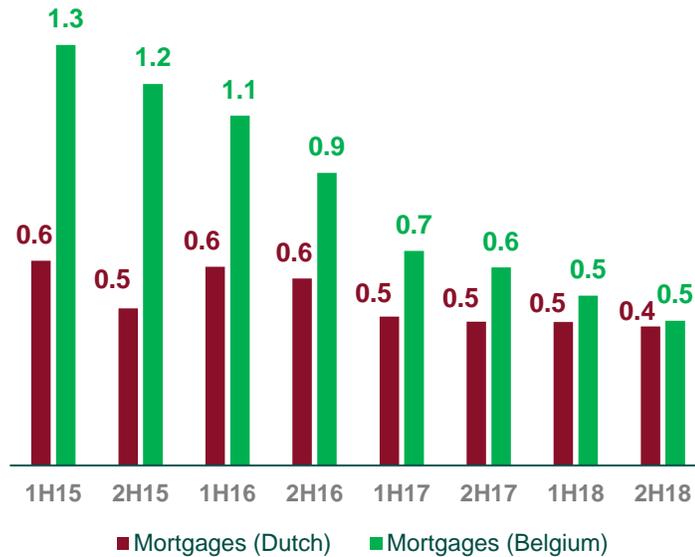
- The residential mortgage loan portfolio in Belgium compose 43% and the Netherlands compose 57% of the mortgage loan book
- The portfolio share of non-NHG<sup>1</sup> mortgages increases (3% vs 1H 2018 and YoY). NHG<sup>1</sup> is still 66% of Dutch portfolio
- The average LTV for Belgian mortgages is at 58% (-3% pt.), for Dutch mortgages at 68% (-14% pt.). The total portfolio LTV is 64% (down from 73% per end 2017)

(1) NHG (National Mortgage Guarantee) is a guarantee scheme by the Dutch government on residential mortgages

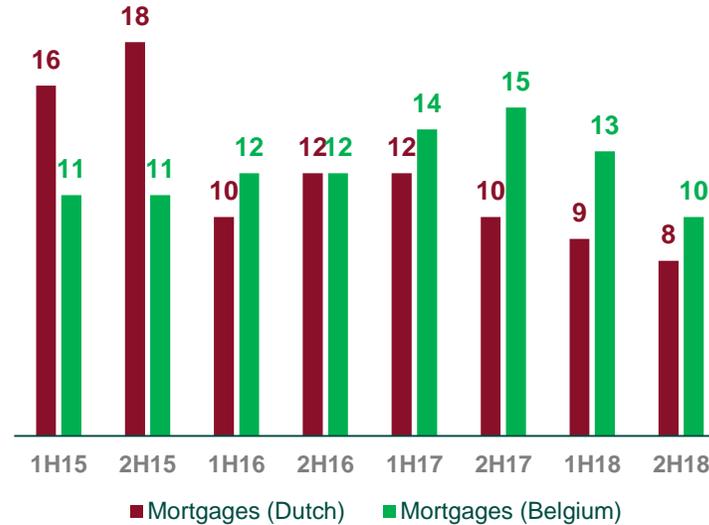
# Low risk mortgage loan portfolio

## YE 2018 Argenta Spaarbank

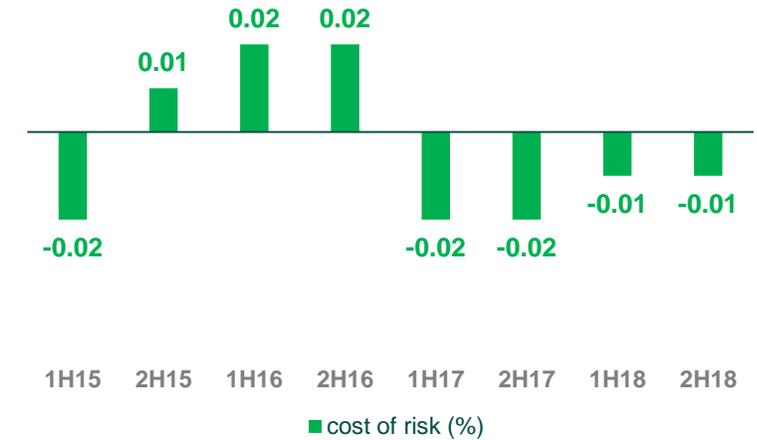
Non-performing loans ratio (%)



Coverage ratio (%)



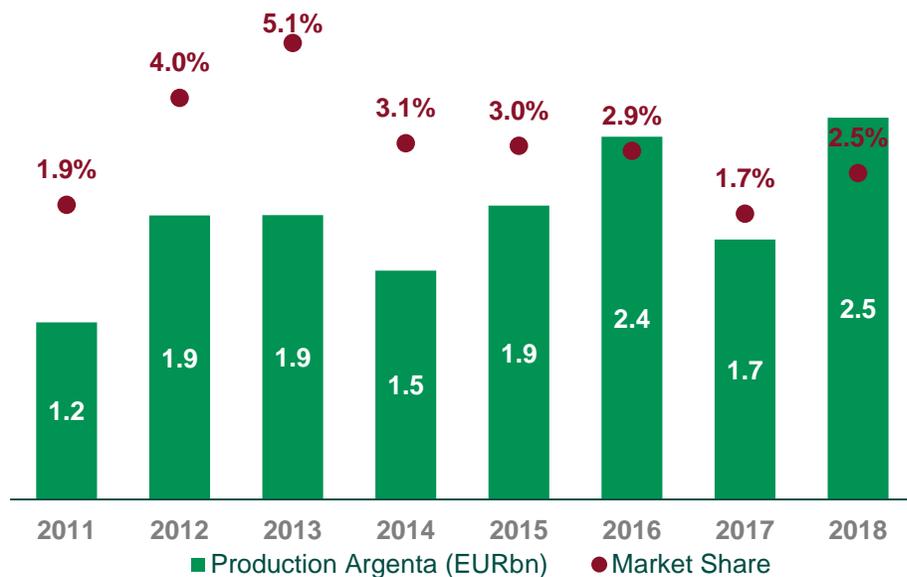
Cost of risk (%)



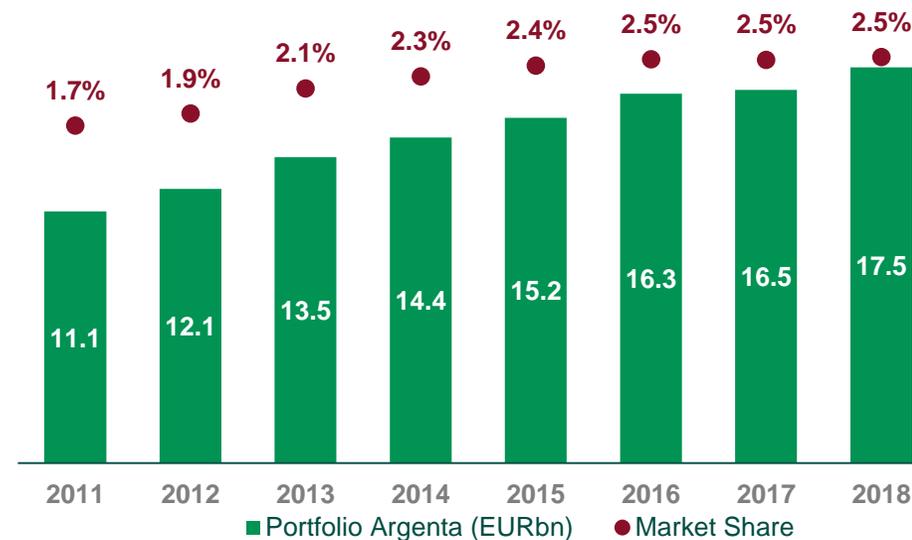
- Consistent low risk at historical low NPL levels confirms high-quality of mortgage loans. Less than 1% of the mortgage loan book is non-performing
- Average coverage ratio of 9.7% given high quality of prime mortgage collateral
- Cost of risk remains close to zero

# Dutch mortgage origination & outstanding balance

Mortgage origination



Mortgage portfolio

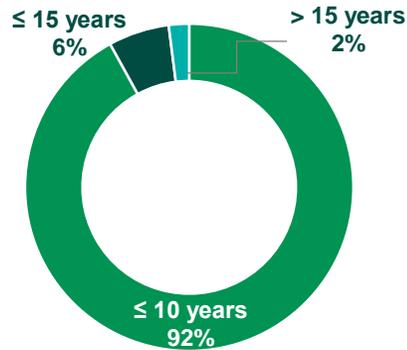


- Aspa is an important mortgage loan provider in the Netherlands
- As a result, it's portfolio has grown at a steady pace since 2011, due to a yearly stable production
- The Dutch mortgage market is a rapidly growing market, leading to a stable portfolio market share
- At YE 2018, the Dutch mortgage portfolio represents 58% of the total mortgage portfolio Argenta Group level

Source: Kadaster and Statline.cbs.nl

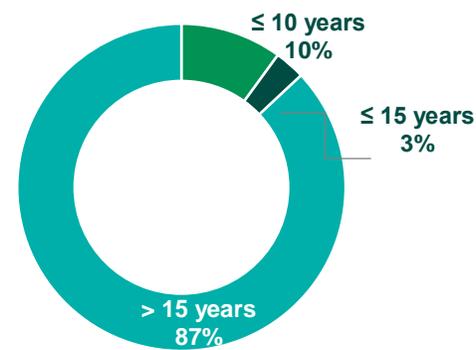
# Evolution Dutch mortgage portfolio distribution

Origination - Interest rate fixed period 2013



■ ≤ 10 years   ■ ≤ 15 years   ■ > 15 years

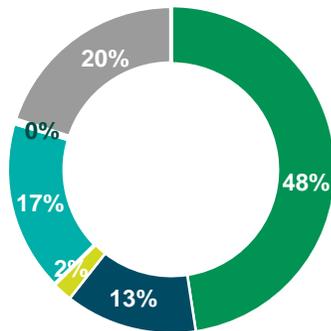
Origination - Interest rate fixed period 2018



■ ≤ 10 years   ■ ≤ 15 years   ■ > 15 years

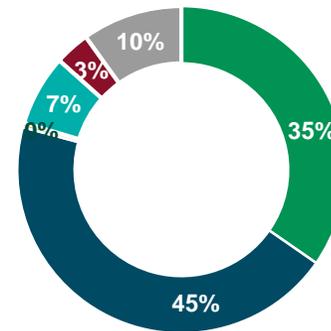
- Long repricing term due to low interest rates on the market
- Because of changes in fiscal policy in 2013, the share of interest-only mortgages will be marginal in the future

Distribution by repayment type 2013



■ Interest only   ■ Annuity   ■ Investment   ■ Life   ■ Linear   ■ Savings

Distribution by repayment type 2018



■ Interest only   ■ Annuity   ■ Investment   ■ Life   ■ Linear   ■ Savings



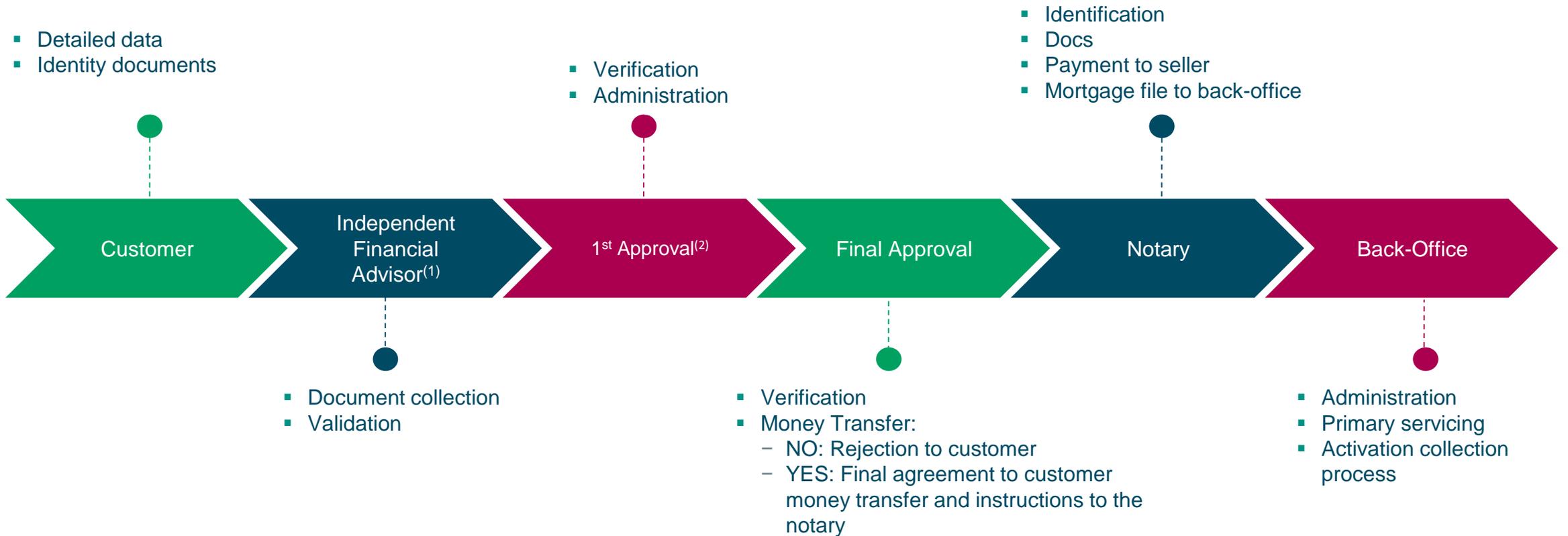
# 4. Origination and underwriting



# Origination and servicing

- Argenta originates its mortgages mainly through its network of intermediaries (approximately 2,100 different intermediaries)
- Before an organization is allowed to originate loans for Argenta, Argenta carries out an own internal audit; checks the financial condition of the organization and ensures the appropriate licenses are held at the AFM (Dutch Financial Services Authority)
- In the origination process, Argenta has no formal contact with the intermediaries. It fully relies on the front-office system of Quion
- The intermediaries have access to Quion's systems. The system can approve applications that comply with Argenta's standard underwriting criteria. Applications that almost reach the borders of the criteria are referred to Argenta which has to overrule the application
  - The NHG loans in this transaction must be strictly underwritten within the NHG criteria
- Quion carries out fraud checks against the databases of SFH and credit checks at BKR
- Quion services EUR 17.5 bn (31/12/18) of Argenta's mortgage portfolio

# Underwriting procedure



# Credit risk assessment and internal process

## Acceptance Tool

- Since June 2016 Aspa uses a 'Risk based acceptance' decision engine which is organized, maintained and managed by Aspa, based on the recently developed internal risk models
- The outcome that is generated will determine if the dossier needs to be analyzed further by Management. The outcome does not reject any clients, but triggers a further analysis
- Scope of the decision engine
  - Supply credit risk based outcome in an automated manner
  - Outcome on client level
  - Outcome is based on elements from the credit application and the credit worthiness of the client which is available from the application itself or from client behavior at Argenta
- Signing authority

Decision level (DTI based on NIBUD)	Credit Amount (P = Principal amount (incl. bridge loan))		
	P < €400k	€400k ≤ P < €750k	€750K ≤ P ≤ €1M
Risk Weight < 5%	Quion	Quion (senior employee)	Min. 1 senior Coordinator Mortgages + 1 Manager or Board member NL
Risk Weight > 5%	Quion (senior employee)	Min. 1 senior Coordinator Mortgages + 1 Manager or Board member NL	Min. 1 senior Coordinator Mortgages + 1 Manager or Board member NL + Min. 3 Board Members BE



# Underwriting criteria

- Aspa sets underwriting criteria
- Origination in line with relevant regulations (Wft Mortgages, Mortgage Credit Directive (MCD), GHF Code of Conduct) and special underwriting legislation (“Tijdelijke regeling hypothecair krediet”)
- Max LTV
  - NHG 100% Market value
  - Non NHG 100% Market value
- Maturity 5-30yrs (bridge loan 2yr)
- Current redemption formats
  - Annuity
  - Linear
  - Interest Only (max. 50%)
- Maximum mortgage loan amount EUR 1mln (including bridge loan)
- Maximum loan burden is in accordance with the Dutch Code of Conduct for Mortgage Loans
- LTI: NIBUD compliant
- Owner occupied properties (no buy-to-let)
- Only first mortgage rights (second only if first right is also with Argenta)
- Minimum property market value (after improvements) EUR 100,000
- No houseboats or farms etc
- BKR (Dutch Credit Bureau) checks
- Identification checks: VIS (Verification Identification System), EVA (Externe Verwijzings Applicatie)
- Fraud checks SFH (Stichting Fraudebestrijding Hypotheken)

# Underwriting process

## NIBUD affordability

- In the Netherlands, the maximum loan amount is based on affordability rather than loan to value
- In order to comply to the Dutch Code of Conduct, mortgage lenders have to use the affordability matrix of the National Institute for Family Finance Information (“NIBUD”) for max. and therefore realistic loan amount calculations
- NIBUD calculates the amount of gross income available for interest and principal repayment, taking into account other household expenditures
  - An example, a household with a gross income of EUR 58,000 and an interest rate of 3.0 – 3.5% can spend a maximum of 24.5% of its gross income on mortgage (interest and principal) repayments
  - Calculations are based on a 30 year annuity

### NIBUD Affordability figures 2019

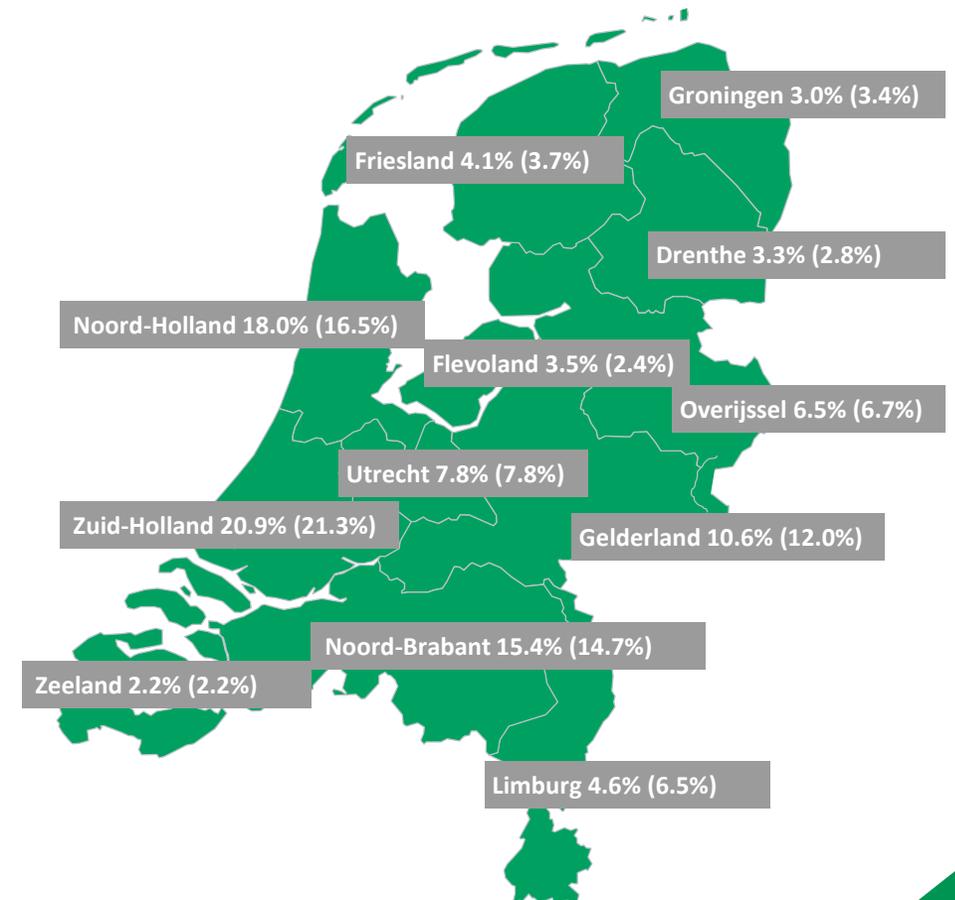
Gross Income	Mortgage Loan Interest Rate									
	<= 1.000%	1.001%- 1.500%	1.501%- 2.000%	2.001% - 2.500%	2.501% - 3.000%	3.001% - 3.500%	3.501% - 4.000%	4.001% - 4.500%	4.501% - 5.000%	5.001% - 5.500%
-	12.0%	12.5%	13.5%	14.0%	14.5%	15.0%	16.0%	16.5%	17.0%	17.5%
21,000	12.0%	12.5%	13.5%	14.0%	14.5%	15.0%	16.0%	16.5%	17.0%	17.5%
26,000	15.0%	16.0%	17.5%	18.5%	19.5%	20.5%	21.5%	23.0%	24.0%	25.0%
...	...	...	...	...	...	...	...	...	...	...
52,000	18.0%	19.0%	20.5%	21.5%	22.5%	23.5%	24.5%	26.0%	27.0%	28.0%
58,000	19.0%	20.5%	21.5%	22.5%	23.5%	24.5%	25.5%	26.5%	27.5%	28.5%
61,000	19.5%	20.5%	21.5%	23.0%	24.0%	25.0%	26.5%	27.5%	28.5%	29.5%
...	...	...	...	...	...	...	...	...	...	...
75,000	20.5%	22.0%	23.0%	25.0%	26.0%	27.5%	28.5%	30.0%	31.0%	32.0%
77,000	20.5%	22.0%	23.5%	25.0%	26.5%	27.5%	29.0%	30.0%	31.5%	32.5%
79,000	21.0%	22.5%	23.5%	25.0%	26.5%	28.0%	29.0%	30.5%	31.5%	32.5%
...	...	...	...	...	...	...	...	...	...	...
96,000	21.5%	23.0%	24.5%	26.0%	27.5%	29.0%	30.5%	31.5%	33.0%	34.0%
110,000	22.0%	23.5%	25.0%	26.5%	28.0%	29.5%	31.0%	32.0%	33.5%	35.0%

Source: NIBUD website, 17 April 2019

# Marketing Strategy

- **Mortgage rate:** Top 5 of the market (soft target)
- **Flexibility**
  - Mortgage rate: guaranteed for 4 months
  - Client receives the lowest interest rate of 2 measure points (in 4 months)
  - 15% redemption possible without penalty (yearly)
- **Distribution channel:**
  - Face-to-face: Independent advisors / intermediaries
  - Online: Cross channel and execution only
    - Research of GfK and IG&H indicates the added value of execution only. The customer journey for a mortgage starts often online
    - Client's choice to apply for a mortgage online or through an advisor
- Finding a balance between NHG and not-NHG given the market conditions
- Easy to understand acceptance criteria

## Portfolio versus population<sup>1)</sup> per province





# 5. Servicing and arrears management



# Loan administration and outsourcing strategy

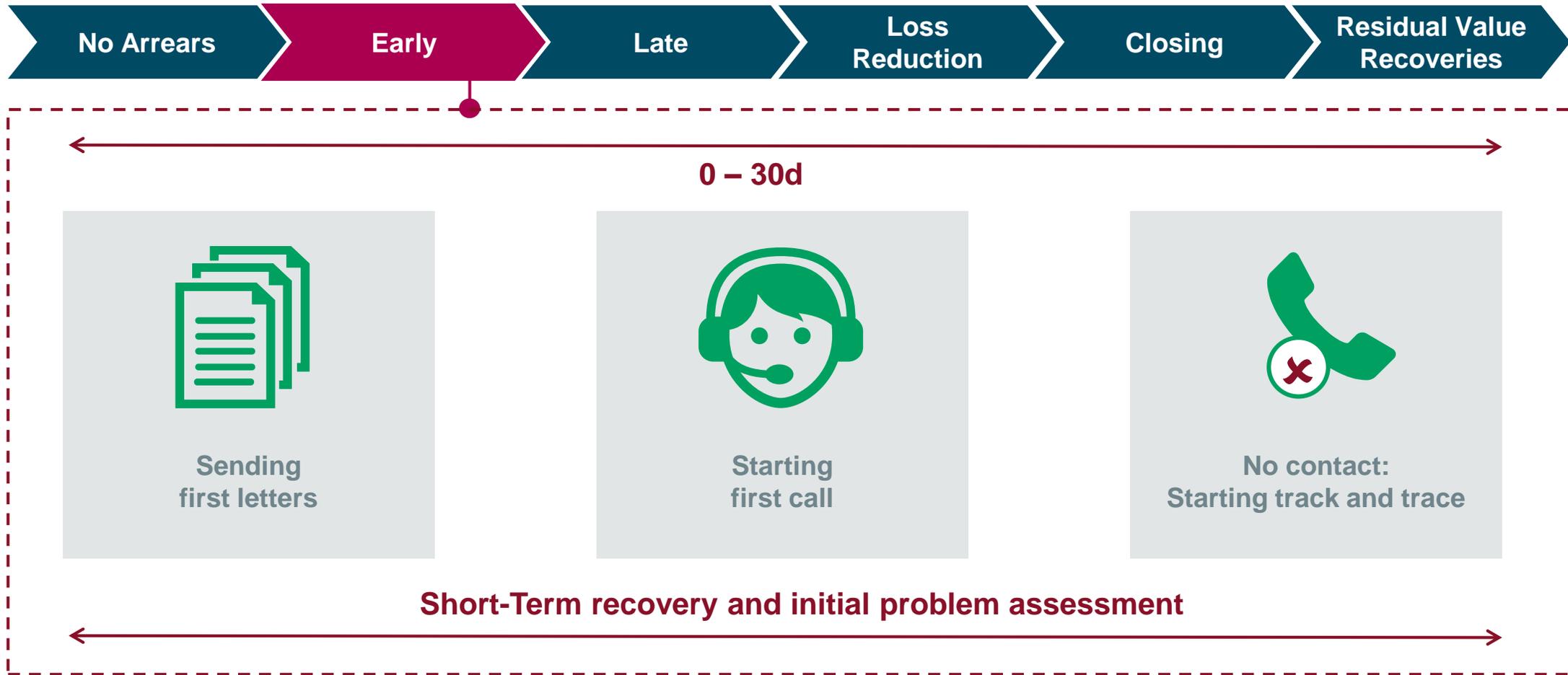
## Servicing and loan administration is outsourced to Quion

- Quion is one of the two independent third party servicers in the Netherlands
- Quion, established in 1993, provides origination and servicing systems for residential mortgage lenders and prepares portfolio and loan level reports to lenders and RMBS issuers
- Fitch notes Quion a primary servicer rating of RPS2+ and a special servicer rating of RSS2+
- Quion is fully ISAE 3402, ISO 270001 (DNB Approved), Type II compliant
- Day to day management of the mortgage loans in the portfolio is performed by Quion (amongst others):
  - Client contact
  - Monthly statements
  - First reminders in case of non-payment
  - Payment of construction amounts
  - Any changes to the mortgage loans or requests for further advances or loan increases
  - Test collateral values
  - Substitution / management of the mortgage loan portfolio
  - Reporting to Argenta Spaarbank on arrears / portfolio performance
  - Transaction monitoring to detect suspicious financial flows

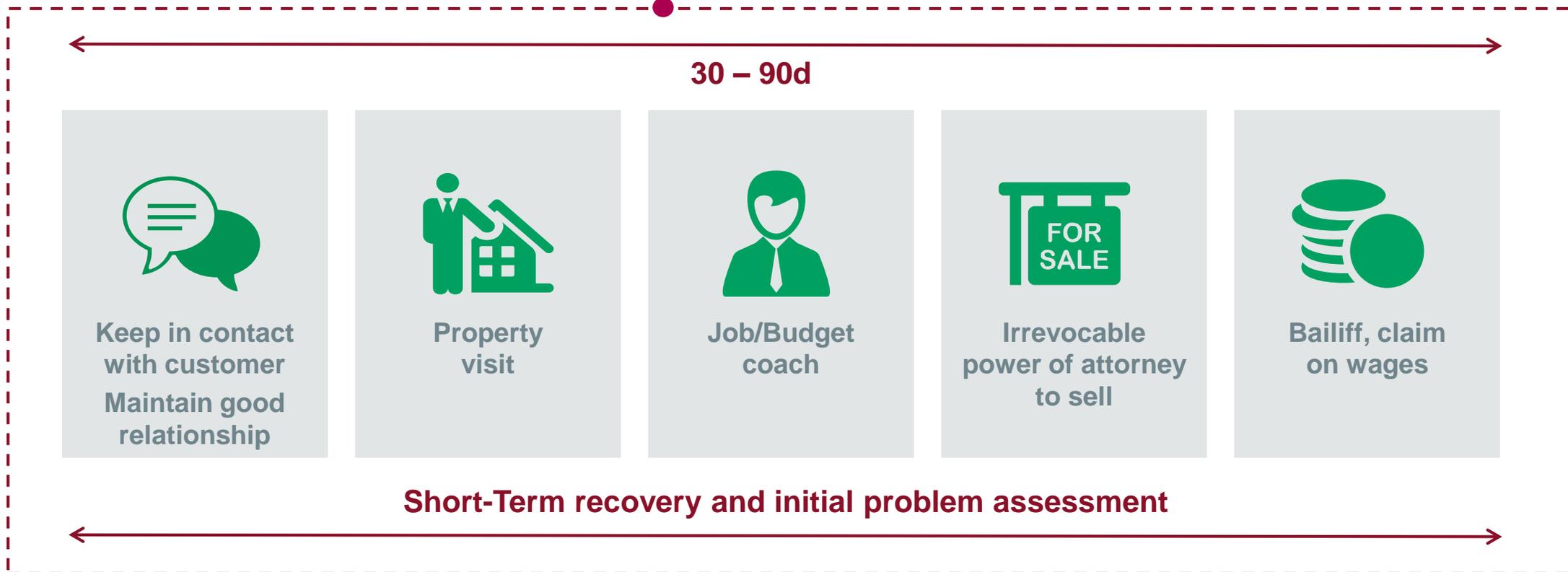
# Arrears and default management



# Arrears and default management



# Arrears and default management



# Arrears and default management





# 6. Provisional pool overview

# Provisional pool overview

## Summary table (cut-off – 30 April 2019)

### Characteristics

Principal balance (EUR)	[968,100,659]
Value of saving deposits (EUR)	-
Net principal balance (EUR)	[968,100,659]
Construction deposits (EUR)	[1,935,635]
Net principal balance ex. construction deposits (EUR)	[966,165,023]
Number of loans	[6,029]
Number of loan parts	[8,899]
Average principal balance (borrower) (EUR)	[160,574]
Weighted average current interest rate (%)	[2.67%]
Weighted average remaining fixed rate period (yrs)	[12.6]
Weighted average maturity (yrs)	[26.5]
Weighted average seasoning (yrs)	[3.1]
Weighted Average LTMV (%)	[88.4]
Weighted Average LTMV (indexed) (%)	[72.5]
NHG (%)	[100.0]

## Key eligibility criteria (amongst others)

- The mortgage loans are in the form of:
  - Linear mortgage loans
  - Interest-only mortgage loans
  - Annuity mortgage loans
- The borrower is a resident of the Netherlands
- No bridge loans included
- Mortgage loan is dominated in Euro
- On the cut-off date none of the mortgage loans were in arrears
- At least one payment has been made in respect to the mortgage loan prior to the closing date
- Each mortgage loan is an NHG guaranteed mortgage loan
- Each mortgaged asset is not subject of residential letting
- Each mortgaged asset is occupied by the relevant Borrower at the time of the origination of the mortgage loan
- Each mortgage loan has been originated after 1 May 2012
- Only first lien mortgage loans (or similar) included
- No mortgage loan has a current LTV (indexed) above 100%
- No single-borrower in the mortgage pool exceeds 2%

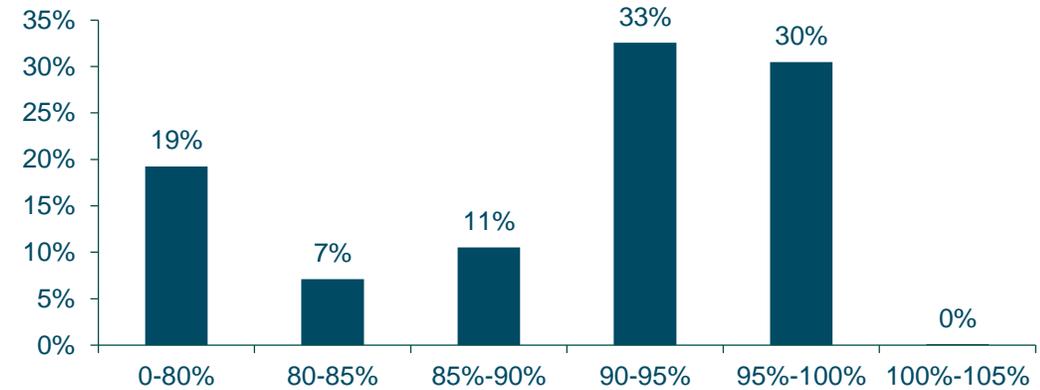


# Provisional pool overview

## Distribution of CLTOMV and CLTIMV

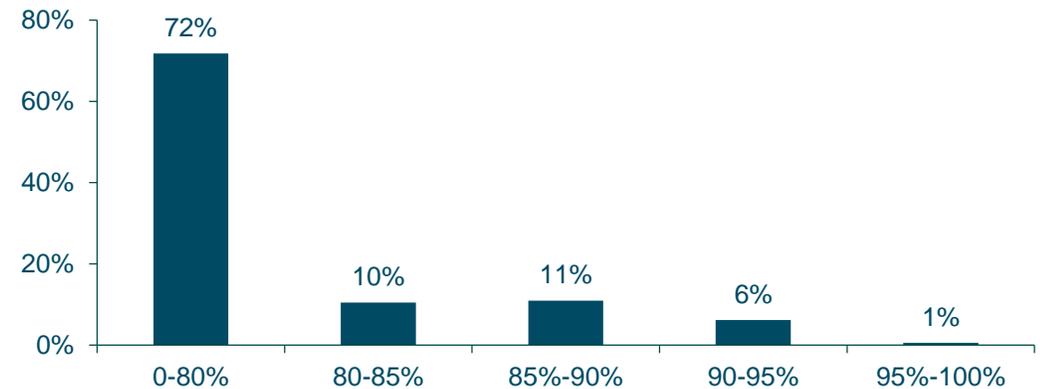
### CLTOMV (Current Loan to Original Market Value)

- The weighted average CLTOMV is [88.4]%



### CLTIMV (Current Loan to Indexed Market Value)

- The weighted average CLTIMV is [72.5]%

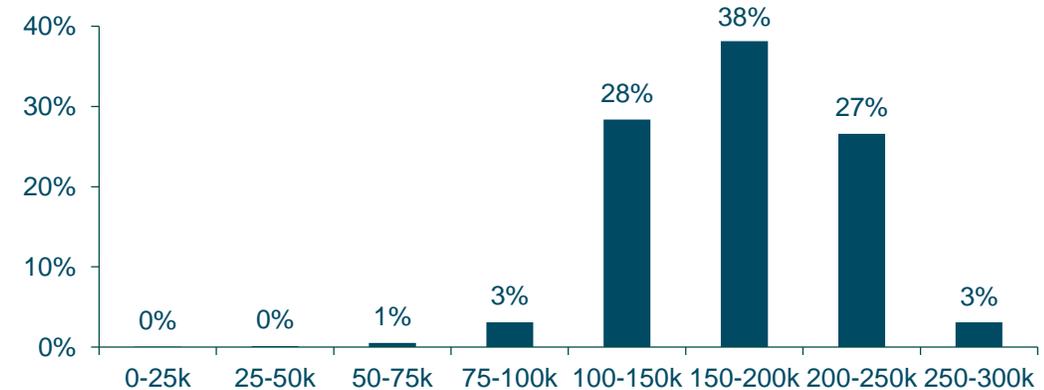


# Provisional pool overview

## Outstanding loan amount and origination year

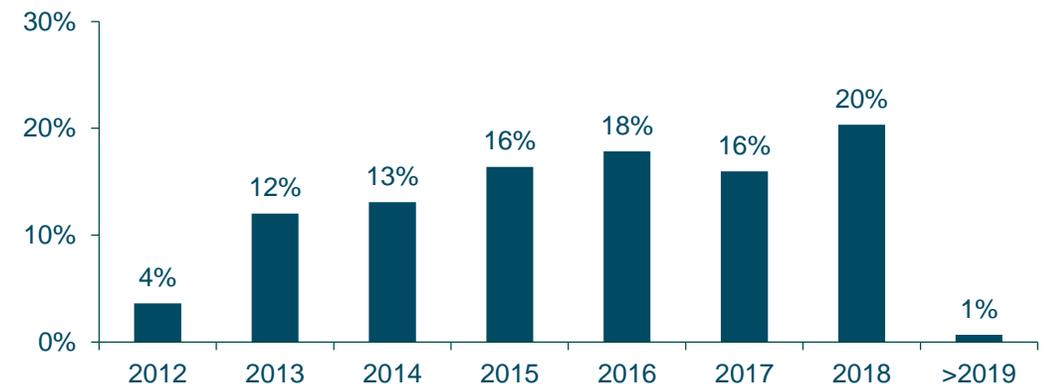
### Outstanding loan amount

- The average loan balance amount is EUR [160,574]
- 100% of the mortgage loans are NHG guaranteed
- The maximum loan size is [294,366]



### Origination year

- All loans in the provisional pool were originated after 1 May 2012
- Seasoning of [3.1] years



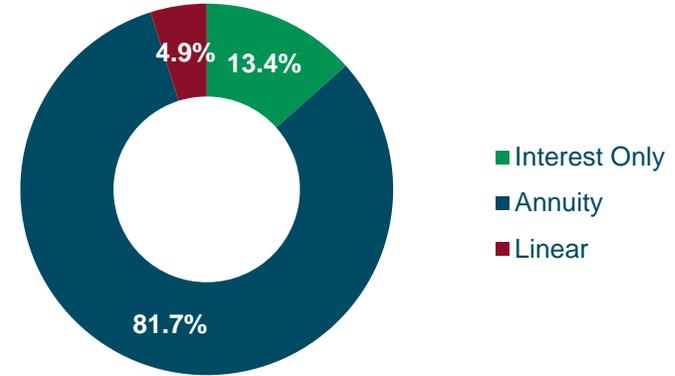


# Provisional pool overview

## Redemption profile and loan to income

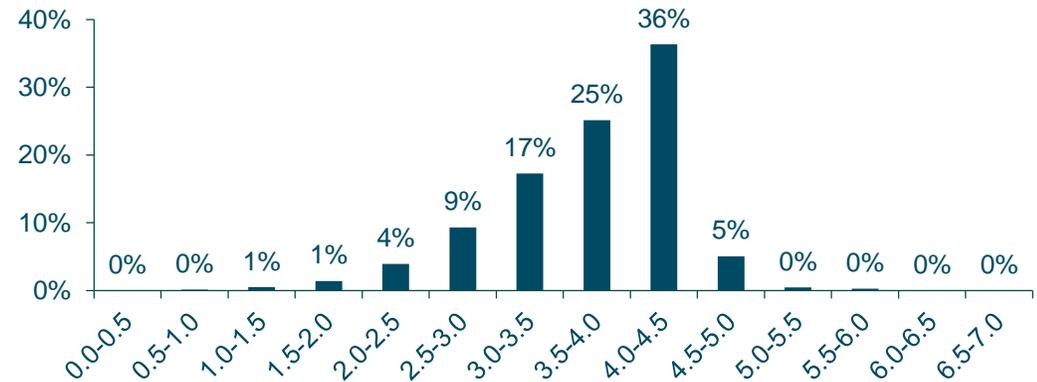
### Redemption profile

- [86.6]% of the loans are amortising mortgage loans (annuity / linear)



### Loan-to-income

- Weighted average loan-to-income [3.7]

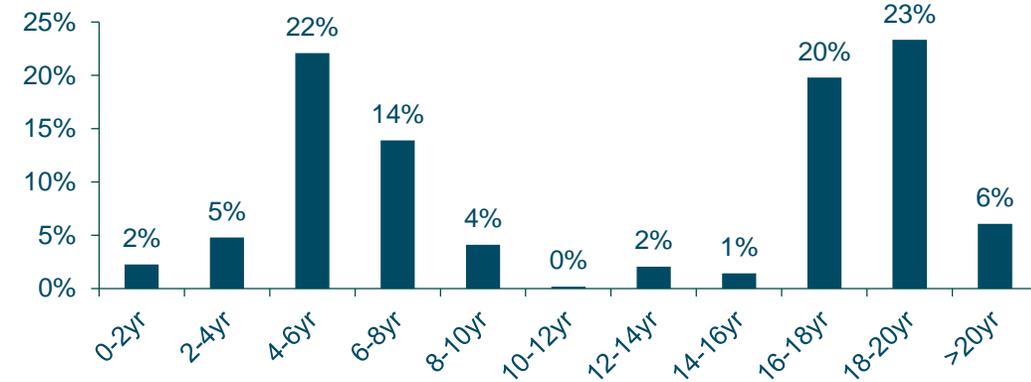


# Provisional pool overview

## Interest rate reset and coupon distribution

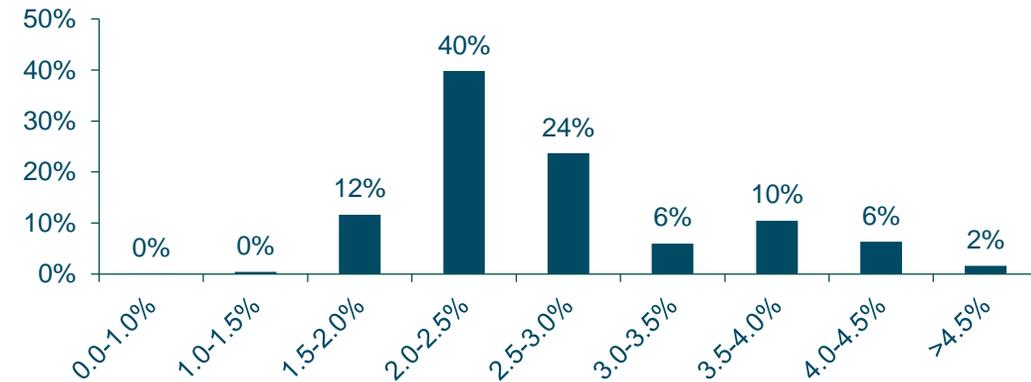
### Interest rate reset

- [63.7]% loan parts have an interest reset date after the FORD [January 2026]
- Fixed rate [98.6]%
- Floating rate [1.4]%



### Coupon distribution

- Weighted average interest rate of the preliminary pool is [2.67]%
- Maximum interest rate [4.85]%



# Provisional pool overview

## Geographical distribution and employment type

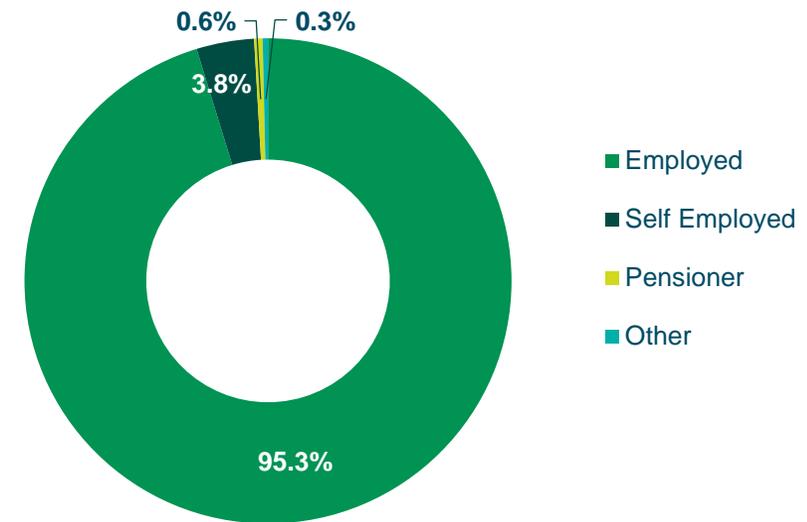
### Geographical distribution

- The mortgage loans are geographically distributed throughout the Netherlands
- The largest concentrations in the pool are found in Zuid-Holland ([20.7]%), Noord-Holland ([19.0]%) and Noord-Brabant ([14.5]%)



### Employment type

- The majority of borrowers are employed ([95.3]%) of the provisional portfolio)
- The remaining portion consists of self-employed borrowers ([3.8]%), pensioners ([0.6]%) and other ([0.3]%)





# 7. Appendix

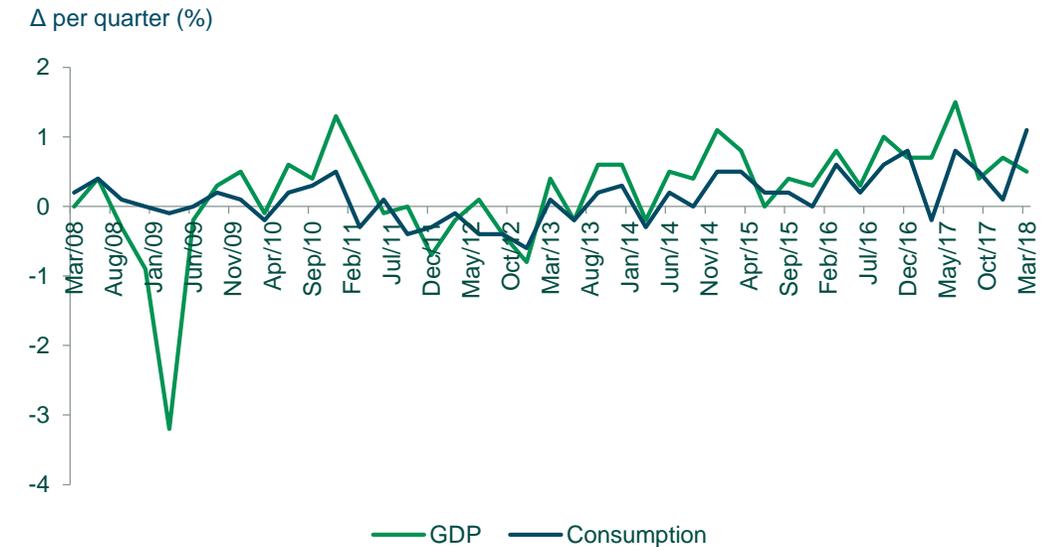
# I - The Dutch economy

- The Dutch economy continues to grow after a peak in the GDP growth in 2017
- In 2019, GDP growth is expected to slow for the second time in a row to 1.4%, from 3.1% in 2017 and 2.5% in 2018
- The largest contributor is the diminishing demand from abroad where exports are suffering from flagging world trade

## (Un)employment development



## Dutch GDP and Consumption



Source: CBS, ABN AMRO Insights: Housing Market Monitor April 2019

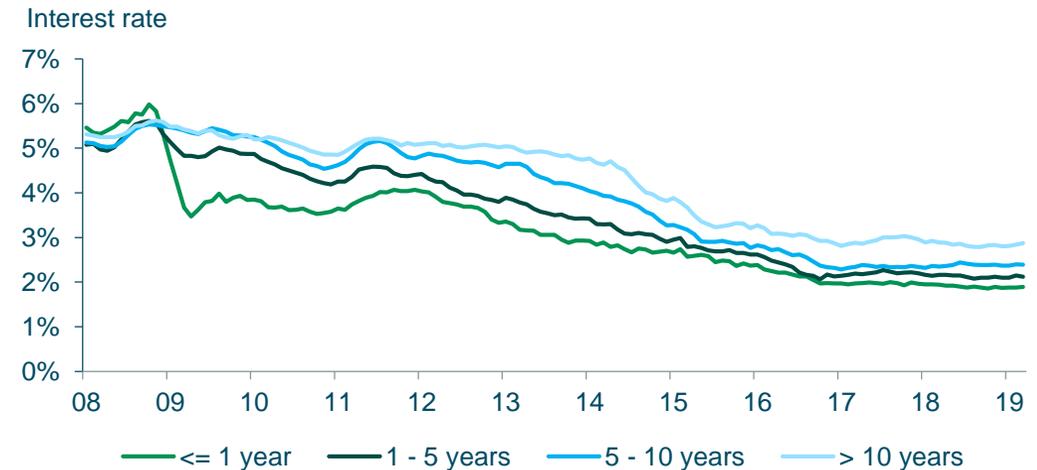
# I - Dutch residential mortgage market

- The total notional amount of residential mortgage loans outstanding in the Netherlands was around EUR 705bn in Q4 2018, which is EUR 9bn more than a year ago<sup>1)</sup>
- According to the DNB, this amount is expected to grow to EUR 800-875bn by 2025
- Interest rates are expected to remain low, as the ECB has decided to push back the previously planned interest rate hikes
- The share of re-mortgages has risen, mainly due to the current low mortgage rates

## Mortgage debt outstanding<sup>1)</sup>



## Average mortgage rates per fixed interest rate period



Source: Dutch Central Bank, Land Registry, ABN AMRO Insights: Housing Market Monitor April 2019

1) CBS Statline

# I - House price developments

- The pre-owned and new-build prices jointly rose 10.3% in 3Q 2018, which is one of the strongest y-o-y house price increases in Europe
- (First-time) buyers are struggling to find a home that suits their needs and budget, particularly as for-sale stock is shrinking and would-be movers are not putting their property on the market until they have found an affordable alternative

## Dutch housing price development



## Dutch house price index development (2015=100)



Source: CBS, Dutch Association of Real Estate Brokers (NVM), ABN AMRO Insights: Housing Market Monitor April 2019

# I - Transaction and supply developments

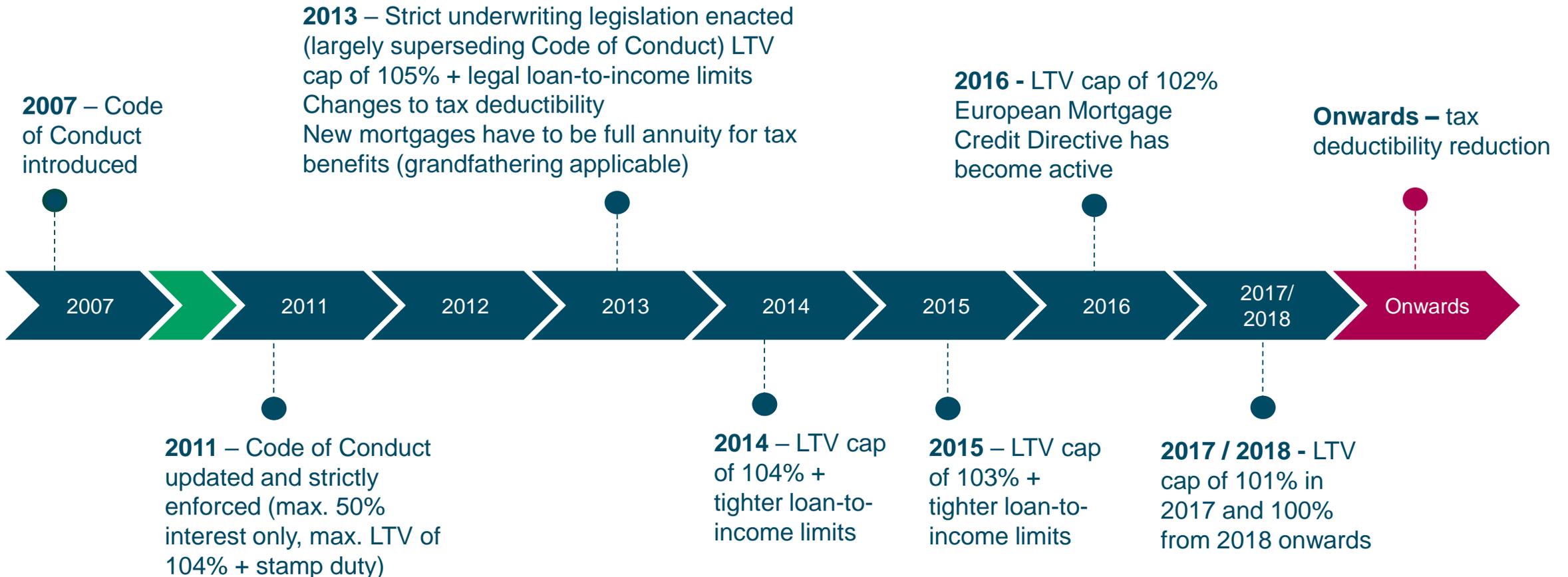
- In the twelve months until February 2019, 217.000 properties were sold, 9% less than in the year before. It is forecasted that house purchases will fall by 5% in 2019 versus 2018
- Transactions are under pressure as the sustained price increase has eroded affordability, there are few properties for sale and the demand from home seekers who postponed their move during the crisis has largely been met
- The number of new-build completions is trailing demand due to the lack of building locations and high construction costs
- The number of completed new-builds was 9,000 below the government target of 75,000 in 2018

## Quarterly transactions and average selling price



Source: CBS, Huizenzoeker.nl, Dutch Association of Real Estate Brokers (NVM), ABN AMRO Insights: Housing Market Monitor April 2019, unless stated otherwise

# I - Recent developments Dutch mortgage market



## II - Intended timelines

<b>Announcement</b>	4 June 2019
<b>Roadshow</b>	As of 6 June 2019 and during the Global ABS Conference
<b>Pricing</b>	Week of [17] June 2019
<b>Settlement &amp; Closing</b>	[26] June 2019



**Contact us:**

**[Investor.relations@argenta.be](mailto:Investor.relations@argenta.be)**

**[www.argenta.eu](http://www.argenta.eu)**





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