Argenta Spaarbank

Investor presentation

January 2020

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Agenda

1. Argenta Overview
2. Financial Performance
3. Asset Quality
4. Solvency and Liquidity
5. Outstanding Debt
6. Wrap up
7. Glossary

1. Argenta Overview

Company history

1956 – 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

1966 – 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.

1974 – Argenta Assuranties

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

1997 – Argenta Netherlands

Argenta starts selling mortgage loans in the Netherlands.

2008 – Financial crisis

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

2010 – 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.

2016 – 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.

Today – Digitalization and growth

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

ARGENTA

Group structure: full-fledged retail bank-insurer

A transparent group structure

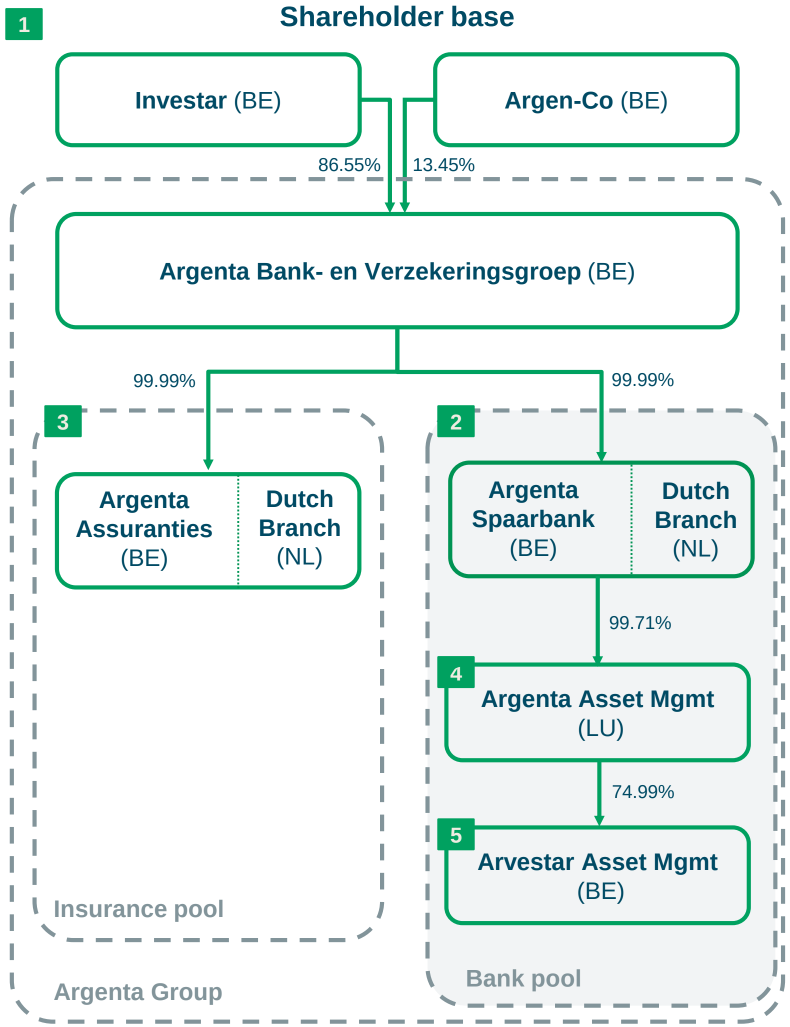
1 Stable shareholder base Investar (holding company of founding family) and Argen-Co (cooperative capital held by employees and clients).

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).



Strategy and Business Profile

Simple and easy-to-understand business model

Market share[1] (Netherlands)

Deposits	0.6%
Mortgage loans	2.6%

Market share[1] (Belgium)

Deposits	8.4%
Investment funds	4.0%
Mortgage loans	5.5%
Life insurance	5.0%
Non-life insurance	2.1%

- 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 bank in Belgium – Satisfaction survey by Test Aankoop in 2019
  - 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.
  - 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, latest available figures

2. Financial Performance

Overview of Key Financial Data

H1 2019

Argenta Group[1]

Net result	77.3 m
Return on Equity	5.9%
Total assets	49.0 bn
Total equity	2.7 bn
Cost / Income[2]	67%
Total funds under mgmt	47.1 bn
CET 1	22.5%

Argenta Spaarbank[1]

Net result	46.8 m
Return on Equity	4.6%
Total assets	42.4 bn
Total equity	2.0 bn
Cost / Income[2]	75%
Total funds under mgmt	41.6 bn
CET 1	22.3%

Credit Rating

Standard & Poor's	
Short-term	A-2
Long-term	A-
Outlook	Stable

Argenta Assuranties[3]

Net result	29.3 m
Return on Equity	12.9%
Total assets	6.9 bn
Total equity	0.5 bn
Premium Life[4]	355 m
Premium Non-life	92 m
Solvency II	276%

Note: all numbers are stated in EUR
(1) Consolidated and adjusted for IFRIC 21
(2) Cost / Income ratios excluding bank levies are 55% for Argenta Group and 60% for Argenta Spaarbank – see slide 15
(3) BGAAP
(4) Including Universal Life unit-linked

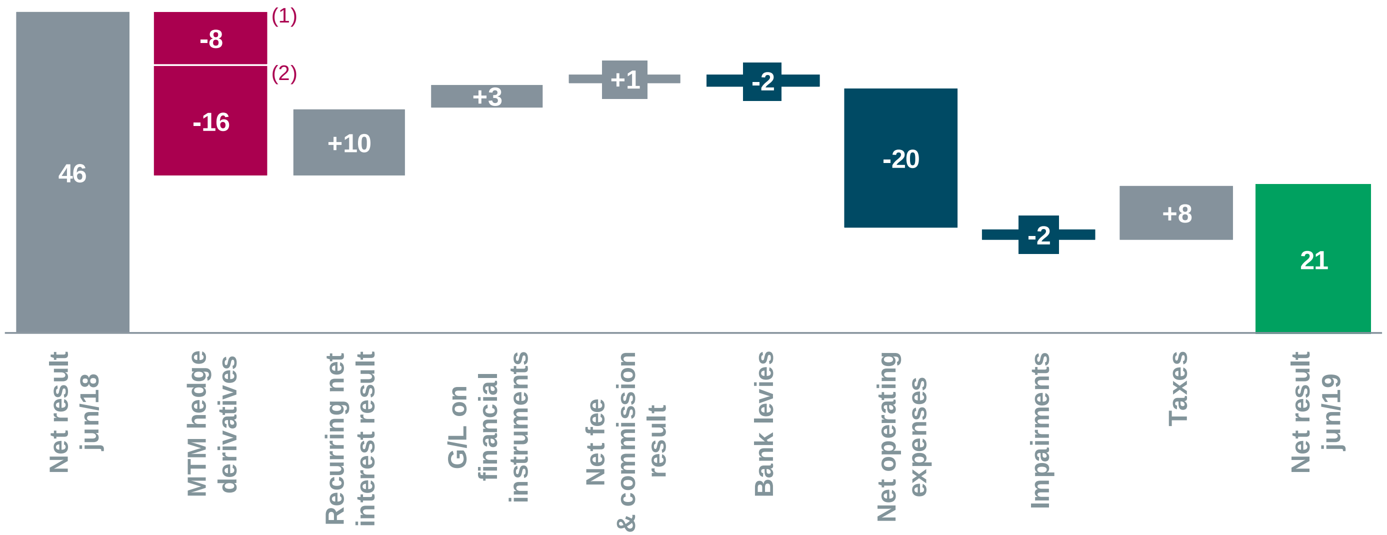
Financial Objectives

Argenta Spaarbank	FY 2018	1H 2019	LT Target
Return on Equity	6.8%	6.2% [1,2]	>8%
Leverage Ratio (fully loaded)	4.7%	4.5%	>4%
Cost / Income Ratio (excluding bank levies)	56%	56% [1,2]	40%
CET 1 Ratio (BIII fully loaded)	23.1%	22.3%	>18%
Total Capital Ratio (BIII fully loaded)	29.0%	27.9%	>20%
Net Interest Margin (NIM)	1.37%	1.35% [1,2]	>1.4%
NSFR	141%	138%	>120%
LCR	170%	170%	>125%

(1) Adjusted for IFRIC 21
(2) Adjusted for MTM hedge derivatives – see page 8 for more clarification for ROE and NIM, and page 15 for cost / income ratio

Overview H1 result 2019

Net result walk Actual - Actual (mEUR)

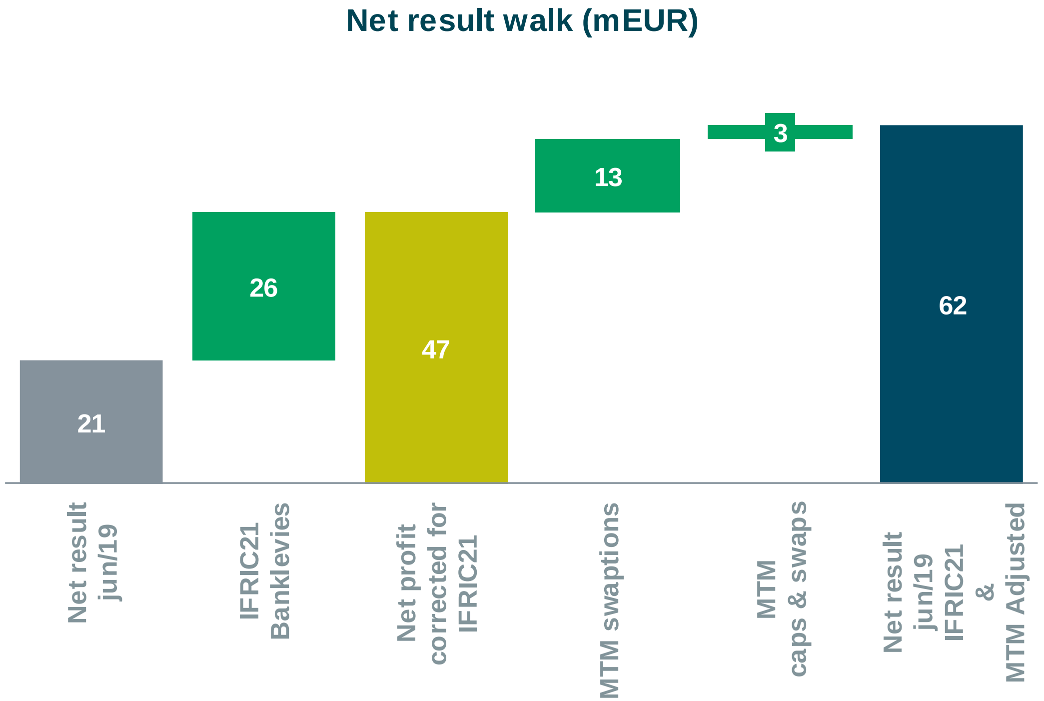


In millions of EUR	1H 2018	1H 2019	Δ
Net interest income	265	259	-6
recurring NII	*266*	*276*	*+10*
one-off impact MTM	*-1*	*-17*	*-16*
G/L on financial instruments	3	-2	-4
general result	*-2*	*1*	*+3*
one-off impact MTM	*4*	*-3*	*-8*
Net fee & commission result	-19	-18	+1
fee income	*49*	*49*	*-0*
commissions to agents	*-68*	*-67*	*+1*
Bank levies	-70	-72	-2
Net operating expenses	-120	-140	-20
other operating income	*16*	*10*	*-6*
operating expenses	*-136*	*-150*	*-14*
Impairments	1	0	-2
Income tax expense	-13	-5	+8
Net profit	**46**	**21**	**-25**
IFRIC21 adjustment	25	26	+1
Adjusted net profit	**71**	**47**	**-24**

- IFRIC21 adjusted H1 2019 result of 47 million EUR compared to 71 million EUR over the same period of last year.
- Net result is impacted by a one-off IFRS effect: -24 mio YoY related to mark-to-market of hedge derivatives because of lower interest rates.
- 4% higher recurring net interest income partially compensates this temporary effect. Main drivers are an increased mortgage production and the maturing of expensive term deposits and diversification of funding sources.
- Net operating expenses up 17% mainly driven by digital and IT investments.

(1) -8 mio YoY impact of MtM changes caps and swaps, normally included in gains & losses
(2) -16 mio YoY impact of MtM changes swaptions, normally included in net interest result

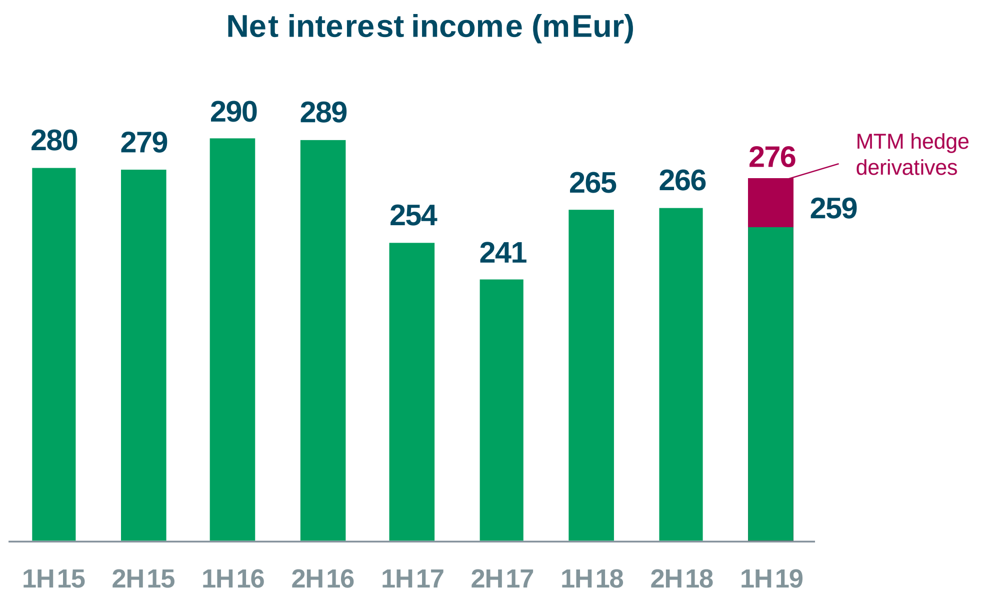
Impact of one-off effects on net result

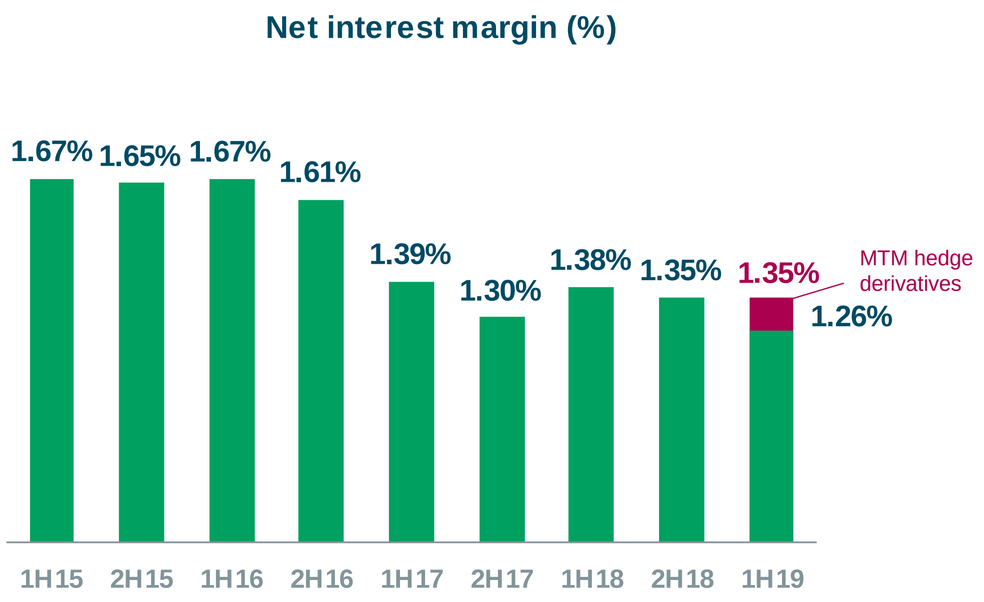


	Not adjusted	incl. IFRIC21 correction	incl. IFRIC21 & MTM correction
Net result (mio EUR)	21	47	62
ROE	2,1%	4,6%	6,2%
NIM	1,26%	1,26%	1,35%

- H1 2019 result of 21 million EUR impacted by IFRIC 21 ruling, corrected net result of 47 mio
  - Upfront bank levies of 72 mio: -26 mio impact (after tax) on H1 2019 results
- Continued lower interest rates cause MtM accounting effects in profit and net interest margin
  - Mark-to-market of hedge derivatives: -16 mio (after tax)
- Adjusted H1 2019 result of 62 mio EUR with an ROE of 6.2%

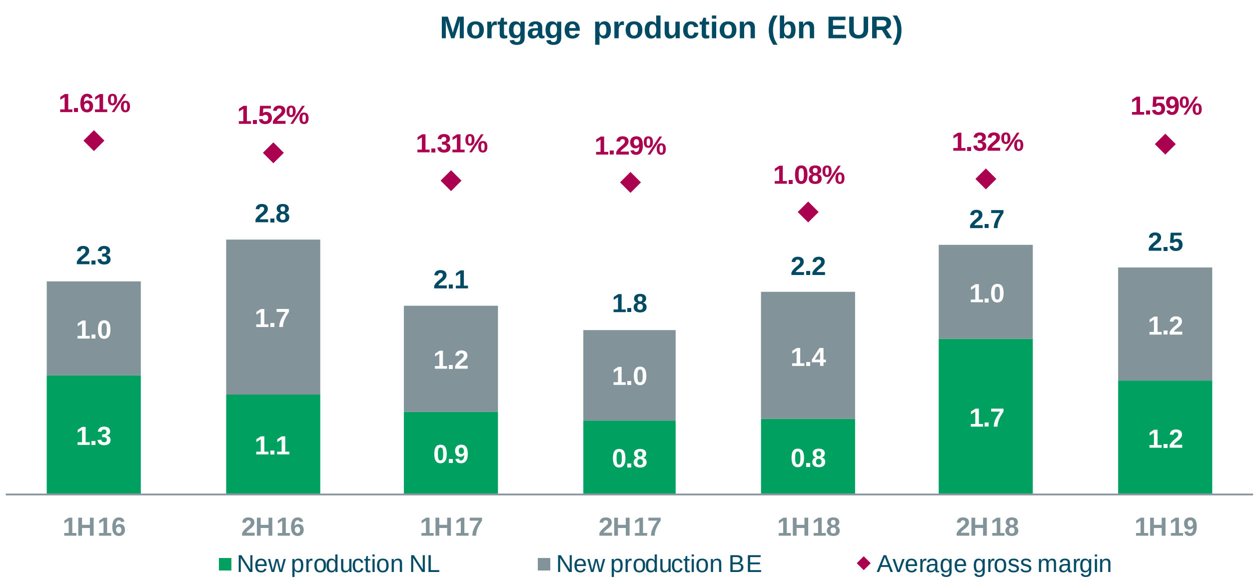
Recurring NII up by 4% yoy at stable margins





- Net interest income (259 mio) down by 2%, but up 4% (to 276 mio) when corrected for the mark-to-market impact of hedge derivatives.
- Pressure on new mortgage loan pricing and lower reinvestment yields in the investment portfolio, compensated by lower interest expenses as more expensive retail term deposits mature.
- Funding cost for Belgian retail funding is at the legal floor, but diversification of funding sources to wholesale funding with 3.2 bio securitization funding outstanding supports the improvement of the net interest result.
- Recurring net interest margin stable at 1.35%.

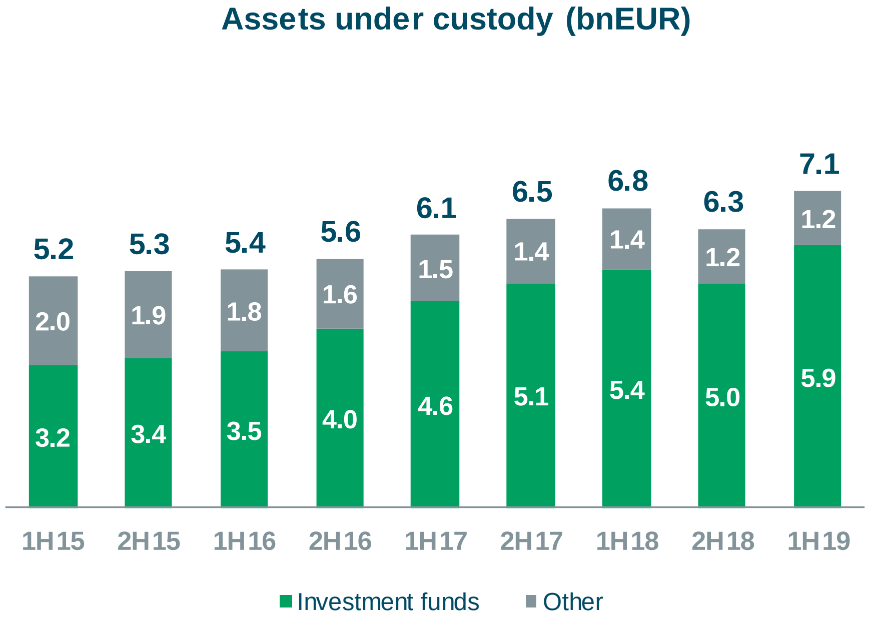
Mortgage production and margins

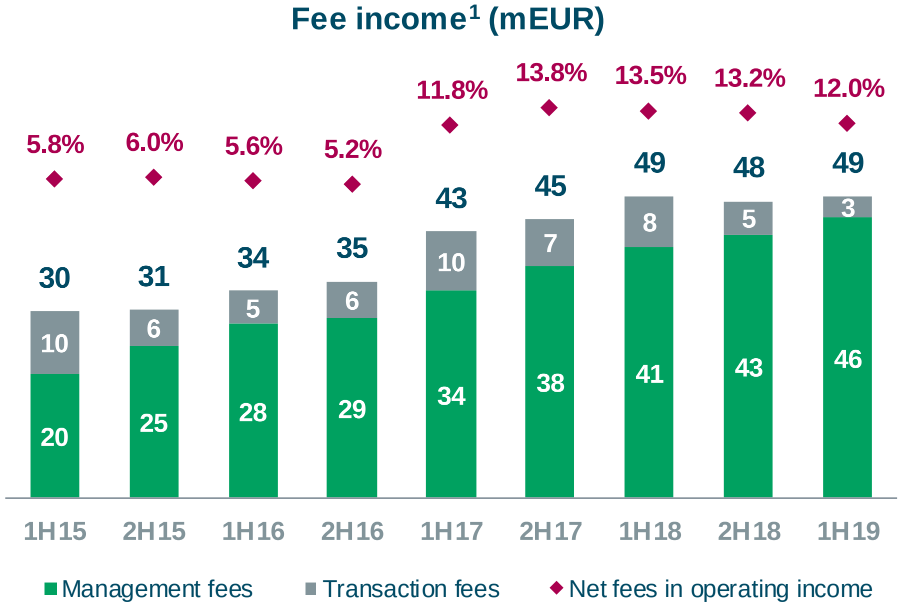


- 2.5 billion EUR[1] new loans granted in H1 2019 to the Belgian and Dutch households
  - Down 11% yoy in Belgium
  - Up 51% yoy in the Netherlands
- Significant increase of 51 bp in average gross margin in H1 2019 to 1.59% versus H1 2018, driven by higher client margins both in Belgium and the Netherlands.
- Retail mortgage loan production market share at 6.3% in Belgium and 2.8% in the Netherlands.

(1) New loans granted, excluding internal refinancings of existing loans from Argenta

Stable Revenue in Fund Management

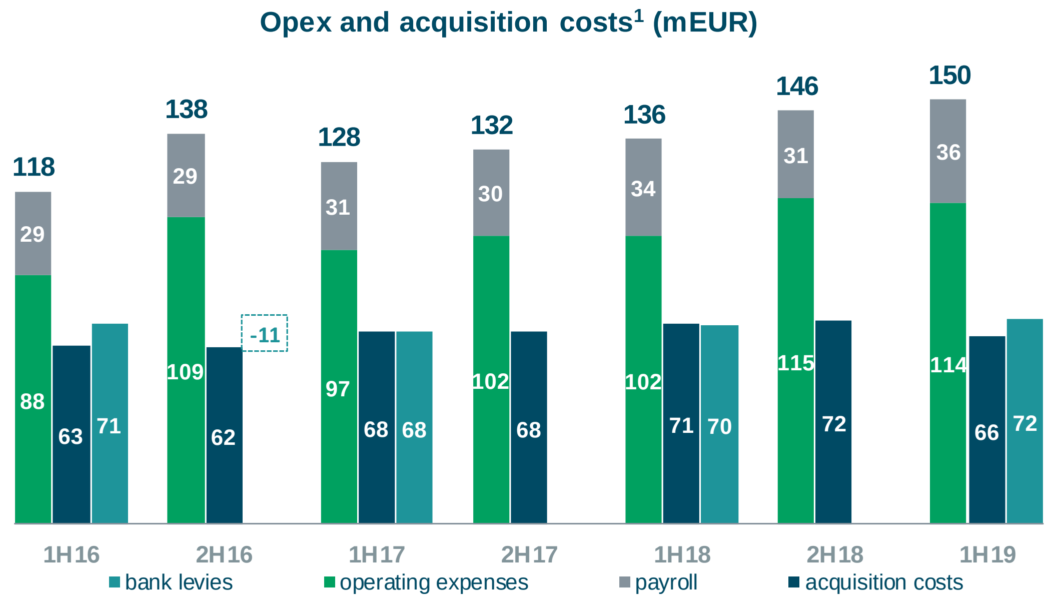


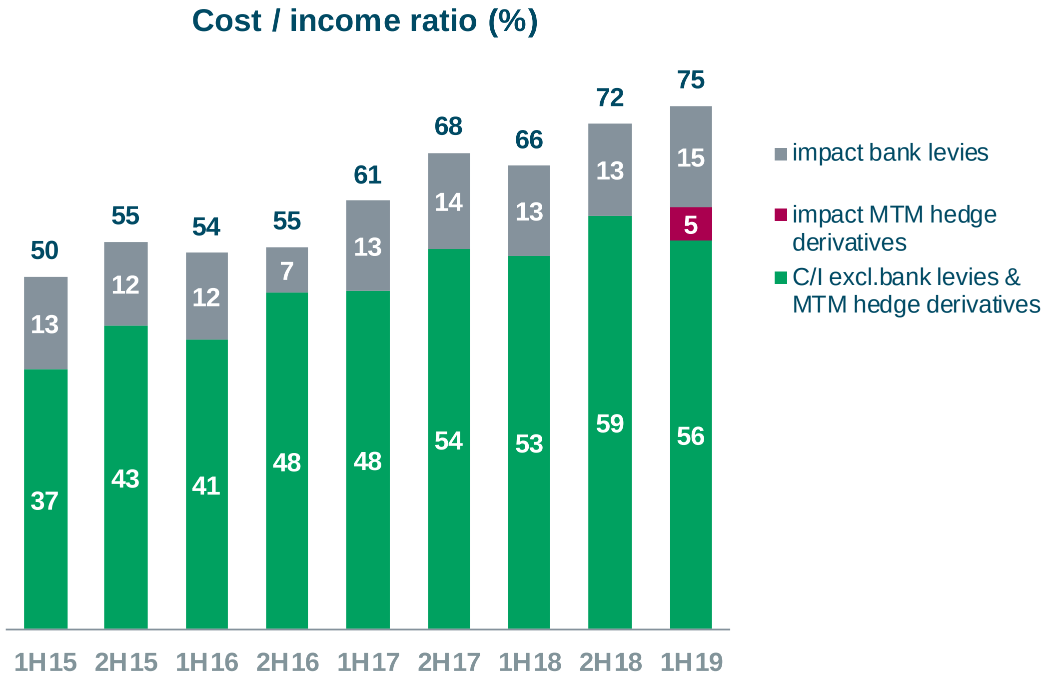


- Strategic focus on fee income derived from retail investment funds offered as an alternative to traditional savings products.
- Commercial action (no entry fee paid by clients) on Argenta Portfolio supports a gross production of 799 mio, including a switch from Carmignac to core funds (266 mio redemption).
- This results in a market share of 4,0% in ICB funds[2], and (together with a positive market valuation) an assets under Custody growth to 7.1 bn EUR, up with 14%.
- Total fee income in H1 2019 stable at 49 mln EUR: Higher management fees offset lower entry fees following commercial initiative.

(1) Excluding commissions to agents.
(2) Data of 31/03/2019

Investing in the Future



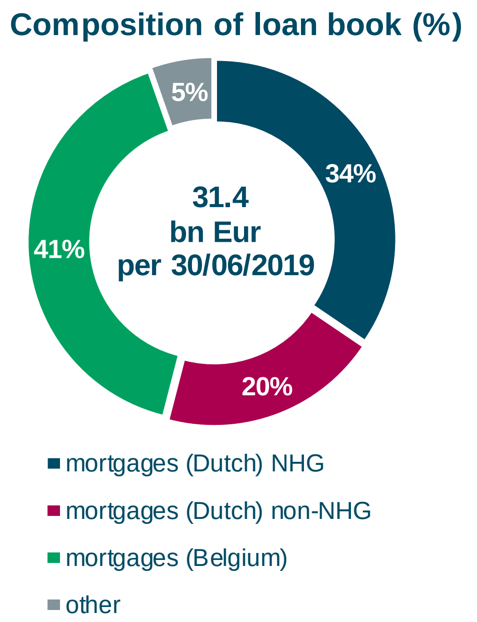


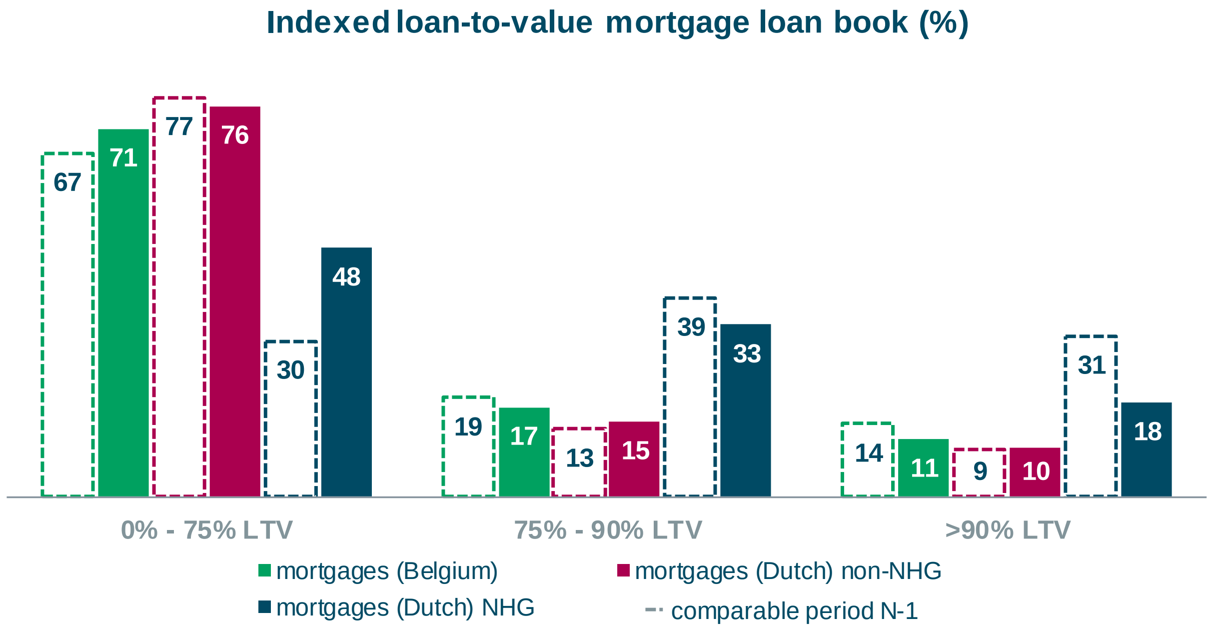
- Continued investments in digital and new core banking system and professionalization of services increase staff and IT expenses.
- Acquisition costs[1] slightly down.
- Increase in total bank levy expense of 2 mio to 72 million EUR.
- H1 2019 cost/income ratio at 60%, bank levies increase ratio to 75%. C/I ratio adjusted for MtM hedge derivatives is 56%

(1) Acquisition costs relate to commissions paid to the branch network for product distribution.

3. Asset quality

A high-quality loan book
H1 2019

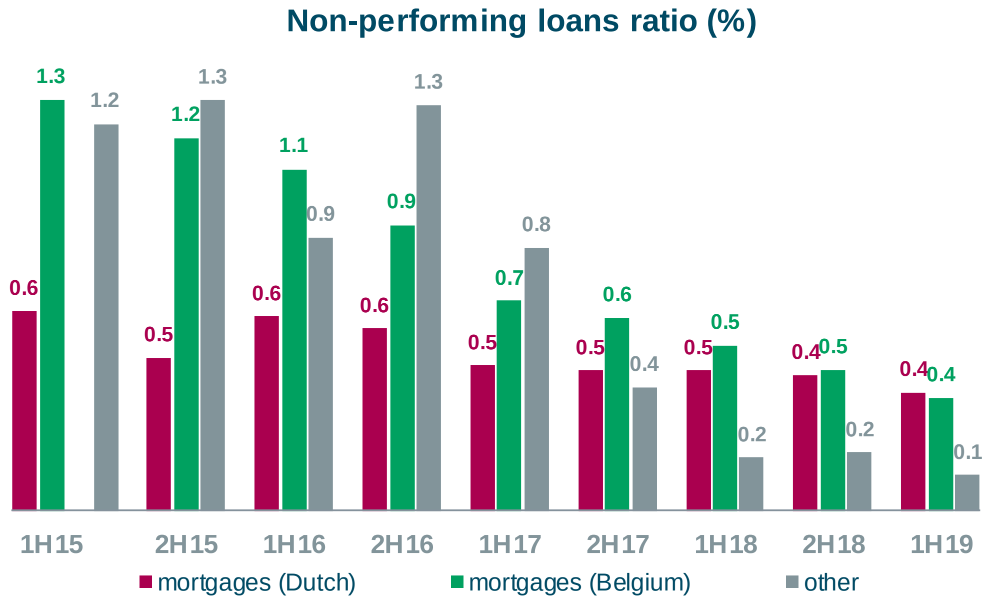


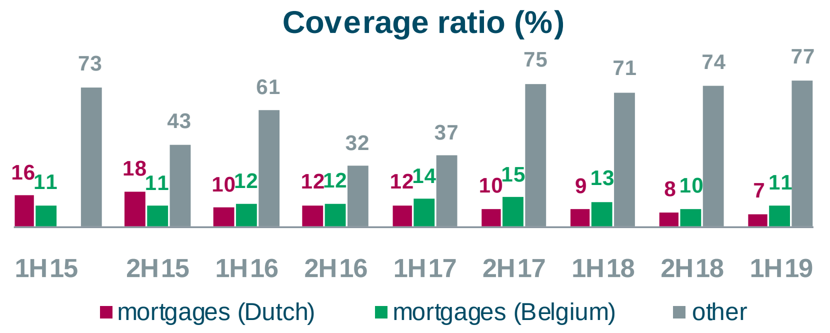


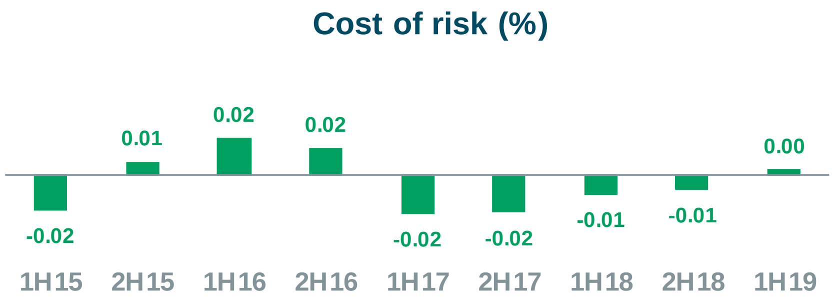
- The residential mortgage loan portfolio in Belgium and the Netherlands composes 95% of the loan book. The remaining 5% consists of consumer loans and local, regional governments and corporate loans.
- The portfolio share of non-NHG[1] mortgages increases, but NHG[1] is still 64% of Dutch portfolio.
- The average LTV for Belgian mortgages is at 58% (stable), for Dutch mortgages at 69% (+100 bp.). The total portfolio LTV is 64% (stable).

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

Low Risk Loan Portfolio

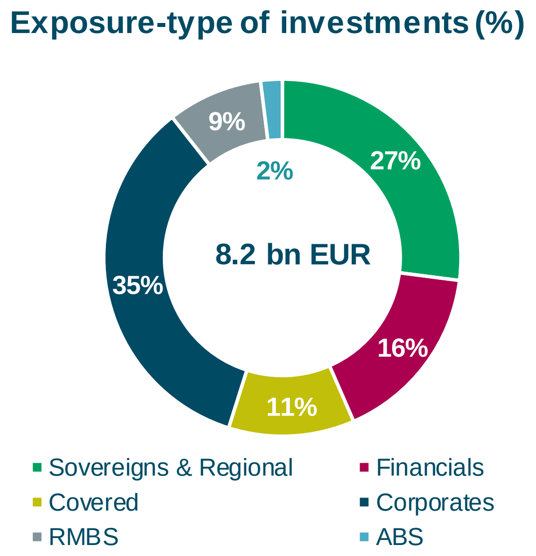


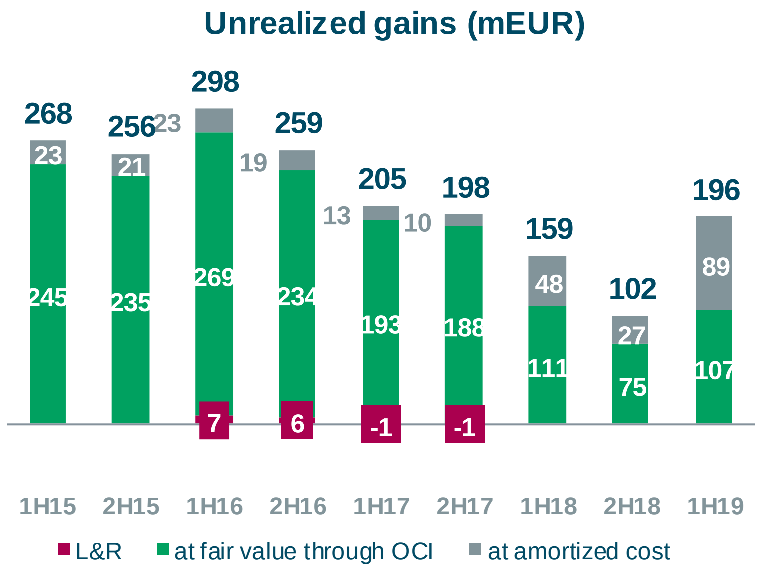




- Consistent low risk at historical low NPL levels confirms high quality of mortgage loan. Only 0.37% of the mortgage loan book is non-performing.
- Average coverage ratio of 10.3% given high quality of prime mortgage collateral.
- Cost of risk remains close to zero.

Diversified and liquid investment portfolio
H1 2019

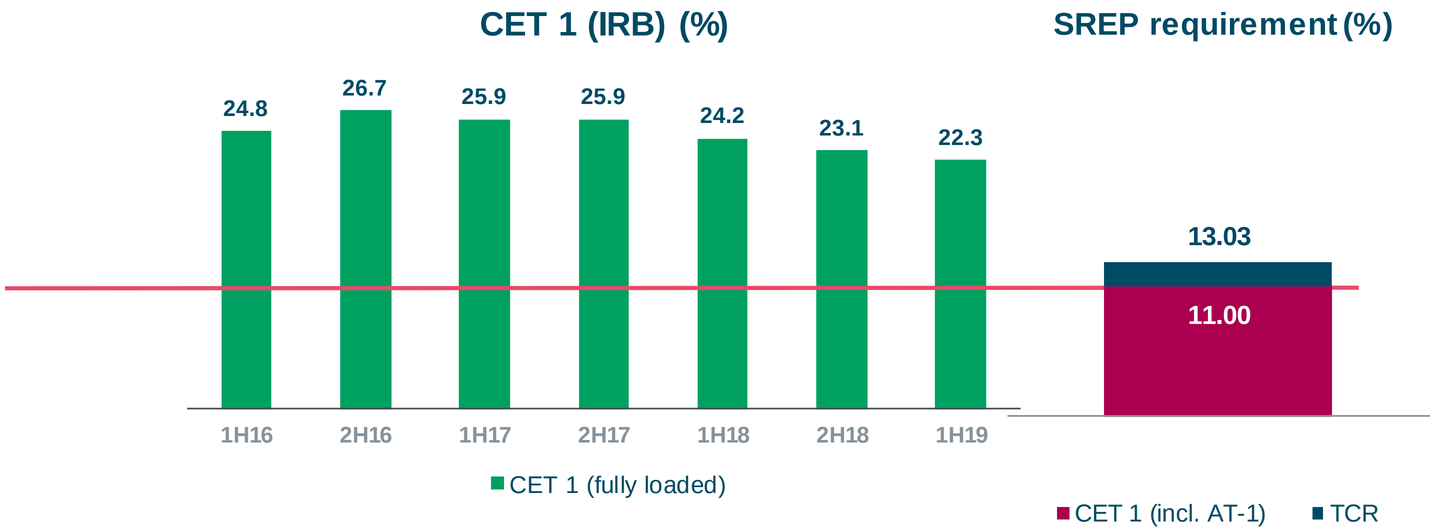


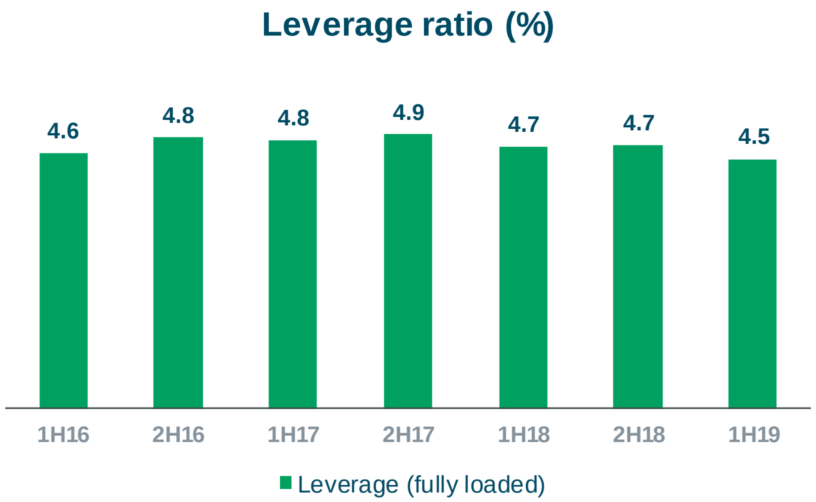


- Portfolio stable (up 0.1 bn EUR) with reinvestment of securitization proceeds in highly liquid assets to support the liquidity position and enable further mortgage loan growth.
- Well-balanced conservative portfolio.
- No exposure to CDO, CLO, Alt-A, subprime.
- High quality of investments: 36% of the portfolio is rated AA and above and 98% of the portfolio is investment grade, unrealized capital gains 196 million EUR
- Exclusively euro-denominated with focus on European markets: 96% of portfolio in European Economic Area.

4. Solvency and liquidity

Solvency well above SREP requirement



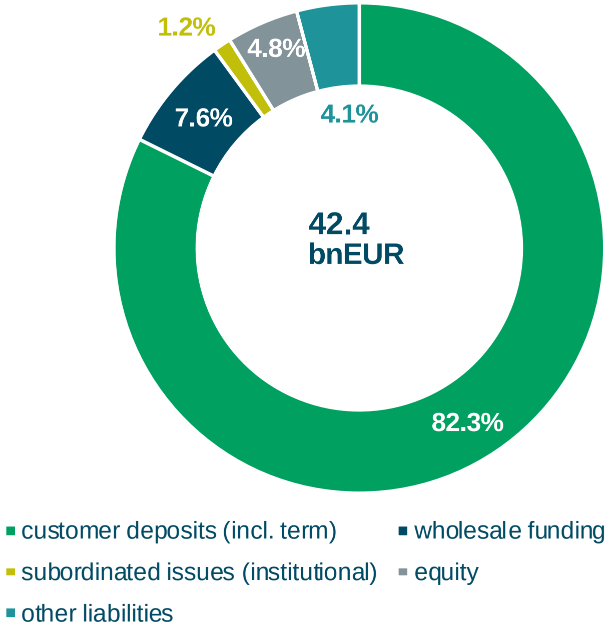


- CET 1 (IRB) ratio of 22.3% fully loaded, down by 0.8% compared to H2 2018 mainly due to:
  - Increase in investments portfolio reflecting extra cash from EMTN issuance, primarily reinvested in corporates and institutions, together with a decrease of market value of derivatives, causes an increase in exposure in posted collateral with a combined impact of -1.0%pt.
  - Partly compensated by CET-1 capital increase in the form of retained earnings and other comprehensive income, with an impact of +0.4%pt.
- Leverage at 4.5%.

Funding and Liquidity Position

H1 2019

Funding mix (%)



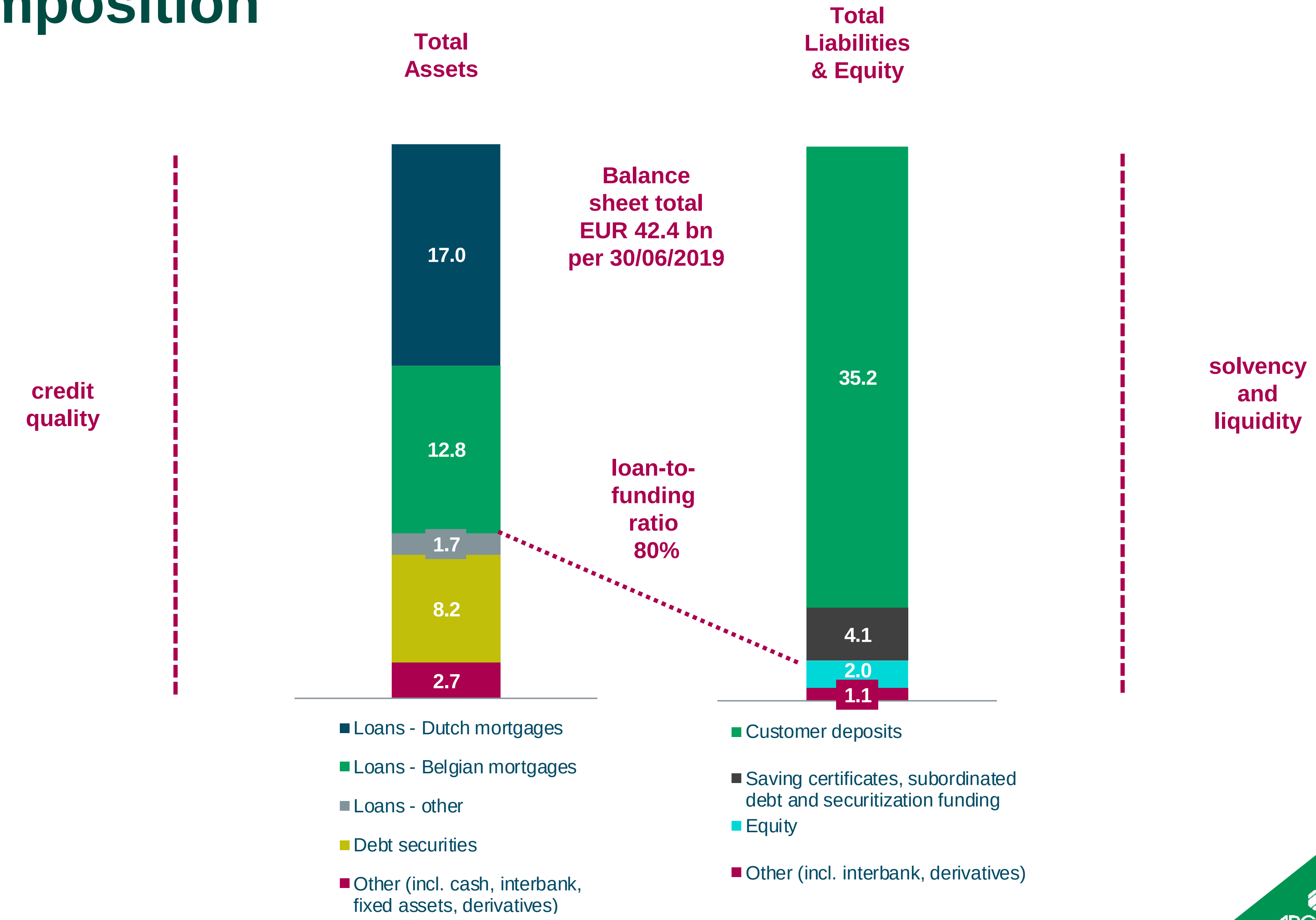
In %	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19
Liquidity coverage ratio[1]	181	180	168	179	167	162	195	170	170
Net stable funding ratio[2]	146	144	142	145	145	143	145	141	138

- Strong liquidity position, well above regulatory limits, for both LCR and NSFR.
- Stable deposit funding base mainly consisting of retail savings deposits.
- Diversification of funding sources with 3.2 billion EUR of securitizations of Dutch NHG mortgages (issued in 3 Green Apple transactions), EMTN issuance February 2019 and subordinated debt.

(1) Basel III
(2) EU Delegated Act

Balance Sheet Composition

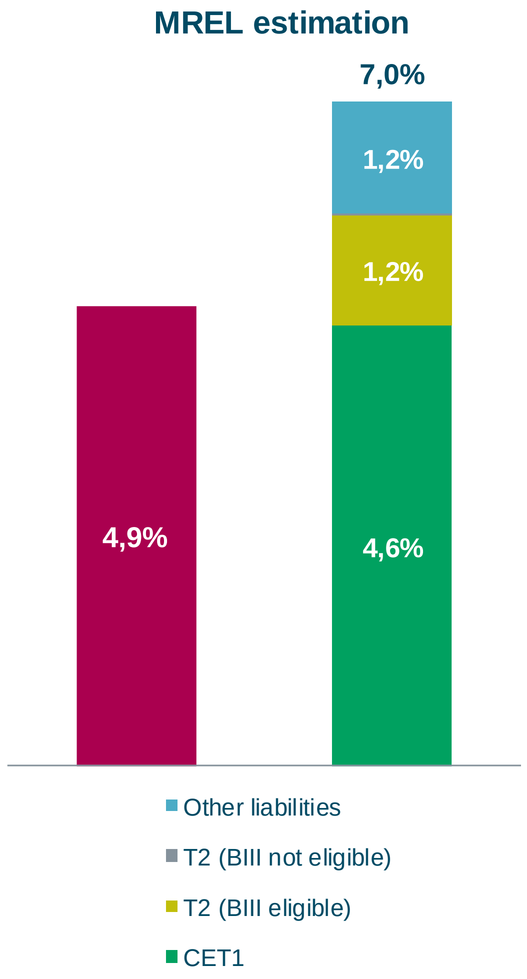
Strong retail funding profile with low loan-to-funding ratio of 80%.



MREL update

Bail-in capacity Argenta Spaarbank

- The SRB has communicated a target MREL ratio of 4.85%[1] of total liabilities and equity for 2018 and 2019. This equals 2 billion EUR.
- Available MREL is 2.5 billion EUR. This is 7% of total liabilities and equity and well above the requirement.
- The 7% includes 500 million Senior Preferred that was issued in Februari 2019 [2]



(1) Access to Single Resolution Fund in resolution requires a MREL level of at least 8.0% of Total Liabilities and Own Funds

(2) Eligible liabilities instruments according to Article 72b CRR2

5. Outstanding Debt

Outstanding debt

Argenta Spaarbank
ARGENTA
Tier 2
EUR 0.5 billion
Belgium | May 2016

Argenta Spaarbank
ARGENTA
Green Apple 2017-I NHG B.V.
Dutch RMBS
EUR 1.2 billion
The Netherlands | Sep 2017

Argenta Spaarbank
ARGENTA
Green Apple 2018-I NHG B.V.
Dutch RMBS
EUR 1.0 billion
The Netherlands | June 2018

Argenta Spaarbank
ARGENTA
Senior Preferred
EUR 0.5bn
Belgium | Feb 2019

Argenta Spaarbank
ARGENTA
Green Apple 2019-I NHG B.V.
Dutch RMBS
EUR 825mio
The Netherlands | June 2019

Summary of terms

Issuer	Argenta Spaarbank
Size	EUR 0.5bn
Rating (S)	BBB-
Spread	MS + 395bp
Settlement	24 May 2016
Call	24 May 2021
Maturity	24 May 2026
Issue Price	99,59%
Listing	Luxembourg
JLM	BNP/HSBC

Summary of terms

Issuer	Green Apple 2017-I NHG
Seller	Argenta Spaarbank
Size	EUR 1.2bn Class A
CE	13.0%
Rating (F/M)	AAA / Aaa
FORD	March 2024
Settlement	5 Oct 2017
Issue Price	101.09%
Listing	Luxembourg
Arranger	ABN AMRO

Summary of terms

Issuer	Green Apple 2018-I NHG
Seller	Argenta Spaarbank
Size	EUR 1.0bn Class A
CE	12.0%
Rating (F/M)	AAA / Aaa
FORD	January 2025
Settlement	26 June 2018
Issue Price	101.10%
Listing	Luxembourg
Arranger	ABN AMRO

Summary of terms

Issuer	Argenta Spaarbank
Size	EUR 0.5bn
Rating (S)	A-
Spread	MS + 85bp
Settlement	06/02/2019
Maturity	06/02/2024
Issue Price	99,971%
Listing	Luxembourg
JLM	MS/BNP/ABN

Summary of terms

Issuer	Green Apple 2019-I NHG
Seller	Argenta Spaarbank
Size	EUR 825mio Class A
CE	13.3%
Rating (F/DBRS)	AAA / AAA
FORD	January 2026
Settlement	26 June 2019
Issue Price	100,735%
Listing	Luxembourg
Arranger	ABN AMRO

6. Wrap-up

Wrap-up

- Strong and resilient business model with unique client loyalty and brand scores.
- Strong commercial volumes both in terms of mortgage loan production in Belgium and the Netherlands as well as fee income generation through investment funds.
- Continued focus on digitalization, leading to a planned increase of expenses and a higher Cost/Income-ratio.
- Increase of recurring net interest income in the first half of 2019.
- Lower interest rate environment increases the pressure on recurring net interest margins and creates negative mark-to-market adjustments on the hedging portfolio, most of which are one-off.
- Very strong solvency, funding and liquidity position.

7. Glossary

7. Glossary (1/2)

ABS	Asset-backed security
AFS	Available for sale
Argenta Assuranties	Consolidation scope of the legal entities Argenta Assuranties (parent) and Argenta-Life Nederland (subsidiary).
Argenta Group	Consolidation scope of the legal entities Argenta Bank- en Verzekeringsgroep (parent) and Argenta Spaarbank, Argenta Asset Management, Argenta Assuranties, Argenta-Life Nederland (subsidiaries).
Argenta Spaarbank	Consolidation scope of the legal entities Argenta Spaarbank (parent) and Argenta Asset Management (subsidiary).
Assets under Custody or AuC	Client investment products held on custody accounts.
BIII	Basel 3
Combined ratio	[technical insurance charges + acquisition costs + operating expenses] / [earned premiums] (after reinsurance)
Common Equity Tier 1 ratio or CET 1	[common equity tier 1 capital] / [total weighted risks]
Cost of Risk or CoR	[net changes in specific and portfolio-based impairments for credit risks] / [average outstanding loan portfolio]
Cost/income or C/I	[operating expenses of the period] / [financial and operational result of the period] Operating expenses include administration expenses, depreciation and provisions. Financial and operational result includes net interest income, dividend income, net income from commissions and fees, realised gains and losses on financial assets and liabilities not measured at fair value in the income statement, gains and losses on financial assets and liabilities held for trading, gains and losses from hedge accounting, gains and losses on derecognition of assets other than held for sale and other net operating income. The numerator is adjusted for (exceptional) items which distort the P&L during a particular period in order to provide a better insight into the underlying business trends. Adjustments relate to bank levies which are included pro rata and hence spread over both halves of the year instead of being recognised upfront (as required by IFRIC21).
Cost/income or C/I exl. Bank levies	[operating expenses of the period - bank levies of the period] / [financial and operational result of the period]
Coverage ratio	[total specific impairment provision for non-performing loans] / [total outstanding non-performing loans]
CRR	Capital Requirements Regulation
HTM	Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held-to-maturity investments are measured at amortised cost.
IFRIC	International Financial Reporting Interpretations Committee

7. Glossary (2/2)

Leverage Ratio or LR	[regulatory available tier-1 capital] / [total exposure measures]. The exposure measure is the total of non-risk-weighted on and off-balance sheet items, based on accounting data. The risk reducing effect of collateral, guarantees or netting is not taken into account, except for repos and derivatives. This ratio supplements the risk-based requirements (CAD) with a simple, non-risk-based backstop measure
Liquidity Coverage Ratio or LCR	[stock of high quality liquid assets] / [total net cash outflow over the next 30 calendar days].
Loan-to-deposit or LTD	[loans-and-receivables] / [customer deposits and customer debt certificates]
MREL	Minimum requirement for own funds and eligible liabilities
Net interest income or NII	[revenues generated by interest-bearing assets] - [cost of servicing (interest-burdened) liabilities]
Net interest margin or NIM	[net interest income of the period] / [average total assets of the period] Total assets are used as a proxy for the total interest-bearing assets.
Net stable funding ratio or NSFR	[available amount of stable funding] / [required amount of stable funding]
NFCI	Net Fee and Commission Income
NHG	Nationale Hypotheek Garantie (National Mortgage Guarantee) is a guarantee scheme by the Dutch government on residential mortgages
Non-performing loans ratio or NPL ratio	[total outstanding non-performing loans] / [total outstanding loans]
O-SII	Other systemic important institutions
Return on equity or RoE	[net profit of the period] / [equity at the beginning of the period]
RMBS	Residential mortgage-backed security
SREP	Supervisory Review and Evaluation Process performed by the European Central Bank
Tier 2	Tier 2 capital is the secondary component of bank capital, in addition to Tier 1 capital
Total Capital ratio or TCR	[common equity tier 1 capital + additional tier 1 instruments + tier 2 instruments] / [total weighted risks]

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