



Argenta

Green Investor Presentation – January 2022





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In a volatile world, Argenta does something exceptional: we take care of our customers and employees in an uncompromisingly responsible way.

Purpose of Argenta

Sustainability is integrated into our corporate strategy

Challenges & opportunities

Strategic ambitions

Distinctive

Being distinctive

- **Our purpose and value proposition**
- Respond to customer needs, take action and **add value** to the customers

Credible

Strong ESG-performance is essential for our credibility

- We want to stay relevant and credible for our stakeholders

Compliant

Comply with regulatory challenges

- New **regulations** will impact our business, risk management and behaviour

*Our aim is to be **distinctive** towards our customers, sourcing from our purpose and company values, but in a **pragmatic and authentic manner**.*

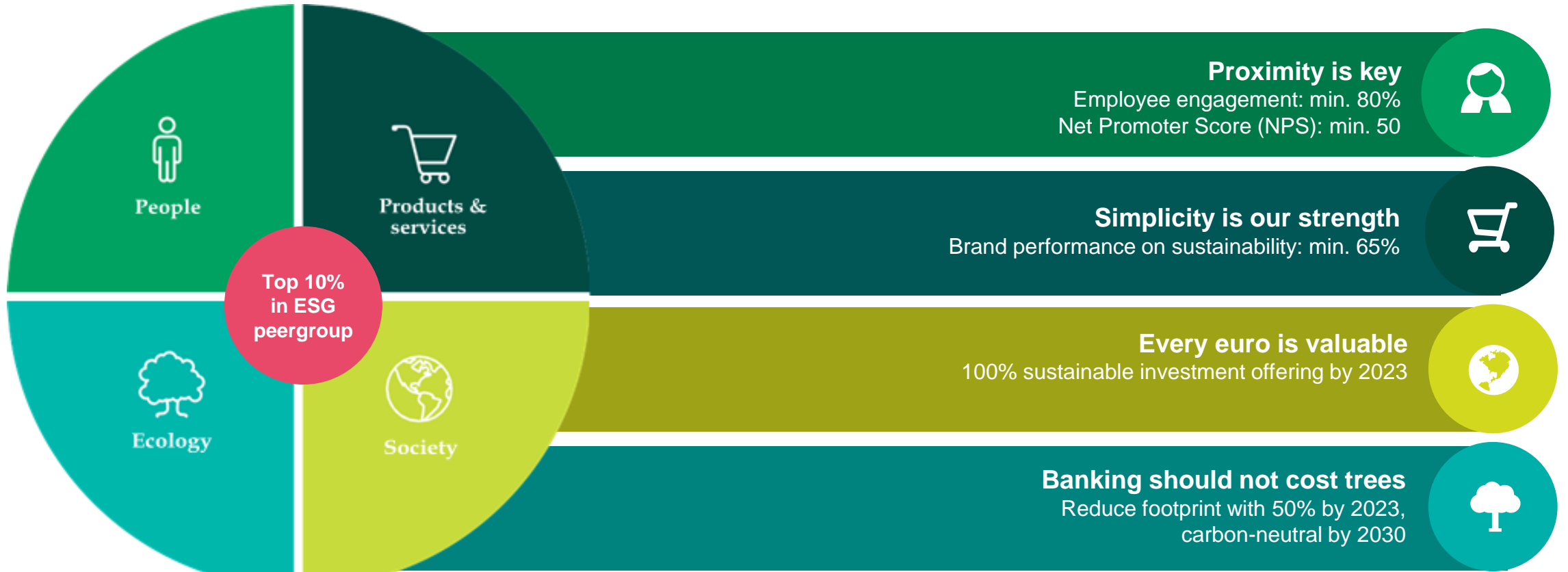
*Argenta is **frontrunner** as an intrinsically sustainable bank, because it is part of our **purpose, mission/vision and value proposition**. We want to maintain this strong **competitive advantage**.*

*All financial institutions must comply with new ESG- and climate related **regulations** in order to keep their **license to operate***

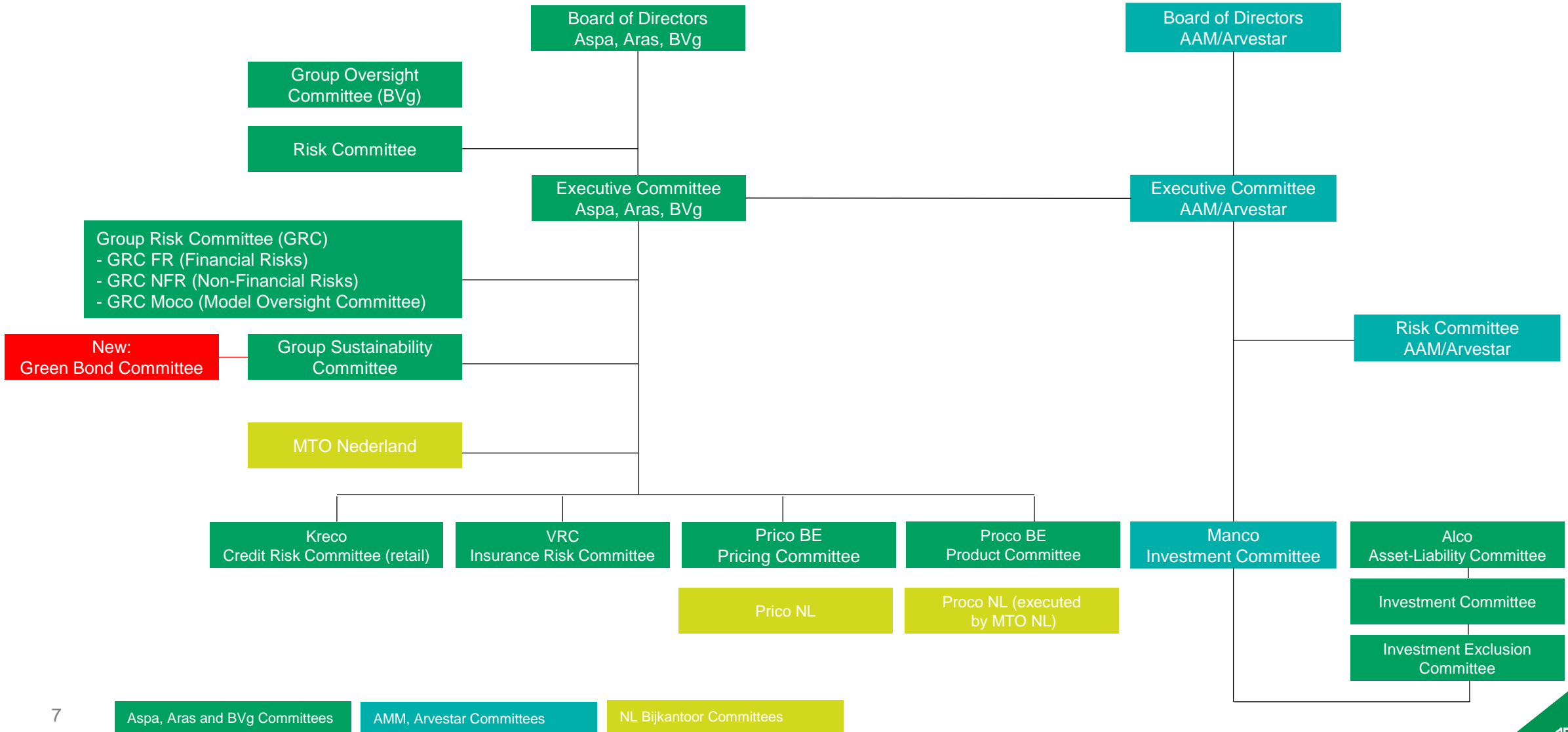
Our distinctive ambitions are reflected in the sustainability policy



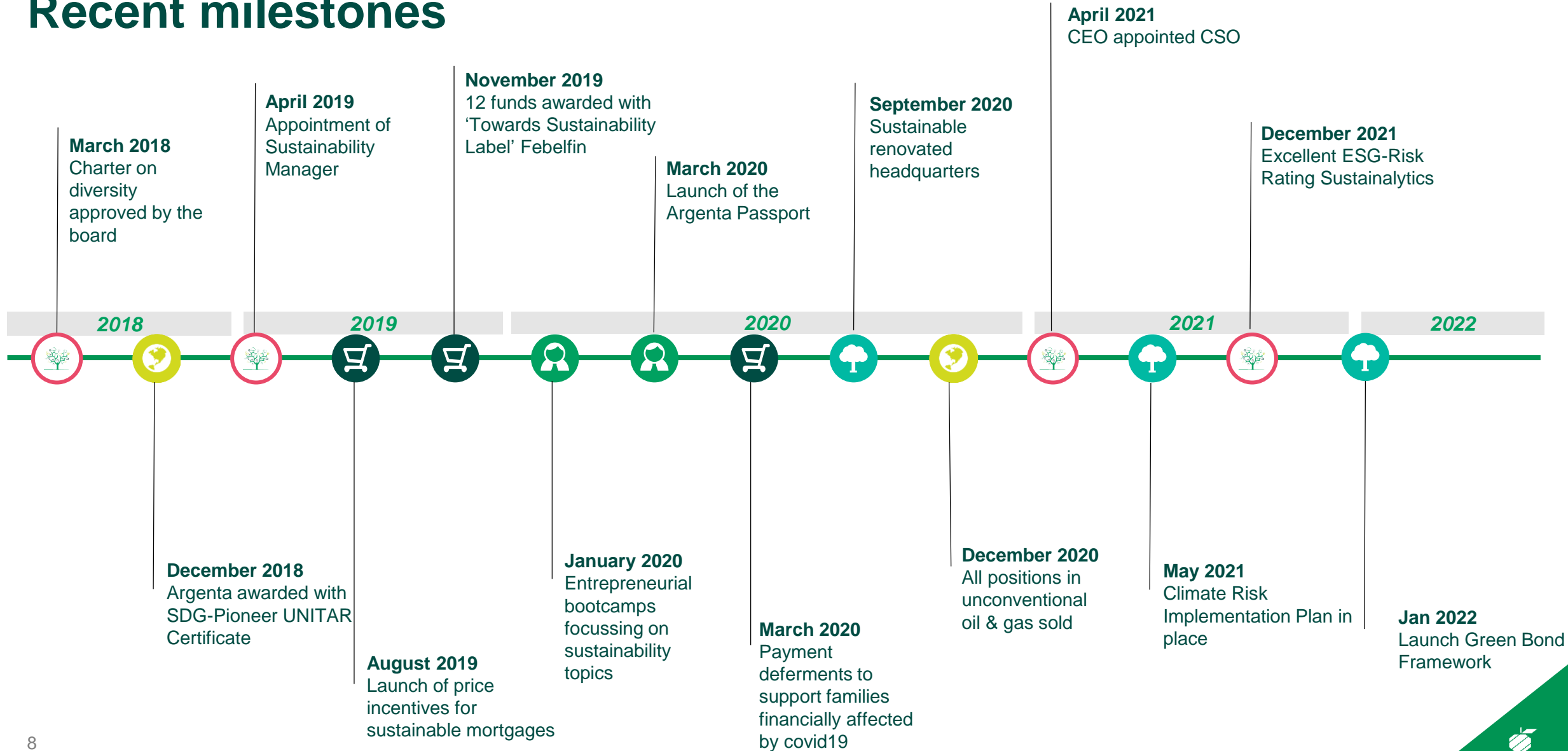
Main KPI's on sustainability



Governance for sustainability



Recent milestones



Sustainability action plan – highlights for the coming years



Proximity is key

- Strive for a good work-life balance
- Roll-out of the Argenta Passport
- Promote sustainability within branch network



Simplicity is our strength

- Focus on simplicity and transparency
- Increase financial and digital literacy
- Finance sustainable projects of customers
- Support families financially throughout the Covid-19 crisis



Every euro is valuable

- Focus on long-term growth
- Apply strict investment exclusion policy
- Generate local impact
- Engage Suppliers with Sustainability Charter to sustainable entrepreneurship



Banking should not cost trees

- Reduce carbon footprint with -50% by 2023 and carbon neutral by 2030
- Work paperless by 2023
- All company cars emission-free by 2025
- Execute Climate Risk Implementation Plan







Ethics & Integrity

- Engage with purpose
- Embed ESG in strategy, governance and risk management
- Enhance transparency and sustainability reporting
- Protect customers against phishing and fraud

Deep dive: embed sustainability in product strategy



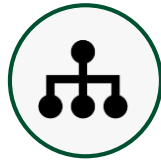
	Ambitions	Actions & achievements
 Loans	<p>Ecological: support Green Deal ambitions and boost sustainable mortgage portfolio with price incentives</p> <p>Social: focus on affordability of the sustainable transition</p>	<p>Ecological: focus on EPC-data and link with collateral valuation, sustainable mortgages represent on average 25% of new production per year, up to 30% in 2021</p> <p>Social: strategic exercise ongoing and exploration of partnerships</p>
 Banking	<p>Ecological: client documentation 100% digitalized by 2023</p> <p>Social: (i) protect customers against phishing and fraud, strong AML procedures (ii) enhance financial inclusion through simple and transparent product offering</p>	<p>Ecological: full digitalisation of cards processes</p> <p>Social: (i) anti-fraud & phishing action plan, FCRM-tool (ii) development of customer effort score & customer satisfaction surveys, introduction of customer-centric company culture</p>
 Insurance	<p>Ecological: integrate physical climate risks in insurance policy</p> <p>Social: enhance claim handling and support of customers, stronger focus on prevention</p>	<p>Ecological: integrate physical climate risk in insurance policy</p> <p>Social: support customers and stronger focus on prevention</p>
 Funds	<p>Ecological: 100% sustainable fund-offering by 2023</p> <p>Social: (i) enhance financial inclusion with simple and transparent fund-offering, (ii) enhance risk management by integrating ESG</p>	<p>Ecological: 33% of non-fiscal investment funds and 100% of fiscal-funds are labelled with 'Towards Sustainability Label'</p> <p>Social: (i) thorough rationalisation of fund-offering, (ii) SFDR-implementation, preparation of taxonomy, Mifid II,...</p>

Deep dive: climate risk strategy



Business model & strategy

- ✓ Assessment of climate risk impact
- ✓ Definition of strategic direction by ExCo
- ✓ Set up of implementation plan on climate risk
- ✓ Update sustainability action plan for 2022
- ⌚ Strategy exercises ongoing per business line (Q2 '22)
- ⌚ Definition of KPI's and KRI's per business line (Q2 '22)



Governance & organisation

- ✓ CEO appointed as CSO
- ✓ Group Sustainability Committee formalised
- ✓ Investment Exclusion Committee formalised
- ✓ Green Bond Committee formalised
- ✓ Identification of climate role in other governance bodies & 3 LoD
- ✓ Stakeholder engagement via workshops, offsites,...
- ✓ Organise tutorial session for the Board



Risk management

- ✓ Integration of climate and ESG-risk in risk cartography
- ✓ Definition of risk appetite statements
- ✓ Quarterly reporting through RAF
- ⌚ Collect more data on climate and ESG-risks
- ⌚ Physical risks analysis insurance portfolio ongoing
- ⌚ Preparation ECB climate stress test
- ⌚ Integrate climate stress test in ICAAP and ORSA



Disclosures

- ⌚ Preparations Activities- and Sustainability Report '22 ongoing
- ⌚ Analysis new reporting requirements (taxonomy art.8, CSRD, Pillar III,...) ongoing
- ⌚ Preparation climate reporting cfr. TCFD-requirements '22 ongoing

Recognised by the market for our performance

Highlights
Sustainalytics report



8.5

Sustainalytics ESG-risk rating
Top 1^e percentile
(dd.06/12/2021)

- Negligible risk
- Strong overall management of material ESG issues
- Strong performance on data privacy & security, product governance and ESG-integration

Argenta Green Bond Framework



Green Bond Framework

Rationale

- **Align** our funding strategy with our sustainability strategy
- Promote the growth of the Green Bond Market and address investor's willingness to finance **sustainable green buildings**
- Establish a **platform** which allows to issue Green Bonds in various formats

1 Use of Proceeds



- ✓ Argenta intends to allocate the net proceeds of the Green Bonds to a Green Loan Portfolio of new and existing loans, the "Eligible Green Loan Portfolio"
- ✓ Green Residential Buildings located in Belgium and in the Netherlands

2 Project Evaluation & Selection



- ✓ Projects financed and/or refinanced are evaluated and selected based on compliance with the Green Bond eligibility criteria described in the Use of Proceeds
- ✓ A Green Bond Committee will assess the eligibility and allocate the proceeds to Eligible Green Loans

3 Management of Proceeds



- ✓ Argenta intends to allocate the proceeds from the Green Bonds to an Eligible Green loan Portfolio, selected in compliance with the use of proceeds criteria and evaluation and selection process
- ✓ Proceeds from Green Bonds will be managed by Argenta's Green Bond Committee based on a portfolio and aggregated approach

4 Reporting



- ✓ Allocation reporting: Argenta will prepare an annual report with the status of Argenta's Green Bond proceeds allocation
- ✓ Impact reporting: Argenta intends to report on the impact of the Eligible Green Portfolio

5 Second Party Opinion



- ✓ Argenta's Green Bond Framework has been reviewed by Sustainalytics who has issued a Second Party Opinion



Use of Proceeds



Green Buildings in Belgium



1. **For Belgian residential buildings built before 31 December 2020**
 - EPC label \geq "A" or belonging to the top 15% of the national stock or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence
 - a) Flanders: EPC "A" and EPC "B" built since 2012
 - b) Wallonia: EPC "A" and EPC "B" built since 2010
2. **For Belgian residential properties built from 1 January 2021**
 - Energy performance at least 10% better than the local threshold set for nearly zero-building (NZEB) requirements
3. **Renovated Belgian residential properties**
 - Buildings that comply with the applicable requirements for major renovations
 - Buildings with energy savings of at least 30% in comparison to the baseline performance before the building renovation



Green Buildings in The Netherlands



1. **For Dutch residential properties built before 31 December 2020**
 - EPC label \geq "A" or belonging to the top 15% of the national stock or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence
 - a) EPC "A" or built since 2006
2. **For Dutch residential properties built from 1 January 2021**
 - Energy performance at least 10% better than the local threshold set for nearly zero-building (NZEB) requirements
3. **Renovated Dutch residential properties**
 - Buildings that comply with the applicable requirements for major renovations
 - Buildings with energy savings of at least 30% in comparison to the baseline performance before the building renovation

EU Taxonomy Delegated Act (climate change mitigation)	EU Taxonomy Environmental Objective	UN SDG	Definition top 15% in the local context
7.1. Construction of new buildings (NACE F41.2)	Climate Change Mitigation		
7.2. Renovation of existing buildings (NACE F41.2)	Climate Change Mitigation		
7.7. Acquisition and ownership of buildings (NACE L68)	Climate Change Mitigation		

Project Evaluation / Selection Process



Green bond committee

- The committee consists of representatives from Group Treasury, Group Wholesale Funding and Group Sustainability as well as experts from relevant business units when deemed necessary. The Green Bond Committee is responsible for (amongst others):
- Reviewing and adapting the content of the Framework and updating it to reflect changes in corporate strategy, technology, market, or regulatory developments
- Overseeing the allocation of the proceeds from Green Bonds to the Eligible Green Loan Portfolio
- Monitoring internal processes to identify mitigants to known material risks of negative social and/or environmental impacts
- Liaising with relevant business finance segments and other stakeholders

Sustainable Loan Selection

- Argenta has relied on the support of an external green buildings consultant CFP. CFP has been asked to provide:
 - I. A methodology and adequate evidence to define the top 15% sustainable residential buildings in Belgium and the Netherlands, in accordance with the EU Taxonomy Delegated Act for climate change mitigation.
 - II. The identification of the Eligible Green Loan Portfolio (sustainable mortgages)



Management of proceeds

1

Allocation of Proceeds

- Argenta will allocate Green Bond proceeds to finance the Eligible Green Loan Portfolio in accordance with the use of proceeds criteria and evaluation and selection process stated in the Framework
- Green Bond proceeds will be managed on a portfolio and aggregated approach
- Argenta intends to fully allocate Green Bonds use of Proceeds to the Eligible Green Loan Portfolio at issuance date

2

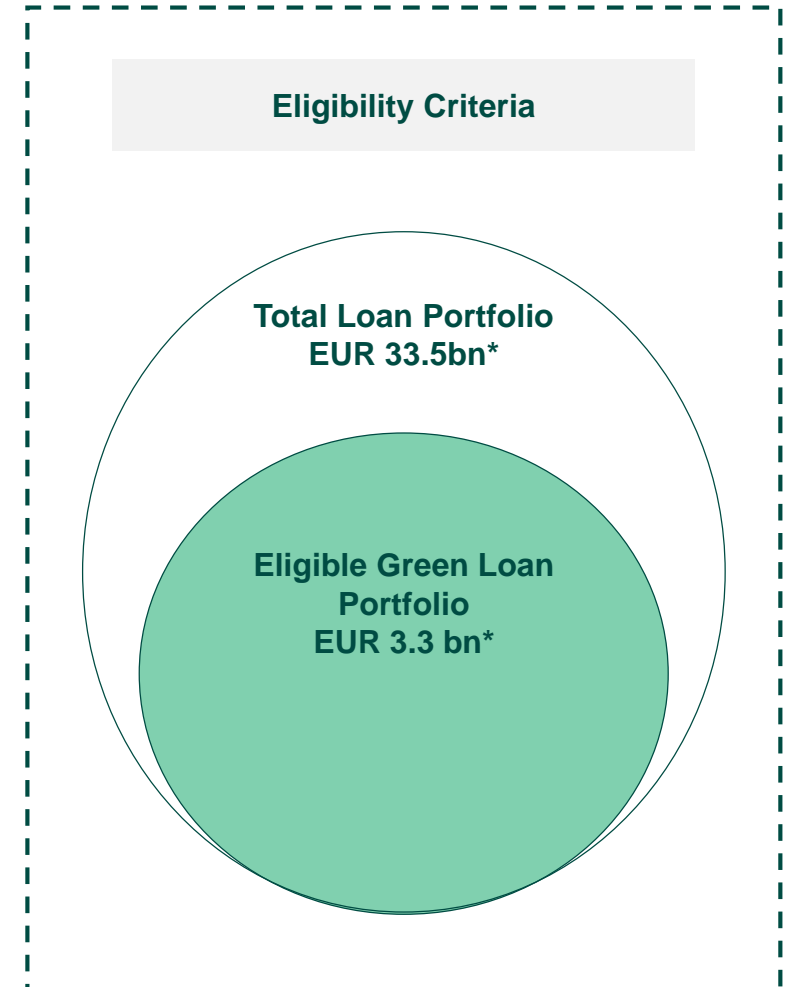
Portfolio Evolvement over Time

- The Eligible Green Loan Portfolio is evolving over time
- Additional loans, complying with the Eligibility Criteria, will be added to the Eligible Green Loan Portfolio to the extent required

3

Unallocated Proceeds

- In case Green Bond proceeds remain unallocated, Argenta will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments or to pay back a portion of its outstanding indebtedness or any other treasury activity, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio



Reporting

- Argenta intends to report on the Eligible Green Loan Portfolio and Green Bonds outstanding
- Argenta intends to show the allocation and impact of the Green Bond Proceeds to the Eligible Green Loan Portfolio and on an aggregated basis
- CFP has prepared an Impact Report on the CO2 reduction of Argenta's sustainable mortgage loan portfolio



- Both allocation report and impact report will be made available via Argenta's website and will be updated annually

Allocation Reporting



- The total amount of Argenta Green Bonds outstanding
- The total amount of the Eligible Green Loan Portfolio
- The balance of unallocated proceeds
- The geographical distribution of the loans

Impact Reporting on Green Buildings



- Estimated carbon emissions reduction (in CO2 equivalent)
- Estimated ex-ante annual energy consumption in KWh
- Overview of EPC labels for eligible buildings
- Estimated adverse environmental impacts (if any)

Impact Analysis of the Eligible Green Loan Portfolio



Impact reporting in line with the Harmonized Framework for Impact Reporting

Eligible Project Category	Number of loans	Eligible portfolio (EURm)	Share of Total Financing	Eligibility for Green Bonds	Annual energy consumption (KWh/m2)	Annual reduced and/or avoided emissions of CO ₂ (tons)
Green Buildings in Belgium	12,182	1,612.77	100%	100%	60	18,878
Flanders	10,988	1,453.74		100%	52	
Wallonia	1,194	159.04		100%	128	
Green Buildings in the Netherlands	11,918	1,708.82	100%	100%	103	16,590
TOTAL	24,100	3,321.59	100%			35,468

- CFP calculated the CO₂-emissions are in line with the recommendations of the **Partnership for Carbon Accounting Financials (PCAF)**
- CFP compared the CO₂-emission of the Argenta Eligible Green Loan Portfolio to a comparable reference portfolio with an average energy-efficiency
- The Argenta Eligible Green Loan Portfolio results in the following CO₂-emission reductions:
 - For Belgium: 18.878 tons of CO₂ eq. per year lower than the reference, which is a difference of 44%.
 - For The Netherlands: 16.590 tons of CO₂ eq. per year lower than the reference, which is a difference of 28%
 - TOTAL: 35,468 tons of CO₂ eq. per year (= 10.68 tons of CO₂ per M EUR invested)

Second-Party Opinion

Sustainalytics is of the opinion that the Argenta Spaarbank NV **Green Bond Framework** is **credible and impactful** and **aligns with the four core components of the Green Bond Principles 2021**. This assessment is based on the following:



Use of proceeds

- Sustainalytics considers that offering mortgages for green buildings will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 11



Project Evaluation / Selection

- Argenta has established a green bond committee, consisting of representatives from Group Treasury, Group Wholesale Funding and Group Sustainability, to select eligible loans for inclusion in its green portfolio. This is in line with market practice



Management of Proceeds

- Argenta will manage the proceeds of its green finance instruments using a portfolio approach. Argenta intends to fully allocate all proceeds at the time of issuance. Unallocated proceeds may be temporarily invested in cash, other short-term and liquid instruments, or used to repay debt. This is in line with market practice



Reporting

- Argenta will report annually on allocation and impact. Allocation reporting will include the amount of proceeds allocated, the balance of unallocated proceeds, share of new financing and refinancing and the geographical distribution of loans. Impact reporting will provide relevant metrics. This is in line with market practice



Evaluation date	January 11, 2022
Issuer Location	Antwerp, Belgium

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