

ATTRACTIVE COMMERCIAL RESULTS OUTWEIGH THE EFFECTS OF MARKET VOLATILITY IN THE FIRST HALF YEAR

Antwerp, 1 September 2022

Argenta achieved attractive commercial results in the first half of 2022, even if the financial results are down owing to the impact of the financial market volatility.

In the first half of 2022, Argenta achieved good commercial results in all product pillars:

- The outstanding amount of savings and current accounts grew by a further 1.4 billion euros, in Belgium and the Netherlands, to 40.7 billion euros.
- Mortgage production in Belgium and the Netherlands was well above budget at 4.2 billion euros.
- Total funds under management were stable at 57.4 billion euros despite the downturn on the stock markets caused by the volatile macroeconomic environment. Net production of the banking and insurance funds was almost 900 million euros.
- All insurance branches did well, although the insurance result is negatively impacted by the Eunice storm in February.

The capital and liquidity ratios too remain excellent: Argenta Spaarbank's CET-1 ratio rose slightly to 22.4% and as such remains among the top in Europe. In addition to Argenta's strong solvency, the liquidity position is also solid with an LCR of 197% and an NSFR of 145%.

In the meantime, Argenta is increasing its investments in order to achieve its long-term strategic objectives.

Customer appreciation of the simple, transparent and reliable offering is reflected in the exceptionally high NPS of 44*.

In addition, Test Aankoop awarded Argenta the 'Best Bank 2022' label following an extensive assessment of Customer Satisfaction, Current and Savings Accounts, Pension Savings, Credits, and Complaint Management.

Despite these good commercial results, Argenta recorded a lower interim result than in 2021, with a consolidated net profit for the first half of 2022, at group level, of 83 million euros. This compares with 143 million euros for the first six months of 2021.¹ The ROE is 5,0%.

This decrease was expected and is the result of lower net interest income, higher bank levies, increased operating expenses, higher credit commissions and the market valuation of financial assets, partly offset by higher income from asset management and higher returns from the valuation of hedging instruments. The insurance result was depressed by the damage claims resulting from the Eunice storm in the spring and the lack of one-off positive profit elements as these existed in the first half of 2021.

Marc Lauwers, CEO: *'The first half of 2022 was commercially excellent, despite the intense turmoil triggered by the war in Ukraine and its impact on financial markets. The strategic diversification of our revenue sources continues, and the mortgage markets remained strong. The transition from a low interest rate environment to rising interest rates did not yet positively affect the result in the first half, which we expect to happen from the second half onwards. Argenta's solvency and liquidity position continue to be very robust.'*

* Based on a measurement by Ipsos in July of 1,024 respondents

Overview of financial development

After the heavy economic pressure of the global COVID pandemic, a pronounced economic recovery followed at the end of 2021 and in the first quarter of 2022.

The second quarter of 2022 was, however, dominated by the war in Ukraine. Although Argenta has no direct exposure to Ukraine, Russia or Belarus, we expect that this situation will continue to affect the economy and financial markets and further strengthen inflationary pressures in the coming period.

In June 2022, consumer price inflation in the eurozone reached 8.6%, triggering an intervention from most central banks and an initial rate hike of 50 basis points in July 2022. At the same time, the ECB announced that it would be raising the key rate further in the near future.

The net result of **Argenta Spaarbank** amounts for the first half-year 2022 to 71 million eurosⁱ, which is 15 million euros lower than the first half of 2021. The liquidity position and capital base remain very strong.

In the first half of the year, another 4.2 billion euros of mortgage loans were extended in Belgium and the Netherlands. Lending to private individuals continued to grow strongly, with activity in the housing market remaining relatively high. The rising market interest rate had no visible effect in the first half of 2022 on the profitability of the 38.2 billion euros loan portfolio.

In the first half of 2022, the liquidity position was strengthened, among other things, by the issuance of bonds to institutional investors. Under the EMTN program, a first senior non-preferred green bond of 600 million euros was successfully issued in early February, followed by an additional covered bond of 500 million euros in March. Retail funding continued to grow (+1.4 billion euros).

Compared to the first half of 2021, the asset management result rose by almost 10% to 104 million euros, reflecting higher income from bank funds. Given the unfavourable market conditions and the accompanying stock market correction, the banking fund portfolio fell to 11.2 billion euros in the first half of 2022, back to the level of 30 June 2021.

Expenses are higher compared to the first half of 2021 owing to the continued strong inflation and additional IT investments. The bank levies also rose further to 91 million with the continuing growth in the volume of deposits. As a result, the cost/income ratio increased slightly to 64%.

Argenta Assuranties achieved a net profit of EUR 32 million compared to 49 million euros a year earlierⁱⁱ. This result is strongly influenced by the claims burden following the Eunice storm in February. The result for the first half of 2021 also included one-off positive profit elements, which were absent in 2022. Nevertheless, the commercial results are very good: premium collection of 235 million euros in the Life segment, up over 17%, and 98 million euros in the Non-Life segment (+2.5%). The Solvency II ratio is 223%.

Overview of the results of Argenta Spaarbank ⁱⁱⁱ

Income statement (consolidated) Argenta Spaarbank (in EUR millions)	1H 2021	1H 2022
Net interest income	284	253
<i>Interest income</i>	401	392
<i>Interest expenses</i>	-118	-138
Fee and commission result	9	26
<i>Fee income</i>	95	104
<i>Commissions to agents</i>	-86	-78
Financial gains and losses	3	28
Financial and operating income and expenses	295	307
Operating expenses	-128	-142
Depreciation	-13	-12
Bank levies	-86	-91
Other income	7	7
Administrative expenses and depreciation	-220	-238
Impairment losses	2	-8
Modifications	0	0
Profit before taxes	76	62
Taxes	-23	-25
Net profit	53	37
Adjusted net profit ⁱ	86	71
<i>ROEⁱ</i>	7.5%	5.9%
<i>Cost/Incomeⁱ</i>	61%	64%

Main elements in the first half 2022 result:

- Adjusted net profitⁱ of EUR 71 million and return on equity of 5.9%.ⁱ
- Net interest income of EUR 253 million with a net interest margin of 1.01%. Because the rising interest rate is included with a delay in the pricing of the mortgages provided, but immediately affects the valuation of hedging instruments, these income sources are below the result of the first half of 2021.
- Mortgage production in the first half of 2022 amounted to 2.3 billion euros in Belgium and 1.8 billion euros in the Netherlands.
- Despite the sharp fall in stock markets, the results from asset management activities are satisfactory. At the end of June 2022, assets under management at the bank totalled 11.2 billion euros, with the net fee result increasing by 9 million euros compared to the first half of 2021 to 104 million euros.
- Operating expenses rose due to sharp inflation and further investments in the bank's IT infrastructure. The recurring cost/income ratio is 64%.ⁱ

Overview of the Argenta Spaarbank balance sheetⁱⁱⁱ

Main balance sheet items (consolidated) Argenta Spaarbank (in EUR millions)	31 Dec 2021	30 June 2022
Balance sheet total	48,738	51,890
Loans and advances to customers	36,996	38,310
Financial assets (at amortised cost)	3,577	5,445
Financial liabilities (at fair value)	3,726	3,721
Deposits from customers and debt securities	40,280	41,760
Securitisations and debt certificates issued to institutions	4,848	5,661
Equity	2,402	2,366
Selected ratios		
Solvency		
<i>CET-1</i>	21.6%	22.4%
<i>Leverage</i>	4.9%	4.2%
Liquidity		
<i>Net Stable Funding Ratio (NSFR)</i>	145%	145%
<i>Liquidity Coverage Ratio (LCR)</i>	164%	197%

Main changes in the balance sheet for the first half of 2022:

- The balance sheet total rose by 6.4% to EUR 51.9 million.
- Current accounts and customer deposits increased by 1.4 billion euros.
- On the assets side, the customer loan portfolio grew by 1.3 billion euros to 38.3 billion euros and the investment portfolio by 1.9 billion euros to 9.2 billion euros.
- The CET-1 ratio rose slightly to 22.4%, making it one of the best in Europe. The MREL^{iv} ratio is 7.99%.
- In addition to Argenta's strong solvency, its liquidity position is solid with an LCR of 197% and an NSFR of 145%.

Key indicators - Argenta Group

Overview (consolidated) Argenta Group (in EUR millions)	1H 2021	1H 2022
Financial and operating income and expenses	408	373
Administrative expenses and depreciation	-269	-289
Impairment losses and adjustments	4	-8
Taxes	-38	-32
Net profit	104	44
Adjusted net profit ⁱ	143	83
<i>ROEⁱ</i>	9.2%	5.0%
<i>Cost/Incomeⁱ</i>	54.2%	63.7%

	31 Dec 2021	30 June 2022
Equity (in EUR millions)	3,296	3,108
Solvency		
<i>CET-1</i>	21.6%	22.6%
<i>Leverage</i>	5.2%	4.5%

Risk statement

The risk management data are included in our annual reports and in our annual risk reports that are available on www.argenta.eu.

END PRESS RELEASE

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About Argenta

Argenta Bank- en Verzekeringsgroep is a bank and insurance company for families, operating in Belgium and the Netherlands. Argenta Spaarbank focuses on the banking activities and Argenta Assuranties on the insurance activities.

Further information can be found on www.argenta.eu.

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- ⁱ In accordance with the IFRS accounting standards and adjusted for IFRIC21 (even distribution of bank levies).
 - ⁱⁱ Using the Belgian accounting reference system (BGAAP) – in IFRS, the profit of Aras is lower, which explains the greater impact on the result of BVg (calculated in IFRS)
 - ⁱⁱⁱ For a complete overview of the consolidated profit and loss account and balance sheet, the statement of changes in equity and the notes, we refer to the semi-annual report.
 - ^{iv} Minimum Requirement for own funds and Eligible Liabilities (expressed relative to leverage exposure)