

## RISING MARKET INTEREST RATES AND FAVOURABLE INSURANCE RESULT PUSH NET PROFIT IN THE FIRST HALF OF 2023 TO 178 MILLION EUROS<sup>i</sup>

Antwerp, 31 August 2023

**Against a background of persistently high inflation in the eurozone, rising short-term interest rates and volatile financial markets, Argenta posted solid results in the first half of 2023.**

Driven by persistently high inflation and despite the threat of recession in the eurozone, the ECB continued the process of raising its policy rate, resulting in a further rise in market interest rates on shorter maturities. After several years of margin pressure, this has positively affected Argenta's net interest income via a positive effect from the interest rate hedges and despite an inverted yield curve. This has enabled us, on the one hand, to absorb a drop in demand for credit and, on the other hand, to raise the remuneration on savings deposits. In addition, home insurance claims remained low in the absence of spring storms.

In the first half of 2023 **Argenta Group** posted solid results:

- Total funds under management grew by 1.2 billion euros to 59.0 billion euros. In line with the market, outstanding savings balances remained stable after years of significant growth, while growth in banking and insurance funds resumed at a lower level, backed by a positive evolution in market value.
- At 2.4 billion euros, mortgage production in Belgium and the Netherlands was lower than in previous years, but in line with normalised market growth and resulting in a stable market share.
- A low level of claims in home and family insurance produced an improved insurance result.

The capital and liquidity ratios remain very solid and show that Argenta Spaarbank can face the future in a stress-resistant manner. The CET-1 ratio increased to 22.6% and the liquidity ratios LCR and NSFR were 192% and 141% respectively.

These strong performances resulted in a consolidated profit at group level of 178 million euros<sup>i</sup> for the first half of 2023, compared to 83 million euros<sup>i</sup> for the first six months of 2022. ROE was 10.6%.

Peter Devlies, CEO: *"In a particularly volatile context where combating inflation is in conflict with economic slowdown, the Argenta model once again showed its strength, both in Belgium and in the Netherlands. I am grateful to our customers for their trust and proud of our employees and branch managers."*

### Overview of financial development

After the global pandemic in 2020-2021 and a pronounced economic recovery in 2022, the first half of 2023 was marked by a further rise in interest rates, as unrelenting inflation forced the ECB to systematically raise its policy rate. Russia's war against Ukraine is still raging and is causing economic imbalances in Europe and around the world.

At the same time, we saw banks on both sides of the Atlantic facing difficulties due to liquidity and solvency stress. Argenta had no risk exposure to these banks.

In these circumstances, **Argenta Spaarbank** posted a solid result in the first 6 months of 2023 with 132 million euros<sup>i</sup> net profit, 61 million euros higher than in the first half of 2022, mainly as a result of increased net interest income.

The balance sheet remained stable compared to end-2022 (53.5 billion euros), with in particular a shift away from current and savings accounts to term accounts and with the production of mortgage loans no longer at the exceptional heights of recent years. Our market share remained stable.

Despite a stable balance sheet, net interest income rose by 134 million euros, translating into a net interest margin of 1.45% (1.01% H1 2022).

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Argenta Bank- en Verzekeringsgroep nv



After the difficult conditions in the financial markets and asset management at the end of 2022, the recovery started at the beginning of 2023. Our attractive range of mutual funds visibly continues to appeal to customers. In this way our portfolio of assets under management grew to 12.5 billion euros (+8%), with income from this activity exceeding 100 million euros for the first half of the year.

The rising inflation levels in Belgium in the course of 2022 produced an increase in costs in the first half of 2023, especially on our payroll. The bank levies also rose further from 91 million euros in 2022 to 95 million euros in 2023. On the other hand, with the higher income, we recorded a sharply reduced cost-income ratio of 53% in the first half of the year.

The bank's liquidity position and capital base also remain very strong thanks to conservative risk management and a strong business model.

**Argenta Assuranties** realised a net profit of 37 million euros compared to 32 million euros the year before.<sup>ii</sup> This improvement was driven mainly by a lower cost of claims in our home and family insurance policies, which in 2022 had been negatively affected by the Eunice storm. Premium collection amounted to 227 million euros in the Life segment and 106 million euros in the Non-Life segment. The Solvency II ratio is 239%.

## Overview of the results of Argenta Spaarbank<sup>iii</sup>

Income statement (consolidated) Argenta Spaarbank (in EUR millions)	1H 2022	1H 2023
Net interest income	253	387
<i>Interest income</i>	392	600
<i>Interest expenses</i>	-138	-213
Fee and commission result	26	29
<i>Fee income</i>	104	104
<i>Commissions to agents</i>	-78	-75
Financial gains and losses	28	-9
Financial and operating income and expenses	307	407
Operating expenses	-142	-162
Depreciation	-12	-12
Bank levies	-91	-95
Other income	7	8
Administrative expenses and depreciation	-238	-262
Impairment losses	-8	-9
Profit before taxes	62	136
Taxes	-25	-45
Net profit	37	91
Adjusted net profit	71	132
<i>ROE<sup>i</sup></i>	5.9%	10.7%
<i>Cost/Income<sup>j</sup> ratio</i>	64%	53%

Main elements in the first half 2023 result:

- Adjusted net profit<sup>i</sup> of 132 million euros and return on equity of 10.7%<sup>i</sup>.
- Net interest income of 387 million euros with a net interest margin of 1.45% thanks to rising interest rates on the financial markets. This is 53% higher than in the first half of 2022.
- With increased interest rates and high house prices, mortgage production was more difficult than usual but in line with the market. In the first half of 2023 this amounted to 1.2 billion euros for Belgium and 1.1 billion euros for the Netherlands.
- Recovering markets brought our asset management business back to the level of end-2021. At end-June 2023, total investment products under management at the bank amounted to 12.5 billion euros, with net fee income of 104 million euros again at the level of the first half of 2022.
- Operating costs rose, primarily owing to sharp inflation and further investments in the bank's IT infrastructure. The cost-income ratio was 53%<sup>i</sup>.

## Overview of the Argenta Spaarbank balance sheet<sup>iii</sup>

<b>Main balance sheet items (consolidated) Argenta Spaarbank (in EUR millions)</b>	<b>31 December 2022</b>	<b>30 June 2023</b>
Balance sheet total	53,391	53,509
Loans and advances to customers	39,519	40,367
Financial assets (at amortised cost)	6,515	6,326
Financial liabilities (at fair value)	3,467	3,131
Deposits from customers and debt securities	42,184	41,944
Securitisations and debt certificates issued to institutions	6,405	6,806
Equity	2,469	2,571
<b>Selected ratios</b>		
<b>Solvency</b>		
<i>CET-1</i>	21.5%	22.6%
<i>Leverage</i>	4.3%	4.6%
<i>MREL</i>	9.1%	8.4%
<b>Liquidity</b>		
<i>Net Stable Funding Ratio (NSFR)</i>	142%	141%
<i>Liquidity Coverage Ratio (LCR)</i>	186%	192%

Main changes in the balance sheet in the first half of 2023:

- The balance sheet total practically remained stable at 53.5 billion euros.
- Customer current accounts and deposits remained stable in line with the market.
- On the assets side, the customer loans portfolio grew by 0.9 billion euros to 40.3 billion euros, while the investment portfolio slightly decreased by 0.5 billion euros to 9.5 billion euros.
- The CET-1 ratio rose slightly to 22.6%, making it one of the best in Europe. The MREL<sup>iv</sup> ratio is 8.4%.
- In addition to Argenta's strong solvency, the liquidity position is solid with an LCR of 192% and an NSFR of 141%.

## Key indicators - Argenta Group

<b>Overview (consolidated) Argenta Group (in EUR millions)</b>	<b>1H 2022</b>	<b>1H 2023</b>
Financial and operating income and expenses	373	511
Administrative expenses and depreciation	-289	-301
Impairment losses and adjustments	-8	-10
Taxes	-32	-68
Net profit	44	132
Adjusted net profit <sup>i</sup>	83	178
<i>ROE</i>	5.0%	10.6%
<i>Cost/Income</i> <sup>j</sup>	64%	51%
	<b>31 Dec 2022</b>	<b>30 June 2023</b>
Equity (in EUR millions)	<b>3,230</b>	<b>3,598<sup>v</sup></b>
<b>Solvency</b>		
<i>CET-1</i>	22.0%	22.8%
<i>Leverage</i>	4.68%	4.87%

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### 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](http://www.argenta.eu).

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### Background information on 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](http://www.argenta.eu).

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<sup>i</sup> In accordance with IFRS accounting standards and adjusted for IFRIC21 (even distribution of bank levies).

<sup>ii</sup> In accordance with BGAAP. In accordance with IFRS, the result of Aras is higher, which explains the greater impact on the result of BVg (calculated in IFRS).

<sup>iii</sup> 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.

<sup>iv</sup> Minimum Requirement for own funds and Eligible Liabilities (expressed relative to leverage exposure)

<sup>v</sup> Including IFRS17 impact