



# Argenta Spaarbank

Financial Results First Half 2022

September 2022





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# Agenda

1. Argenta Spaarbank Key Takeaways
2. H1 2022 overview
3. Financial Performance
4. Asset Quality
5. Solvency and Liquidity
6. Wrap-up
7. Appendices

# 1. Argenta Spaarbank Key Takeaways

- Argenta Spaarbank delivered a solid commercial growth and **net profit of EUR 71m**, adjusted for upfront bank levies. The challenging macro-economic environment had a limited impact on the operational result.
  - The balance sheet total increased with EUR 3.2bn or 6.6% vs. YE 2021 and passed the 50bn mark for the first time.
  - The stock market correction created a drop in the market value of the investment funds. However, this was soothed by continued strong production, resulting in stable asset management income (-2% vs. H2 2021).
  - Funding sources were further diversified with an inaugural green bond issuance in February.
  - The steepening of the interest rate curve limited the decline of the recurrent net interest income to -2.5%.
  - Sharp inflation increase and worsened economic outlook triggered higher impairments for EUR 7.4m.
  - Operating expenses increased by approx. 10% as a result of elevated IT-investments and inflation, resulting in a **C/I ratio of 64%**.
- **Sound Solvency position and Liquidity ratio's** with a CET1-ratio of 22.4%, LCR of 197% and NSFR of 145%.



## 2. H1 2022 overview

## 2. Argenta Group key financials H1 2022

### Argenta Group

Net result	44.3 m
Return on Equity <sup>1</sup>	5.0%
Total assets	58.2 bn
Total equity	3.1 bn
Cost / Income <sup>1</sup>	63.7%
Total funds under mgmt	57.4 bn
CET 1	22.6%

### Argenta Spaarbank

Net result	37.3 m
Return on Equity <sup>1</sup>	5.9%
Total assets	51.9 bn
Total equity	2.4 bn
Cost / Income <sup>1</sup>	63.5%
Total funds under mgmt	51.9 bn
CET 1	22.4%

### Credit Rating

#### Standard & Poor's

Short-term	A-2
Long-term	A-
Outlook	Stable

### Argenta Assuranties<sup>2</sup>

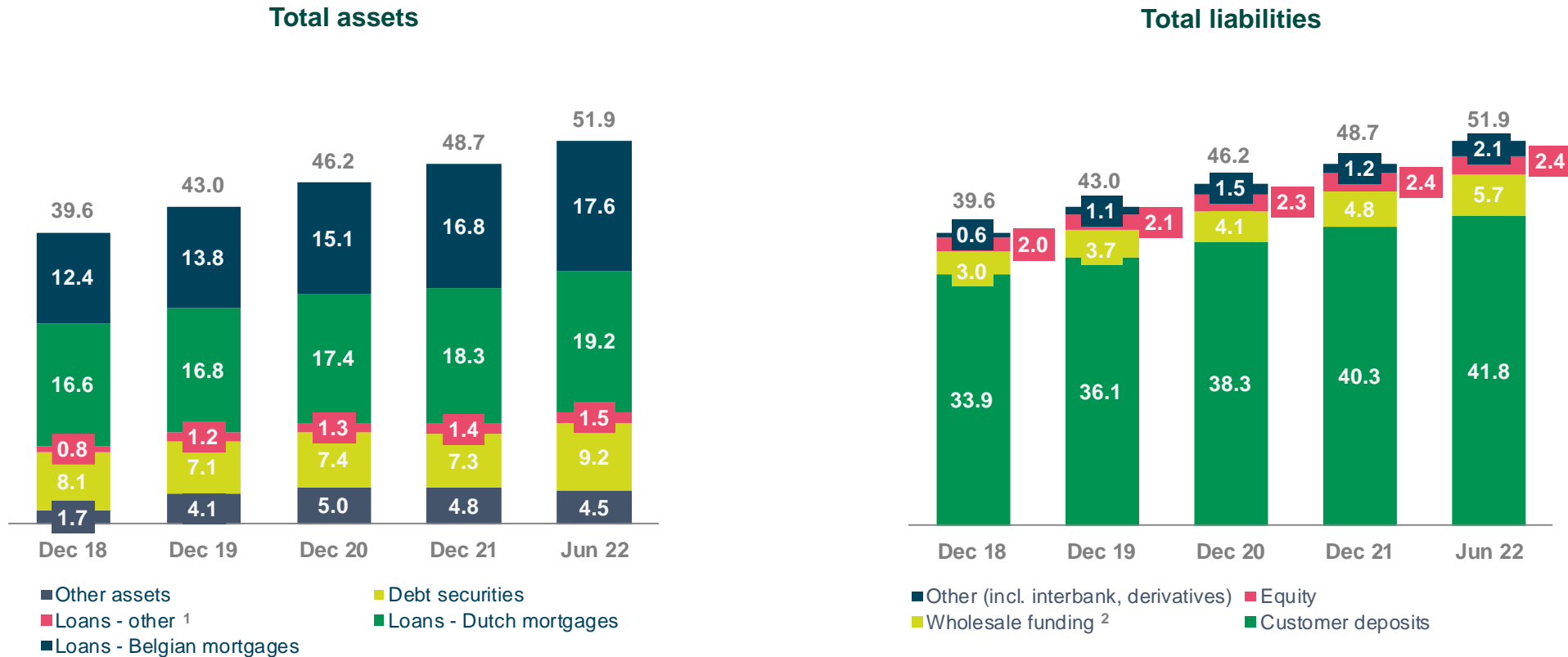
Net result	31.8 m
Return on Equity	11.1%
Total assets	6.4 bn
Total equity	0.6 bn
Premium Life	235 m
Premium Non-life	98 m
Solvency II	223%

Note: all numbers are stated in EUR  
 (1) Adjusted for IFRIC 21  
 (2) BGAAP

## 2. Financial Objectives on Key Parameters

Argenta Spaarbank	2021 FY	2022 H1	LT Target
Return on Equity <sup>1</sup>	7.9%	5.9%	>8%
Leverage Ratio	4.9%	4.2%	>5%
Cost / Income Ratio <sup>1</sup>	61%	64%	<60%
CET 1 Ratio	21.6%	22.4%	>18%
Total Capital Ratio	21.6%	22.4%	>20%
Net Interest Margin (NIM)	1.22%	1.01%	>1.15%
NSFR	145%	145%	>132%
LCR	164%	197%	>150%

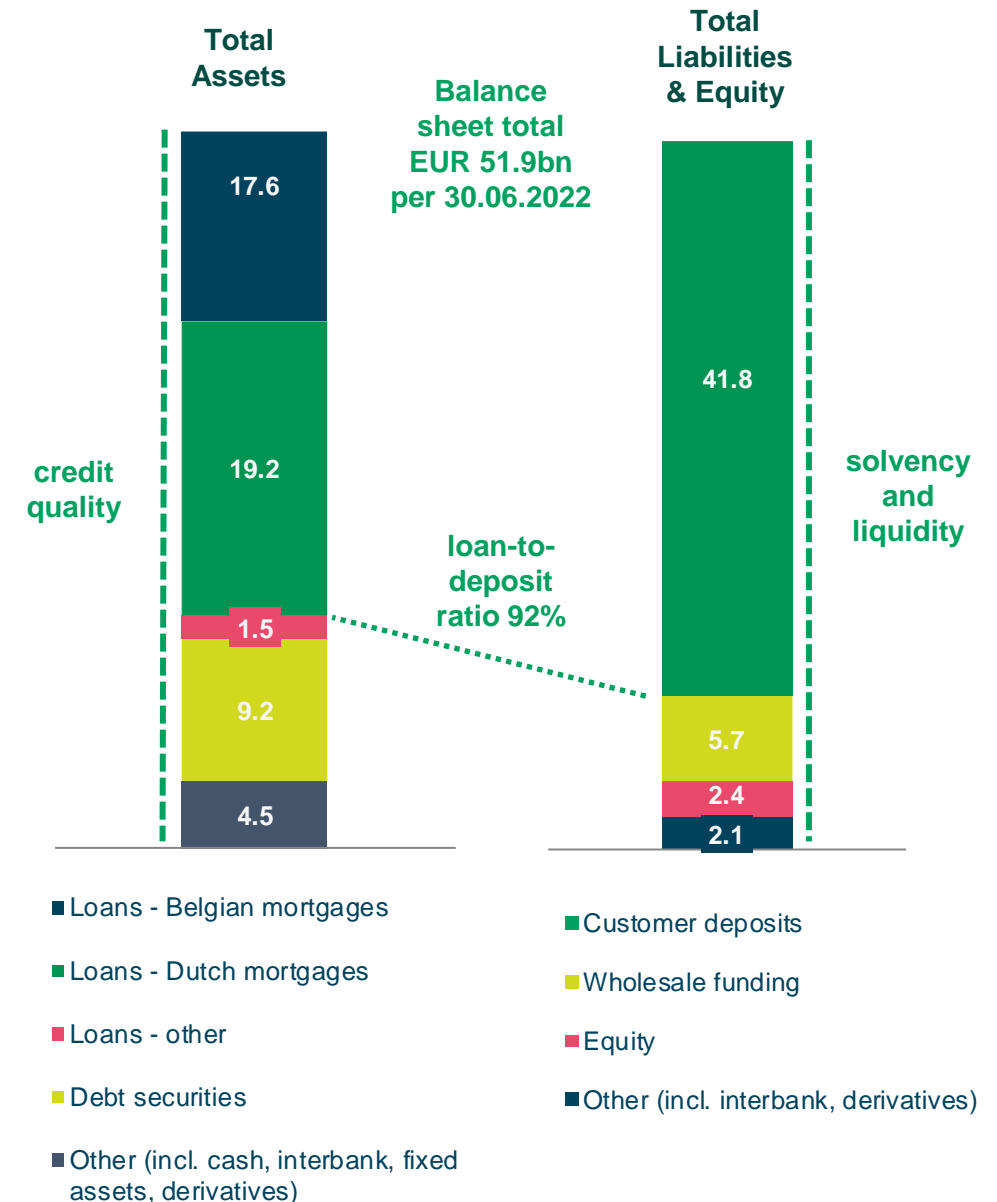
## 2. Balance Sheet Total surpasses EUR 50bn





## 2. Balance Sheet Composition

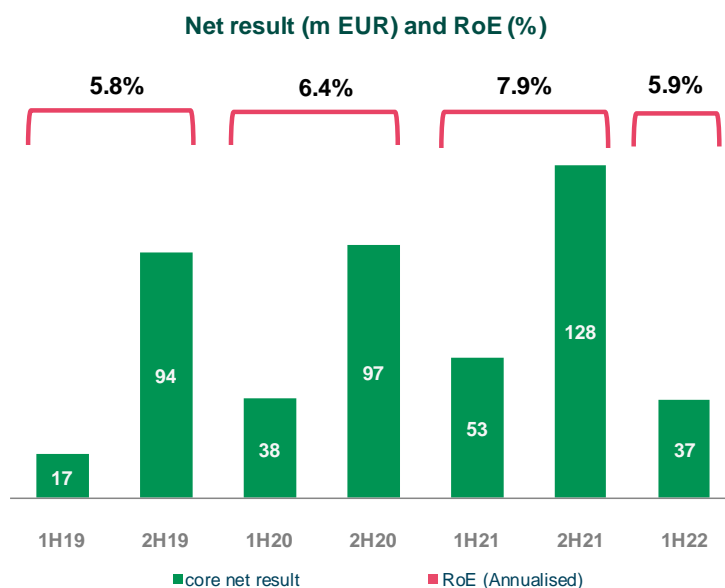
- Balanced growth of assets between a low-risk loan book of prime retail mortgage loans in the Netherlands and Belgium, and a well diversified and conservative investment portfolio
- Limited portfolio of loans granted to local authorities and public-private partnerships
- Strong retail funding profile with a loan-to-deposit ratio of 92%
- Wholesale funding of EUR 5.7bn
  - EUR 2.1bn securitizations
  - EUR 0.5bn SP
  - EUR 1.6bn SNP
  - EUR 1.5bn covered bond
- Argenta Spaarbank successfully launched its inaugural Green Bond (Senior Non Preferred) in February 2022 of EUR 0.6bn
- In addition a new 500m covered bond was issued in February 2022





# 3. Financial Performance

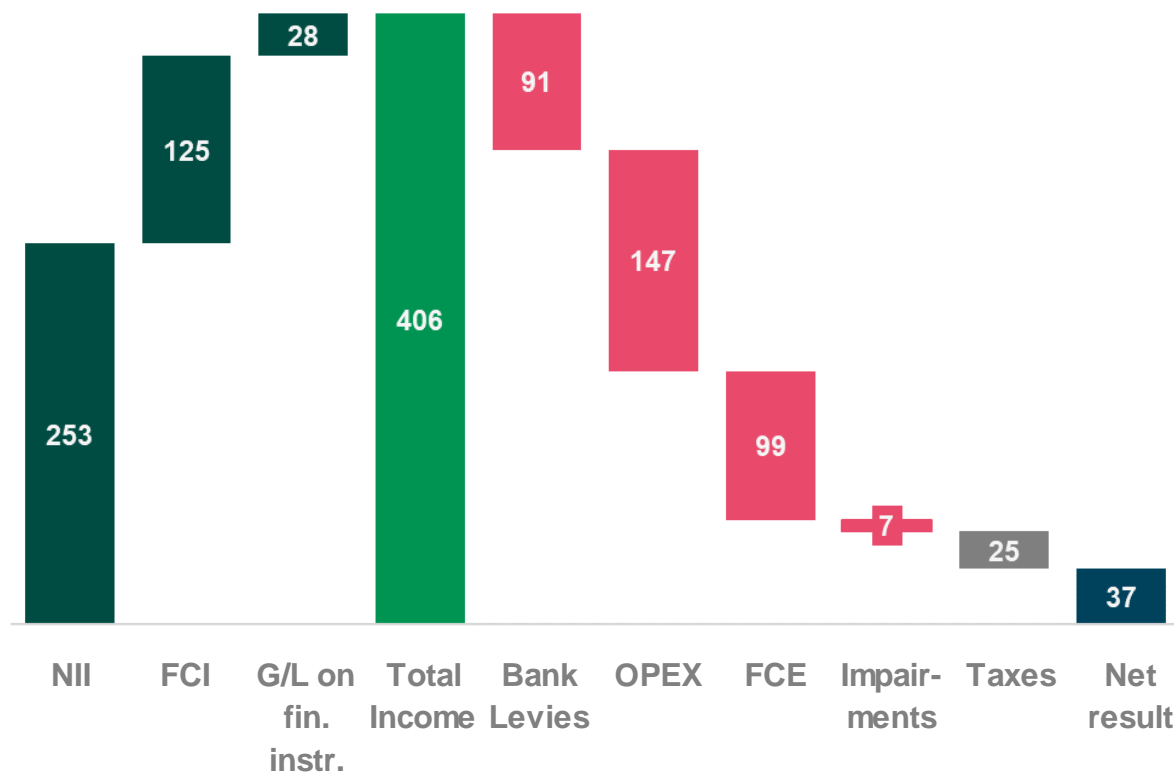
### 3. Net Result YoY



In millions of EUR	1H2021	1H2022	Δ
Net interest income	284	253	-30
<i>recurring NII</i>	277	270	-8
<i>one-off impact MTM</i>	6	-16	-23
G/L on financial instruments	3	28	+25
<i>general result</i>	-3	-6	-3
<i>one-off impact MTM</i>	6	34	+28
Net fee & commission result	9	26	+17
<i>fee income</i>	95	104	+10
<i>commissions to agents</i>	-86	-78	+8
Bank levies	-86	-91	-4
Net operating expenses	-135	-147	-13
<i>other operating income</i>	7	7	-0
<i>operating expenses</i>	-141	-154	-13
Impairments	2	-8	-9
Other	0	0	+0
Income tax expense	-23	-25	-2
<b>Net profit</b>	<b>53</b>	<b>37</b>	<b>-16</b>
IFRIC21 adjustment	32	34	+2
<b>Adjusted net profit</b>	<b>86</b>	<b>71</b>	<b>-15</b>

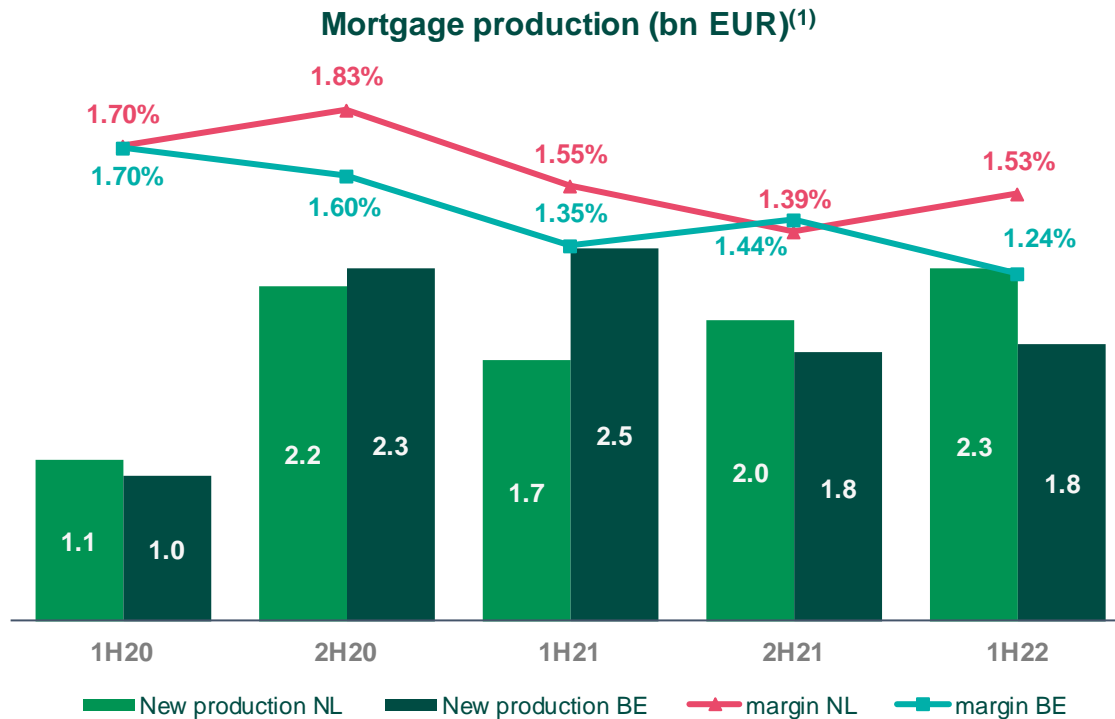
- Adjusted for upfront bank levies, the net profit is EUR 71m (EUR -15m YoY). Slightly lower recurring NII and stronger net fee and commission income compensate for higher operating expenses, bank levies and impairments.
- Market valuations impact NII negatively and gains/losses positively with a net impact of EUR +5m.

### 3. Solid Financial Results



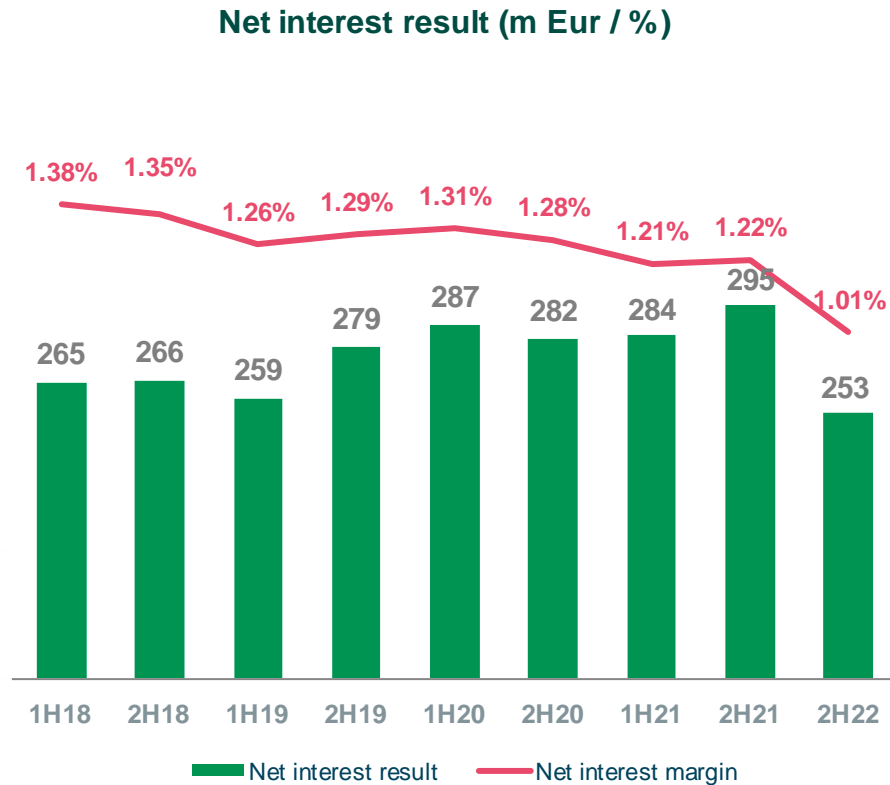
- Decrease NII largely driven by MtM valuations of hedging derivatives
  - Time value in MtM of swaptions corrects negatively with 23m as they are further in-the-money. Intrinsic value is accounted for under hedge accounting
  - Prepayment fees for Dutch mortgages remained at a high level as clients anticipate further interest rate increases
  - Strong mortgage production in Belgium and The Netherlands supports recurring NII and contributes to the slow down of the decrease in portfolio NIM
- Strong growth in Fee and Commission income (FCI) whereas expenses (FCE) decline as a result of a renewed commission agreement
- Profit in gains & losses driven by positive hedging results (swaps & caps) given higher interest rates
- Increased IT-investments and inflation impacted operating expenses. Bank levies increased further as a result of further growth in retail savings
- Turbulent market conditions resulted in slightly higher impairments.

### 3. Continued strong loan production



- EUR 4.2bn mortgage loans were granted in the first half of 2022 to Belgian and Dutch households.
- Production of mortgages in the Netherlands accelerated as clients rushed to (re)finance their mortgage ahead of further interest rate increases.
- The Dutch margin recovered after a dip in the previous period. For Belgian mortgages, the rapidly increasing interest rate curve was not fully reflected yet in client rates, putting some pressure on margins in the first half of the year but recovered since April.

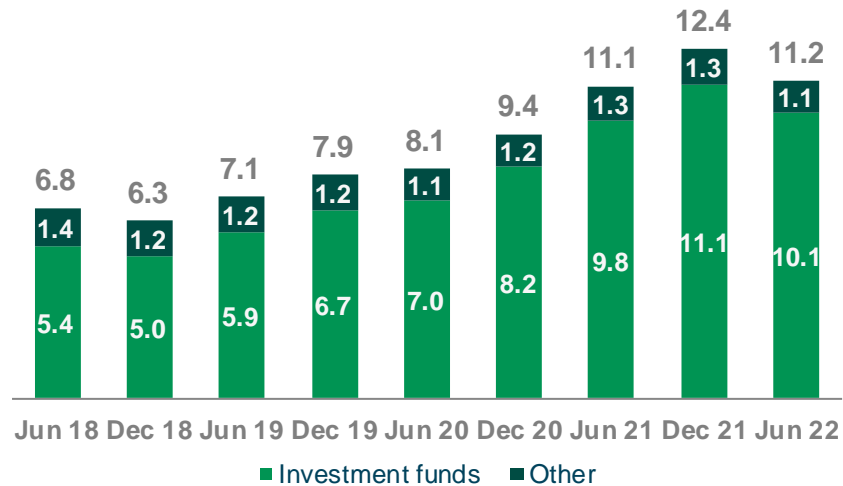
### 3. Lower NII driven by one-off effects



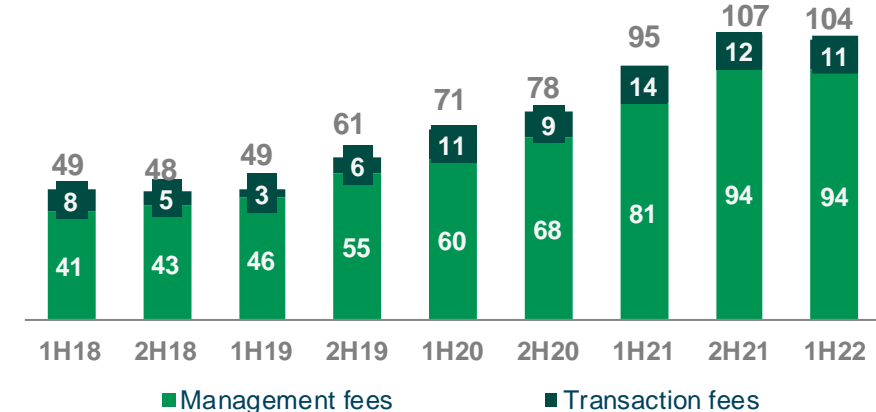
- EUR 30m decrease of NII as compared to H1 2021 explained for 78% (EUR 23m) by one-off effects in the hedging book as the market value of swaptions reach the strike price, causing the time value to decline
- Recurring NII only slightly down by EUR 8m given strong mortgage production and the start of the reversal in interest rates on the one hand and a slight decrease of the overall funding cost on the other hand.
- Recurring NIM slightly decreases from 1.09% in the second half of 2021 to 1.01% in the first half of 2022

### 3. Asset management income remains stable despite bearish markets

Assets under custody (bn EUR)

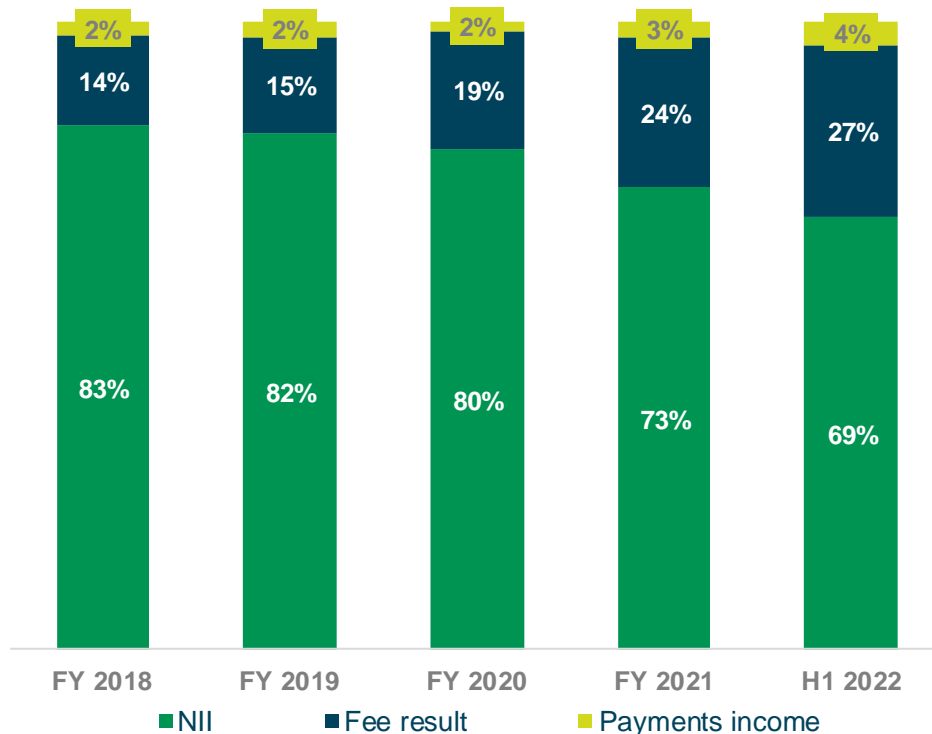


Asset Management income (mEUR)



- Market turmoil in the first half of 2022 leads to a drop in portfolio levels (~market value).
- Slight decline in Asset Management fee income of -2%, to EUR 104m in H1 22. Despite negative market value changes on the portfolio, management fees stabilized due to continued high net production levels

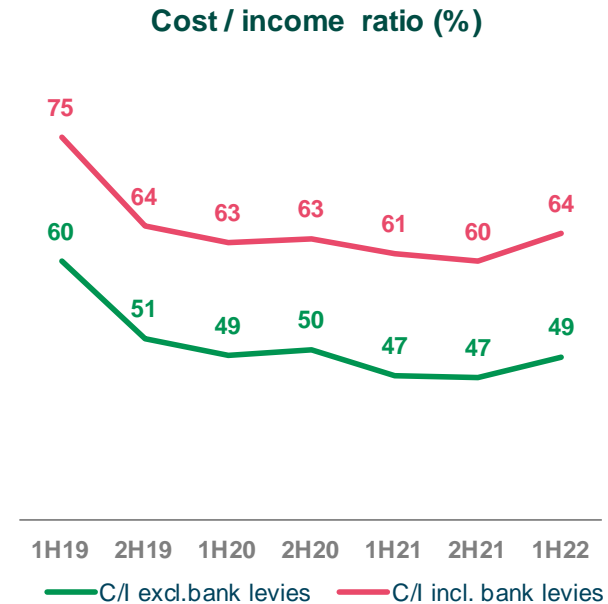
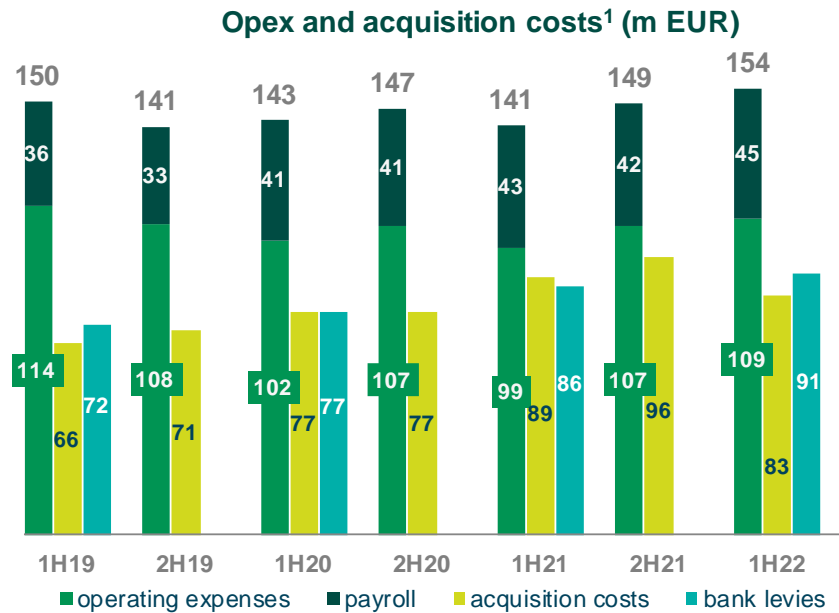
### 3. Income diversification on track



- Strong focus on diversification towards non-interest related income is paying off:
  - The launch of charged daily banking packages added to income diversification
  - Overall portfolio growth of Assets under Custody boosted asset management fee income.
- Pressure on NII from negative MtM effects in hedging book
- The proportion of non-interest related income increased to 31%



### 3. Continuous investments in IT and staff with limited impact on C/I ratio



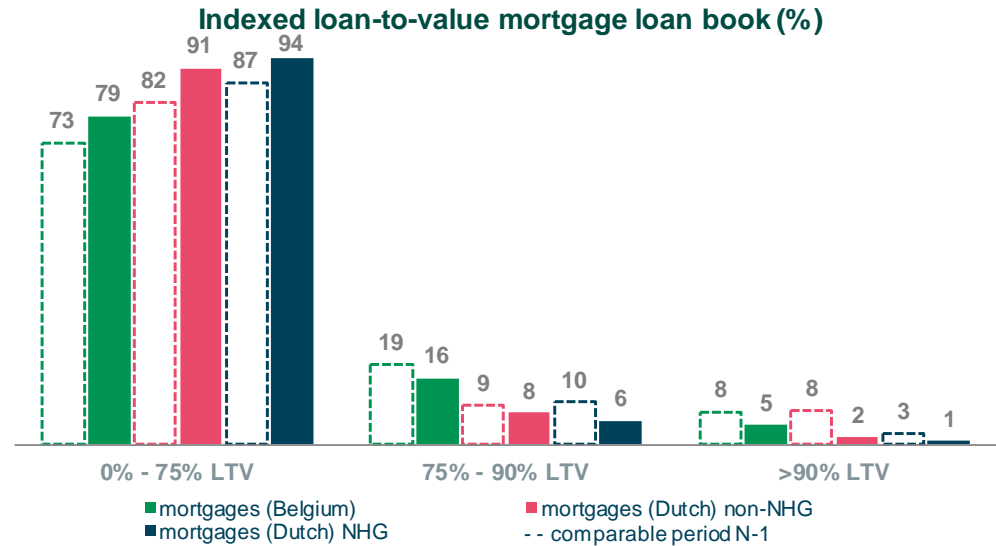
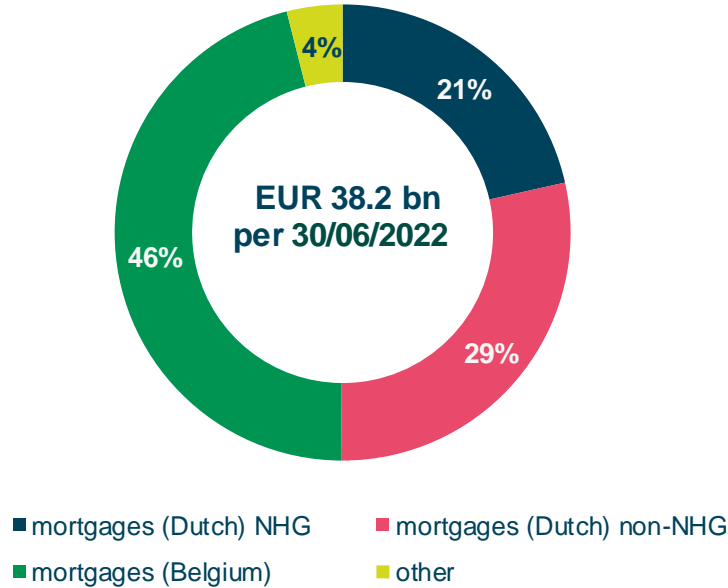
- Overall, expenses rose by 11m or 3.5% YoY. Higher operating expenses, as a result of a planned increase in IT-investment, inflation and bank levies, were partially compensated by lower acquisition costs.
- C/I ratio increased to 63.5% overall and to 49% excluding bank levies.



# 4. Asset Quality

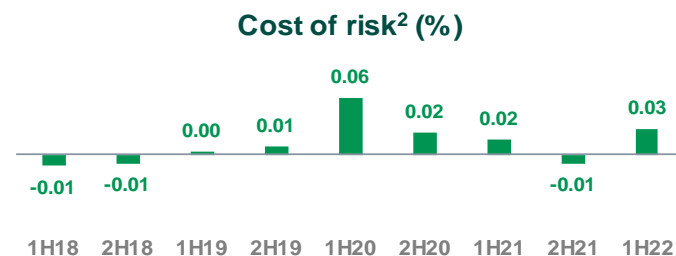
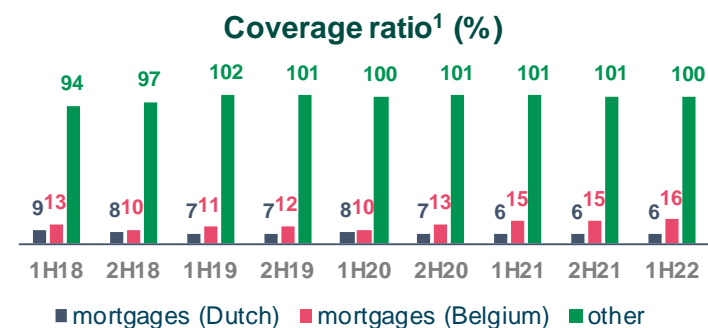
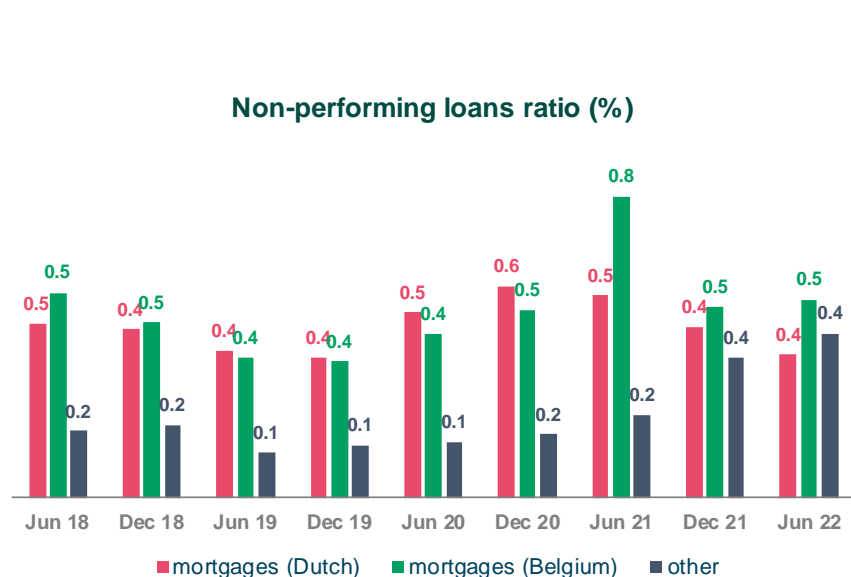
# 4. High-Quality Loan Book dominated by Mortgages

Composition of loan book (%)



- Per 30/06/2022, 96% of the total loan book consisted of mortgage loans in Belgium and the Netherlands. The remaining 4% were consumer loans, loans to local and regional governments and public-private partnerships
- The share of non-NHG<sup>1</sup> mortgages in the Netherlands further increased as expected, to a level of 57%
- Average LTVs continued their declining trend, spurred by house price indexation and amortization. The total average portfolio-LTV decreased from 59% to 56% YoY.

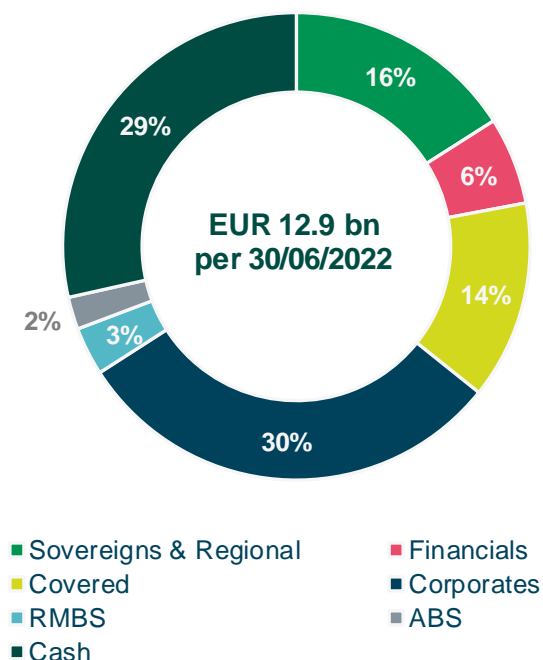
## 4. Risk indicators remained low despite changed market sentiment



- NPL-ratios were stable compared to December H2 2021.
- Also, the stable average coverage ratio of 15% again reflects the high quality of the prime mortgage collateral
- The revised macro economic outlook resulted in higher provisions and drove the Cost of Risk slightly up

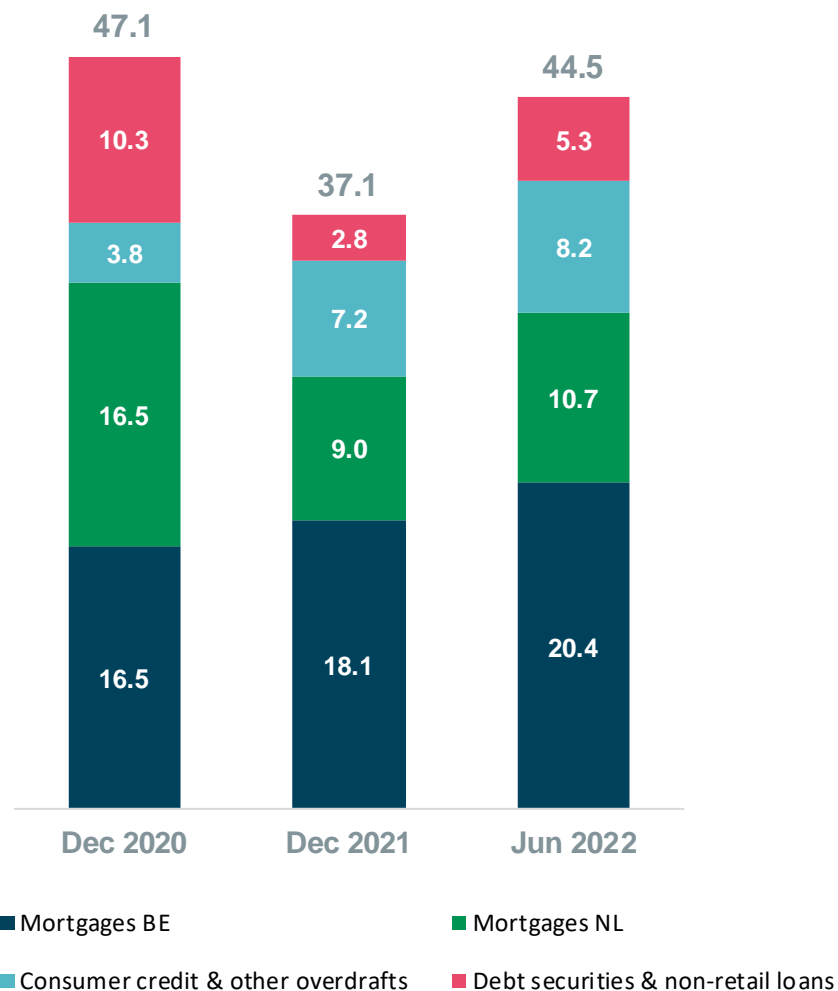
## 4. Diversified and Liquid Investment Portfolio

Exposure-type of investments (%)



- Increased portfolio from EUR 10.9bn at the end of 2021 to EUR 12.9bn
- Balanced investment of the excess cash from wholesale issuances and cash collateral inflow, with a relative increase in Covered bonds
- Low-risk portfolio with sustainable exclusion criteria for activities such as coal, tobacco, nuclear energy,...
- High quality investments: 44% of the portfolio is rated AA and above, and 99% of the portfolio is investment grade
- Exclusively euro-denominated with focus on European markets: 96% of portfolio in European Economic Area
- Unrealized results of financial assets measured at FVOCI decreased from EUR 95m at the end of 2021 to EUR -74m because of the rising interest rates.
- Impact of Ukrainian war on P&L was immaterial

## 4. Macro economic outlook result in higher provisions



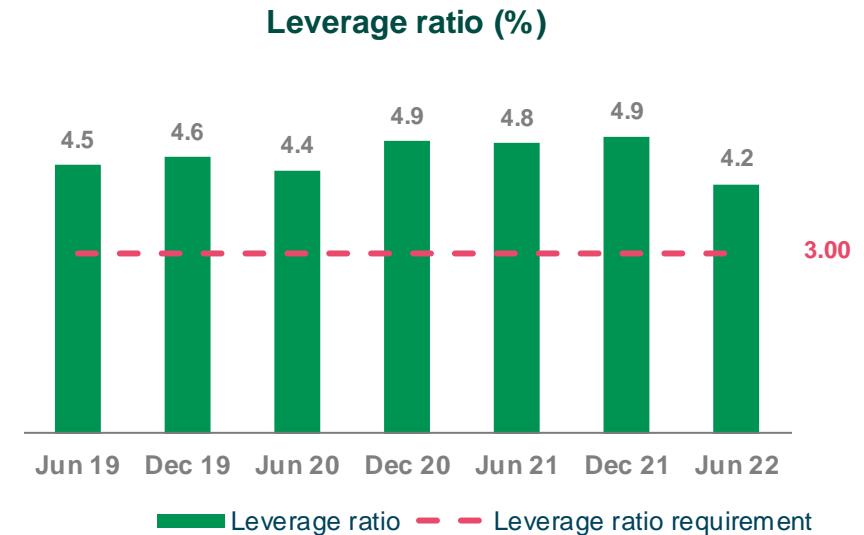
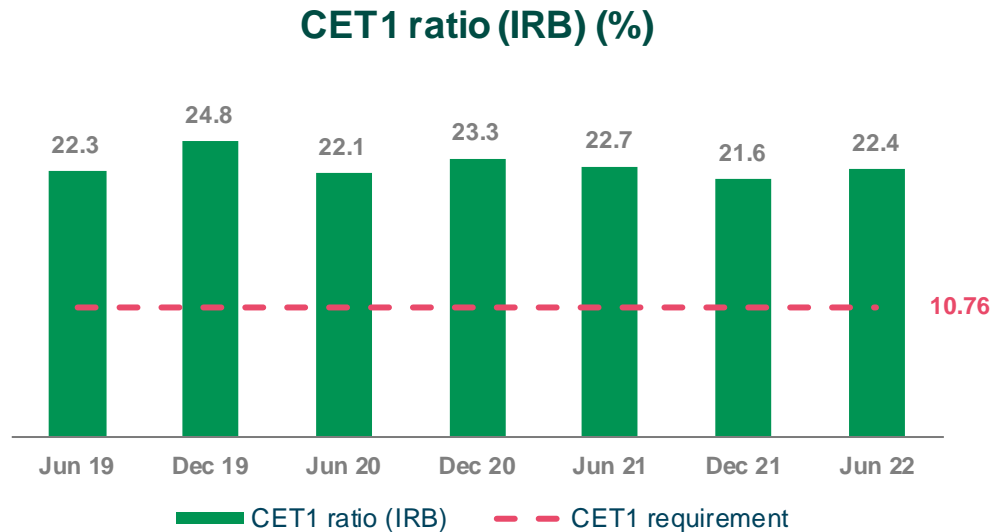
Total increase of EUR 7.4m in IFRS-9 provisions

- Higher impairments on Belgian mortgages (+2.3m) due to the incorporation of additional data from the central credit register for individuals of the NBB and to the staging of clients who are most vulnerable to high inflation, i.e. having the combination of a poor EPC label and a high debt to income ratio
- Higher impairments on Dutch mortgages (+1.7m) due to the staging of clients vulnerable to high inflation and a deteriorating macro economic outlook, partly offset by a decrease in stage 3 UTP
- 2.5m higher impairments on the investment portfolio because of the worsened economic outlook (+2m) and the increase in stage 2 provisions (+0,5m)



# 5. Solvency and Liquidity

## 5. Solvency well above SREP requirement

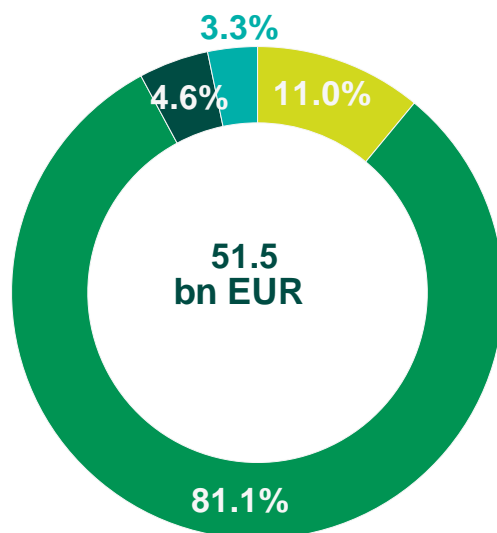


- The CET1 ratio improvement to 22.4% was largely due to the elimination of the RWA add-on from the NBB on Belgian mortgages.
- The decline of the Leverage ratio was triggered by the combination of higher funding, collateral inflow from the hedging book and the reintroduction of the central bank reserves in the leverage basis since April '22.



# 5. Funding and Liquidity Position

H1 2022

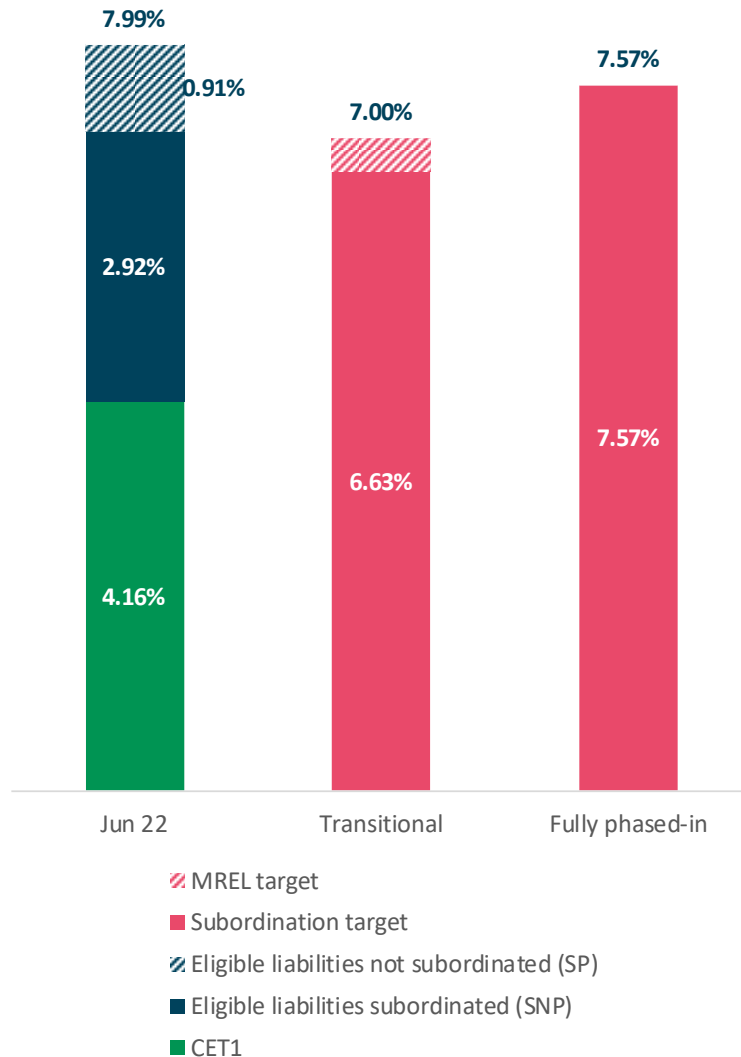


- Wholesale Funding
- Retail Funding
- Equity
- Other

In %	Dec 20	Jun 21	Dec 21	Jun 22
Liquidity coverage ratio <sup>1</sup>	159	160	164	197
Net stable funding ratio <sup>2</sup>	136	146	145	145

- Strong liquidity position, well above regulatory limits for both LCR and NSFR.
  - LCR increased on excess cash position from 2 wholesale issuances and large inflow of cash collateral
  - NSFR stable at a comfortable level of 145%
- Retail deposits remained by far the most dominant funding source
- Argenta further developed its range of wholesale funding by introducing its first Green bond issuance in February

## 5. MREL ratio (in terms of LRE)



- The 2022 intermediate MREL target is 7.00% and the intermediate subordination target is 6.63% (SP not included)
- The MREL ratio at the end of H1 '22 was 7.99% (=43.07% TREA) and the subordination ratio 7.08% (=38.15% TREA)
- Both ratios will move towards a final requirement of 7.57% in 2024, which will be met by SNP issues over the next years.



# 6. Wrap-up



## 6. Wrap-up

### H1 2022 Argenta Spaarbank

- Continued strong commercial performance, both in mortgage volumes and the asset management business, despite the challenging macro-economic environment in the first half of 2022.
- Balance sheet in excess of EUR 50bn, +6,6% since YE 2021.
- 71m net profit adjusted for upfront bank levies, impacted by higher impairments and operating expenses
- Recurring net interest income remained stable and net fee income increased by 10% to EUR 104mio
- Further diversification of funding sources with an inaugural green bond issuance and an additional covered bond in the first quarter
- The cost-income ratio increased to 63.5% but remained well under control
- Very strong solvency, funding and liquidity position as before, which supports resilience through the current period of high volatility



# 7. Appendices



## 7. Appendices Overview

### Group Structure

- Appendix 1: Entity structure

### Additional financial information

- Appendix 2: Balance sheet – Assets
- Appendix 3: Balance sheet – Liabilities
- Appendix 4: Balance sheet – Equity
- Appendix 5: Income statement
- Appendix 6: Bank levies (IFRIC 21)
- Appendix 7: Net interest income

### Additional information on solvency

- Appendix 8: Regulatory capital
- Appendix 9: Regulatory risk exposures
- Appendix 10: Solvency ratios
- Appendix 11: Investments

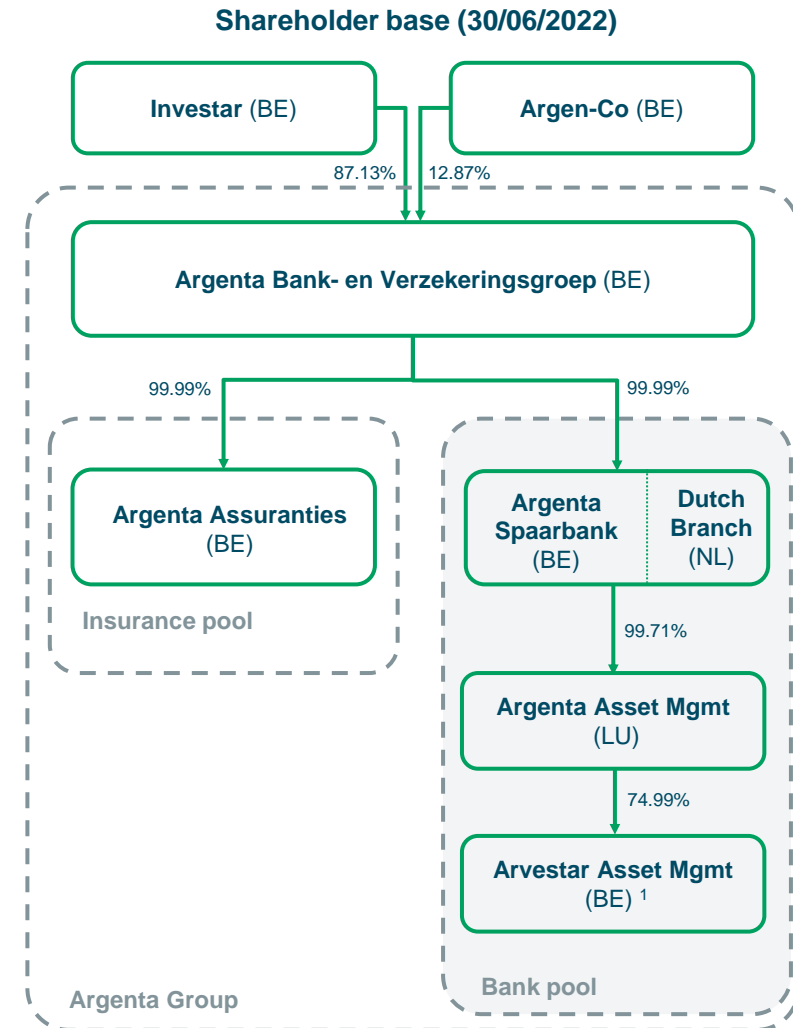
### Glossary

# 7. Appendix 1

## Group structure (share % rounded)

### A transparent group structure

- Stable shareholder base Investar (holding company of founding family) and Argen-Co (cooperative capital held by employees and clients).
- Banking operations in Belgium and the Netherlands.
- Insurance operations in Belgium.
- Asset management operation incorporated in Luxembourg.
- Arvestar Asset Management (AAM) is a consolidated joint venture with Bank Degroof Petercam Asset Management N.V. (DPAM).



## 7. Appendix 2

### Argenta Spaarbank conso balance sheet – Assets

In millions of EUR	H1 2021	FY 2021	H1 2022	▲ H1-FY
<b>Cash and cash equivalents</b>	<b>3,318</b>	<b>3,537</b>	<b>3,670</b>	<b>133</b>
<b>Loans and advances</b>	<b>35,968</b>	<b>36,996</b>	<b>38,310</b>	<b>1,314</b>
o.w. to credit institutions	401	276	38	-238
o.w. to customers	35,567	36,719	38,272	1,552
<b>Debt securities and equity instrument:</b>	<b>7,422</b>	<b>7,344</b>	<b>9,203</b>	<b>1,859</b>
o.w. at fair value through P&L	47	41	37	-4
o.w. at fair value through OCI	3,626	3,726	3,721	-6
o.w. at amortized cost	3,749	3,577	5,445	1,869
<b>Derivatives incl. hedge adjustment</b>	<b>585</b>	<b>460</b>	<b>136</b>	<b>-325</b>
<b>Other assets</b>	<b>463</b>	<b>401</b>	<b>572</b>	<b>170</b>
<b>Total assets</b>	<b>47,756</b>	<b>48,738</b>	<b>51,890</b>	<b>3,152</b>



## 7. Appendix 3

### Argenta Spaarbank conso balance sheet – Liabilities

In millions of EUR	H1 2021	FY 2021	H1 2022	▲ H1-FY
<b>Financial liabilities at amortised cost</b>	<b>44,434</b>	<b>45,529</b>	<b>49,100</b>	<b>3,571</b>
o.w. deposits from central banks	259	258	257	-1
o.w. deposits from credit institutions	30	49	1,321	1,271
o.w. deposits from other than central banks and credit institutions	39,484	40,280	41,760	1,480
o.w. senior debt securities issued - saving certificates	0	0	0	0
o.w. senior debt securities issued - other	4,576	4,848	5,661	814
o.w. subordinated debt securities issued	0	0	0	0
o.w. other financial liabilities	86	93	100	7
<b>Derivatives</b>	<b>654</b>	<b>508</b>	<b>147</b>	<b>-361</b>
<b>Other liabilities</b>	<b>335</b>	<b>300</b>	<b>278</b>	<b>-23</b>
<b>Total liabilities</b>	<b>45,423</b>	<b>46,337</b>	<b>49,524</b>	<b>3,188</b>

## 7. Appendix 4

### Argenta Spaarbank conso balance sheet – Equity

<u>In millions of EUR</u>	<u>H1 2021</u>	<u>FY 2021</u>	<u>H1 2022</u>	<u>▲ H1-FY</u>
<b>Core equity</b>	<b>2,285</b>	<b>2,360</b>	<b>2,397</b>	<b>112</b>
Paid-in share capital	816	888	888	73
Retained earnings	1,416	1,291	1,472	56
Profit of current period	53	181	37	-16
<b>Gains and losses not recognised in the income statement</b>	<b>48</b>	<b>41</b>	<b>-31</b>	<b>-79</b>
Reserve at fair-value-through-OCI	48	41	-31	-79
Reserve cash flow hedge	0	0	0	0
Revaluation pension plan	0	0	0	0
<b>Minority interests</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>	<b>2,333</b>	<b>2,402</b>	<b>2,366</b>	<b>34</b>

## 7. Appendix 5

### Argenta Spaarbank conso income statement

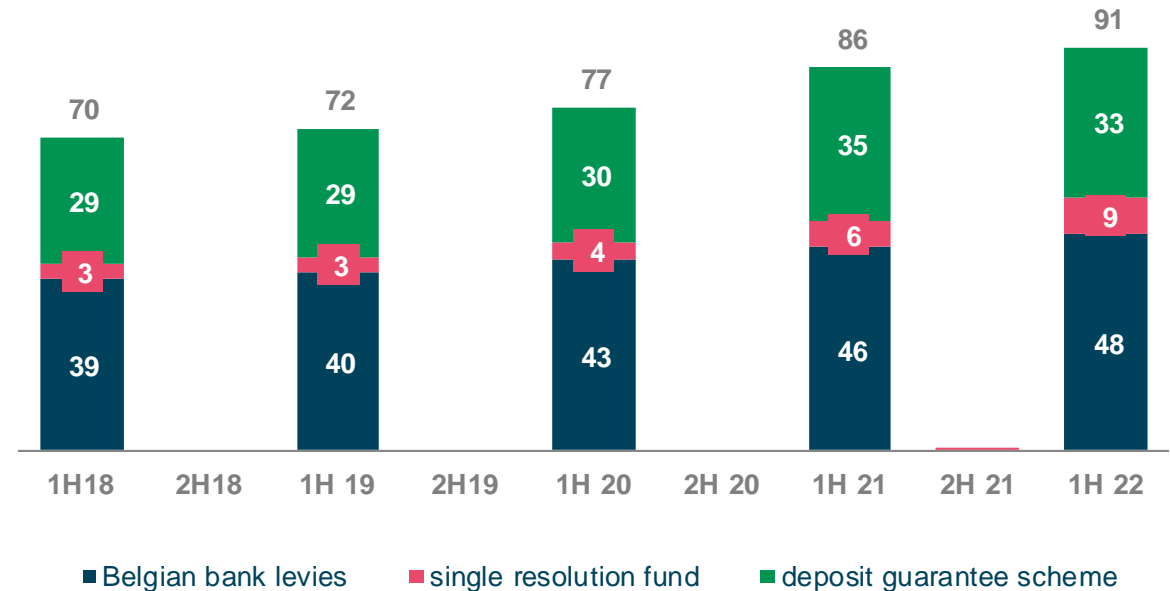
In millions of EUR	1H 2021	2H 2021	1H 2022	▲ H1-H1
Net interest income	284	295	253	-30
Net commissions and fees	9	14	26	17
Net gains and losses	2	0	28	25
o.w. at fair value through OCI	0	0	0	0
o.w. at amortized cost	0	0	0	0
o.w. at fair value through P&L	2	0	28	25
o.w. other	0	0	0	0
Dividend income	0	0	0	0
Other net operating income	7	8	7	0
<b>Total income</b>	<b>302</b>	<b>317</b>	<b>314</b>	<b>12</b>
Operating expenses	-227	-149	-245	-17
o.w. payroll expenses	-43	-42	-45	-2
o.w. operating expenses	-99	-107	-109	-11
o.w. bank levies	-86	0	-91	-4
<b>Operating profit</b>	<b>75</b>	<b>168</b>	<b>69</b>	<b>-5</b>
Impairments	2	6	-7	-9
o.w. at fair value through OCI	2	0	-1	-2
o.w. at amortized cost	0	5	-7	-7
o.w. other	0	0	0	0
Modification loss	0	0	0	0
Share in result from associates / subsidiaries (equity method)	0	0	0	0
Non-current assets held for sale	0	0	0	0
<b>Profit before tax</b>	<b>76</b>	<b>174</b>	<b>62</b>	<b>-14</b>
Income tax expense	-23	-46	-25	-2
<b>Net profit</b>	<b>53</b>	<b>128</b>	<b>37</b>	<b>-16</b>

# 7. Appendix 6

## Bank Levies

- IFRIC 21 (Levies) was approved by the European Union in June 2014 and became effective on 1 January 2015. The main consequence of IFRIC 21 is that most bank levies have to be fully recognised in the beginning of the year.
- Advanced recognition adversely impacts the result for a partial year. For this reason, Argenta Spaarbank (also) published an adjusted net result figure, which spreads the levies evenly throughout the financial year.

Breakdown of bank levies (mEUR)



# 7. Appendix 7

## Net Interest Income - composition

In millions of EUR	H1 2020	H1 2021	H1 2022
<b>Interest income (excl. hedging)</b>	<b>406</b>	<b>400</b>	<b>390</b>
<b>Loans</b>	<b>376</b>	<b>369</b>	<b>357</b>
Mortgages	367	359	346
<i>Belgium</i>	121	126	130
of which prepayment penalties	2	4	2
<i>Netherlands</i>	246	233	215
of which prepayment penalties	18	17	14
Consumer credit	3	3	4
Other loans	6	7	7
<b>Debt securities</b>	<b>30</b>	<b>30</b>	<b>31</b>
<b>Other</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Interest expenses (excl. hedging)</b>	<b>-51</b>	<b>-46</b>	<b>-42</b>
<b>Deposits</b>	<b>-34</b>	<b>-30</b>	<b>-27</b>
Saving accounts	-14	-14	-15
<i>Belgium</i>	-13	-14	-15
<i>Netherlands</i>	-1	0	0
Term savings	-11	-8	-5
<i>Belgium</i>	-10	-7	-5
<i>Netherlands</i>	-1	-1	0
Deposits related to mortgages	-8	-8	-7
<b>Debt certificates</b>	<b>-14</b>	<b>-13</b>	<b>-11</b>
Retail saving certificates	-1	0	0
Wholesale debt	-13	-13	-11
<i>Covered Bond</i>	0	0	-3
<i>GA notes</i>	2	2	3
<i>EMTN</i>	-5	-8	-12
<i>TLTRO</i>	0	1	1
<i>Tier II</i>	-10	-8	0
<b>Other interest expenses</b>	<b>-3</b>	<b>-4</b>	<b>-5</b>
<b>Hedging result</b>	<b>-68</b>	<b>-70</b>	<b>-94</b>
<b>Swaps</b>	<b>-66</b>	<b>-71</b>	<b>-70</b>
Carry cost	-66	-71	-70
<b>Swaptions</b>	<b>-2</b>	<b>1</b>	<b>-24</b>
Premium	-4	-5	-8
Mark-to-market	2	6	-16
<b>Net interest result</b>	<b>287</b>	<b>284</b>	<b>253</b>

## 7. Appendix 8

### Regulatory Capital

In millions of EUR	Fully loaded	
	31.12.2021	30.06.2022
<b>Total equity</b>	<b>2,401</b>	<b>2,366</b>
<b>Part of interim or year-end profit not eligible</b>	<b>0</b>	<b>-11</b>
<b>Prudential filters</b>	<b>-11</b>	<b>-22</b>
Reserve cash flow hedge	0	0
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-7	-18
Value adjustments due to the requirements for prudent valuation	-4	-4
<b>Items to deduct</b>	<b>-17</b>	<b>-29</b>
Other intangible assets	-21	-19
Deferred tax assets	5	5
DTs that rely on future profitability	-1	-14
<b>IRB shortfall of credit risk adjustments to expected losses</b>	<b>-16</b>	<b>-7</b>
<b>Other</b>	<b>-3</b>	<b>-10</b>
<b>Common equity tier 1 (IRB)</b>	<b>2,354</b>	<b>2,288</b>
<b>Tier 2 instruments</b>	<b>0</b>	<b>0</b>
Tier 2 (BIII eligible)	0	0
IRB Excess of provisions over expected loss eligible	0	0
<b>Total regulatory capital (IRB)</b>	<b>2,354</b>	<b>2,288</b>

# 7. Appendix 9

## Regulatory Risk Exposures

<b>In millions of EUR</b>	<b>31.12.2021</b>	<b>30.06.2022</b>
Central and regional governments	80	83
Public sector	23	28
Institutions and covered bonds	459	526
Corporates	1,872	1,923
Securitisations	120	107
Retail	255	286
Covered by mortgage	6,574	5,687
Operational risk	1,147	1,147
Other	377	418
<b>Risk weighted assets (IRB)</b>	<b>10,907</b>	<b>10,205</b>



## 7. Appendix 10

### Solvency ratios

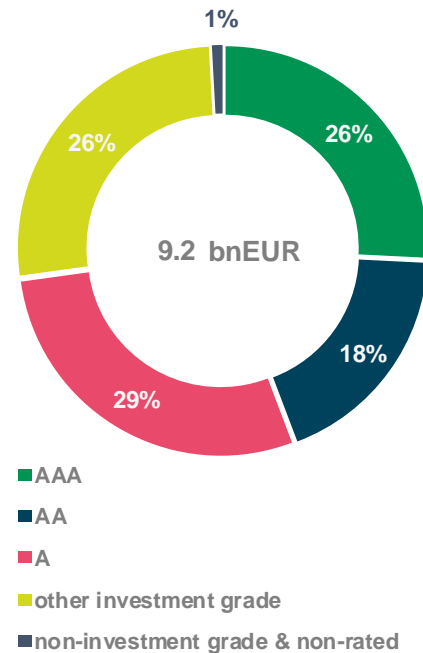
<u>In millions of EUR and %</u>	<u>31.12.2021</u>	<u>30.06.2022</u>
Regulatory capital	2,354	2,288
Tier 2 capital	0	0
Risk-Weighted assets	10,907	10,205
<b>CET 1</b>	<b>21.6%</b>	<b>22.4%</b>
<b>TCR</b>	<b>21.6%</b>	<b>22.4%</b>



# 7. Appendix 11

## Investment Portfolio excluding cash (30.06.2022)

Rating class of investments (%)



### Investments per country %

Country	%
Belgium	26,9%
Netherlands	17,6%
France	15,8%
Germany	6,4%
Spain	5,9%
Luxembourg	4,0%
Ireland	3,3%
Sweden	3,2%
Finland	2,6%
Austria	2,4%
Canada	1,6%
Denmark	1,6%
Slovenia	1,5%
Iceland	1,3%
Slovakia	1,1%
Other	4,9%

## 7. Glossary (1/2)

ABS	Asset-backed security
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.
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 all halves of the year instead of being recognised upfront (as required by IFRIC21).
Cost/income or C/I excl. Bank levies	[operating expenses of the period - bank levies of the period] / [financial and operational result of the period]
CRR	Capital Requirements Regulation
IFRIC	International Financial Reporting Interpretations Committee
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]

## 7. Glossary (2/2)

MREL	Minimum requirement for own funds and eligible liabilities
Margin on mortgages	Gross margin or [Client rate] - [Swap rate]
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]
NPS	Net Promotor Score
O-SII	Other systemic important institutions
Operating Expenses	Expenses excluding payroll, bank levies and commissions paid to independent branch agents
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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