



Argenta Spaarbank

European Covered Bonds (Premium) Programme

Investor Presentation

June 2023



COVERED BOND
• L A B E L •
HTT



Executive Summary

Argenta

- Argenta Spaarbank N.V. ('Aspa') is a wholly owned subsidiary of Argenta Bank- en Verzekeringsgroep N.V. ('Group')
- The Group provides retail banking and insurance services in Belgium and the Netherlands
- At H2 2022, Aspa's **CET1 ratio was 21.5%** and the total **balance sheet size was EUR 53.4bn**
- S&P assigned an **A credit rating** (stable outlook) to Aspa

European Covered Bonds (Premium) Programme

- Programme size : EUR 7.5bn
- On-balance sheet structure where the cover assets are legally segregated in an **on-balance 'special estate'**
- **Dual recourse** to the issuer and to the cover assets
- **Supervision** by the **National Bank of Belgium** and the **Cover Pool Monitor**
- **AAA rated by S&P**, with **soft bullet** maturity extension format
- The covered bonds under the programme are **UCITS 52(4)** compliant, **CRR Art. 129** compliant and **LCR level 1** eligible
- The covered bonds are also expected to be **CBPP3** and **ECB repo eligible**
- ECBC Covered Bond Label Compliant

Belgian Residential Mortgage Cover Pool

- High quality **Belgian residential mortgage loans**, originated by Argenta Spaarbank N.V.
- Average outstanding loan balance per borrower of EUR 152,220
- Weighted average **Current Loan To Current Value** ("CLTCV") of 53.41%



Agenda

1. Argenta Spaarbank
2. Underwriting & Servicing – Belgian Mortgages
3. European Covered Bonds (Premium) Programme

Annex

- a) Mortgage Loan Stratifications
- b) Belgium and its Mortgage Market
- c) Glossary



1. Argenta Spaarbank

Company history

Foundation of Argenta

Argenta was founded as a company specialized in offering personal loans by Karel Van Rompuy. Until today, the Van Rompuy family is still the majority shareholder

Argenta Assuranties

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

Financial crisis

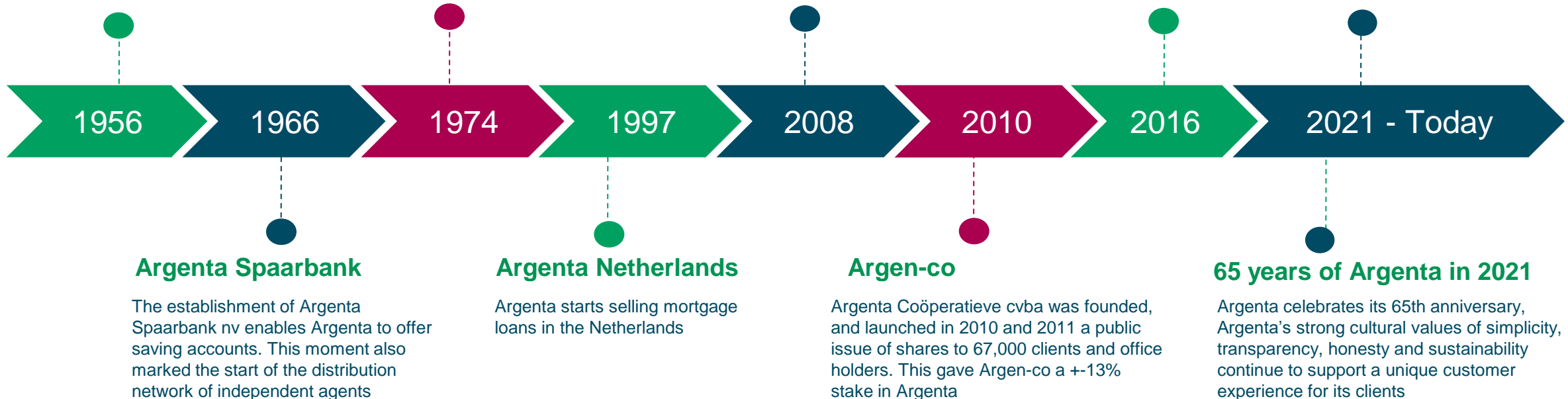
Argenta came unscathed through the crisis and did not need any government support

Start Wholesale funding

Argenta starts with wholesale funding and places its first Tier 2 in 2016. Since then RMBS's (2017), EMTN (2019) and CB (2021) programme are established.

Fee market share

Fee market share hits more than 5%, which translates into enhancing the diversification of operating income (up to 31%).

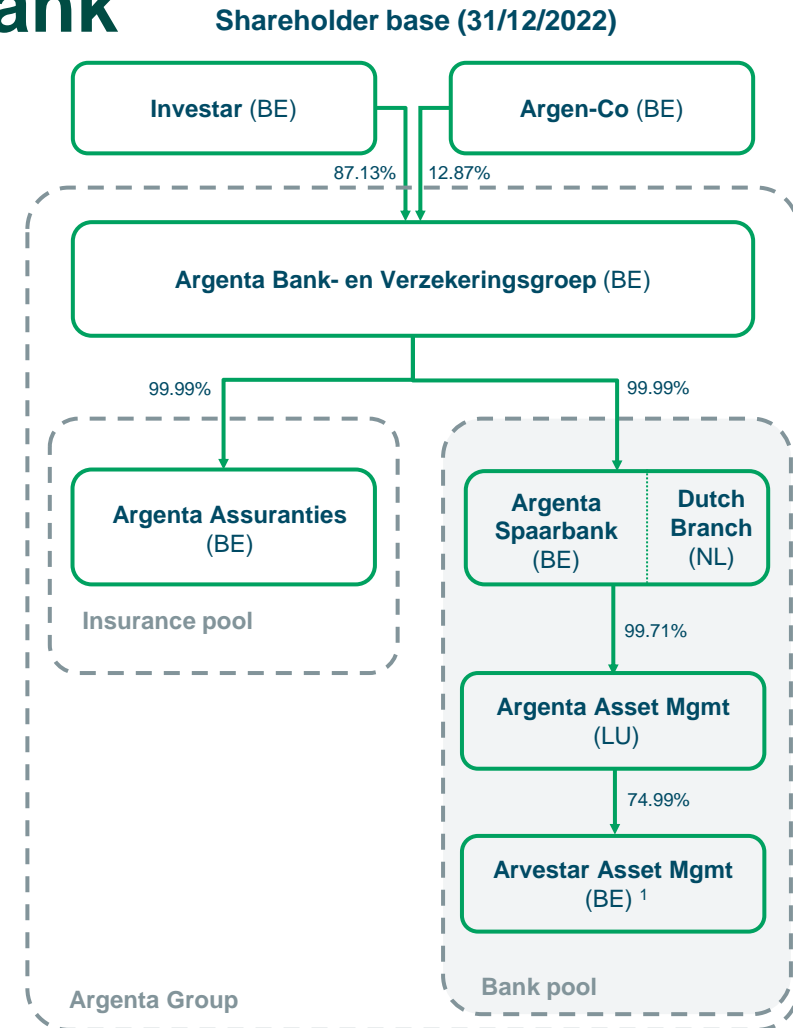


Group Structure: Full-Fledged Retail Bank

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).



Simple and Easy to Understand Business Model

Market share



Deposits	0,5%
Mortgage loans	2,5%



Market share



Deposits	8,4%
Investment funds ¹	5,5%
Mortgage loans	6,6%
Life insurance	4,7%
Non-life insurance	2,1%

(1) 30/09/2022

- 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
- Executive Board and organisation recently aligned with customer journeys
- Broad reach through a strong network of independent agents in Belgium exclusively operating for Argenta, third party distribution in the Netherlands, complemented by a user-friendly digital platform
- Unrivalled levels of customer satisfaction, loyalty and brand strength:
 - Awarded 'Best Bank 2022' by TestAankoop following an extensive assessment of customer satisfaction
 - Customer appreciation exceptionally high with an NPS of 44
 - App with strong focus on a simple user interface (4.5/5, top 3 ranking of Belgian banks in both app stores), confirmed by a continuous growth in active app users
- Integrated operating model creating cost synergies and efficiencies

Argenta Group key financials

FY 2022

Argenta Group

Net result	238.4 m
Return on Equity	7.2%
Total assets	59.6 bn
Total equity	3.2 bn
Cost / Income	59.4%
Total funds under mgmt	57.8 bn
CET 1	22.0%

Argenta Spaarbank

Net result	196.1 m
Return on Equity	8.2%
Total assets	53.4 bn
Total equity	2.5 bn
Cost / Income	60.5%
Total funds under mgmt	52.4 bn
CET 1	21.5%

Credit Rating

Standard & Poor's

Short-term	A-1
Long-term	A
Outlook	Stable

Argenta Assuranties¹

Net result	65.0 m
Return on Equity	11.4%
Total assets	6.4 bn
Total equity	0.6 bn
Premium Life	438 m
Premium Non-life	164 m
Solvency II	241%

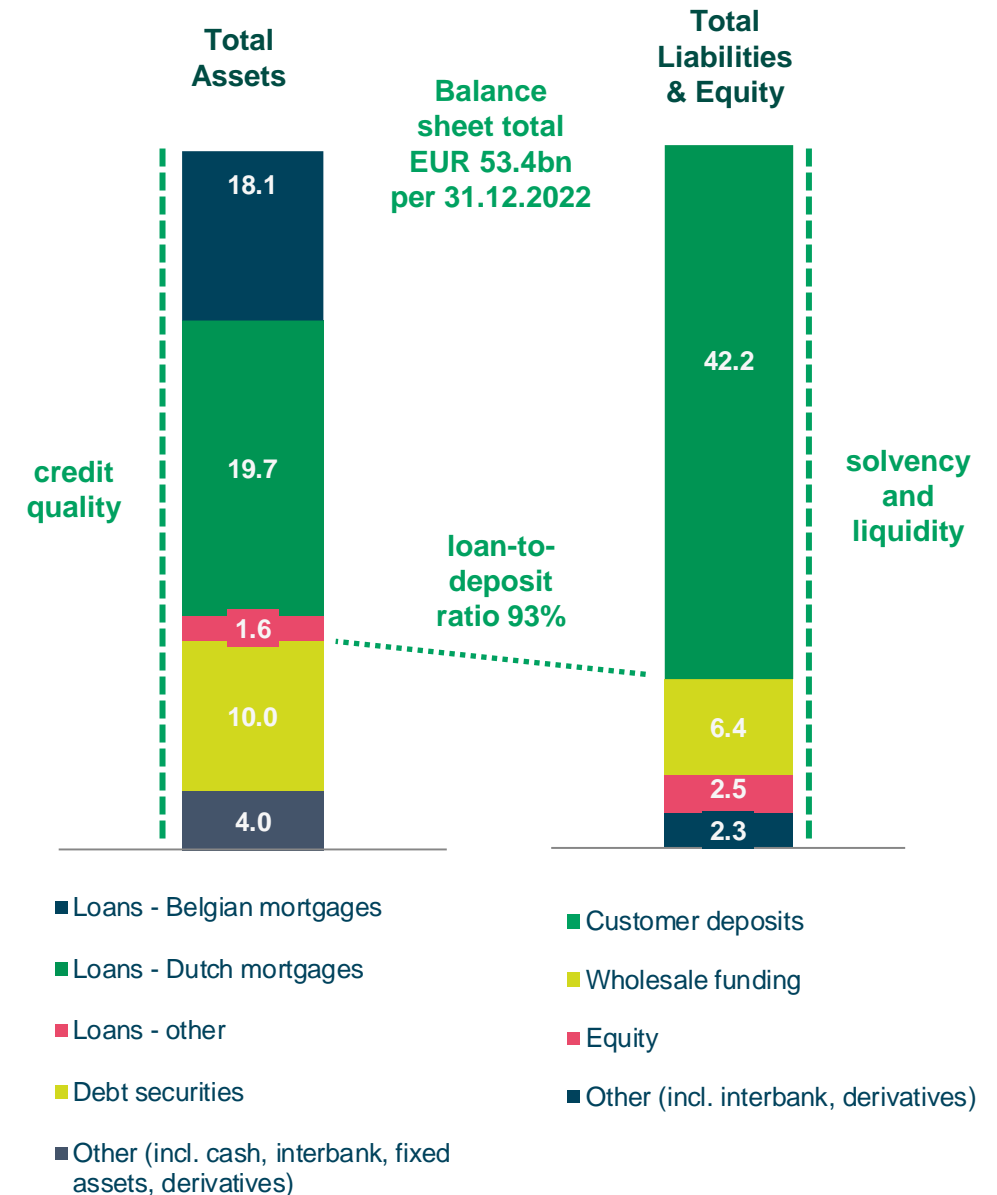
Note: all numbers are stated in EUR
(1) BGAAP

Financial Objectives on Key Parameters

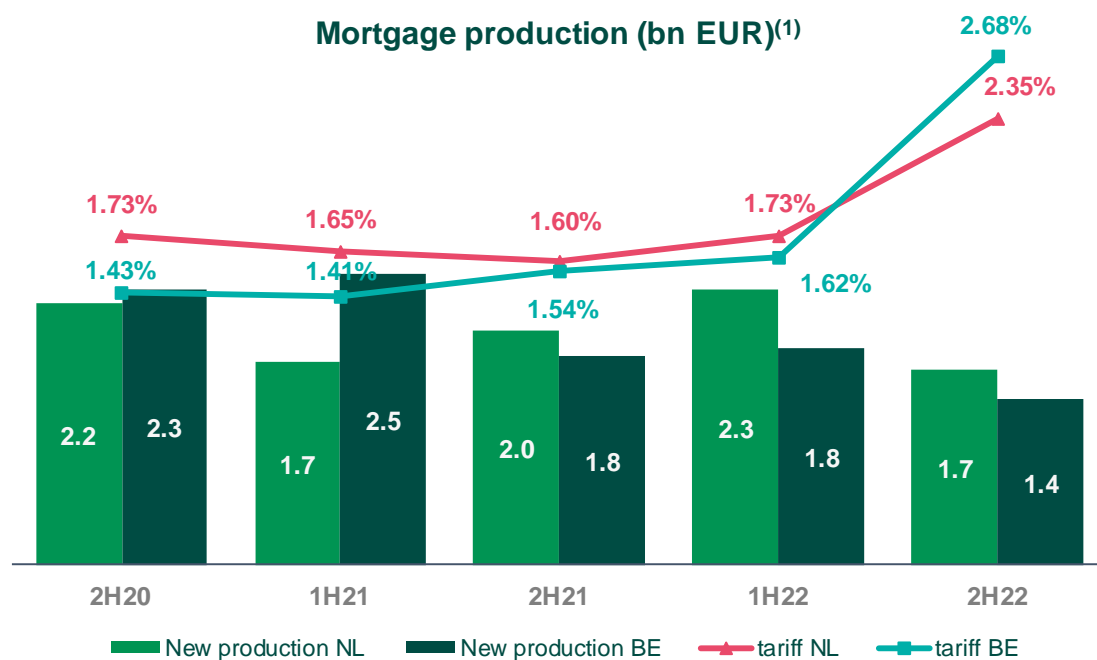
Argenta Spaarbank	2021 FY	2022 FY	LT Target
Return on Equity	7.9%	8.2%	>8%
Leverage Ratio	4.9%	4.3%	>5%
Cost / Income Ratio	61%	60%	<55%
CET 1 Ratio	21.6%	21.5%	>18%
Total Capital Ratio	21.6%	21.5%	>20%
Net Interest Margin (NIM)	1.22%	1.12%	>1.25%
NSFR	145%	142%	>132%
LCR	164%	186%	>150%

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 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 93%.
- Wholesale funding of EUR 6.4bn outstanding.
 - EUR 1.9bn securitizations
 - EUR 0.5bn SP
 - EUR 2.1bn SNP
 - EUR 2.0bn covered bond
- Argenta Spaarbank successfully launched its Green Bond programme and raised a total of EUR 1.1bn in two issuances in 2022.
- In addition, 2 covered bonds were issued in 2022 for 500m each.



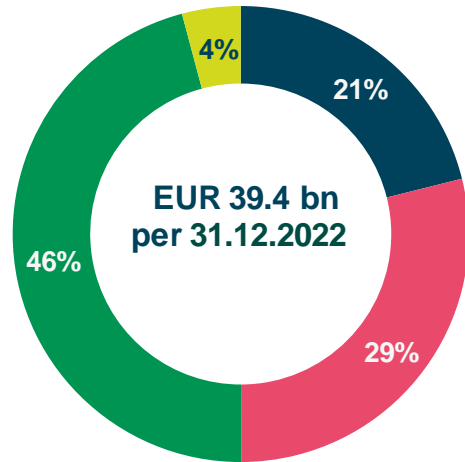
Housing market slowing down



- EUR 7.2bn mortgage loans were granted in 2022 to Belgian and Dutch households.
- Production of mortgages slowed down in the second half of 2022, in line with market evolution.
 - As a result, Argenta's market share for Belgian mortgages remained stable at 6.6%.
 - In The Netherlands, the market share was 2.1%.
- The speed at which interest rates increased, triggered a material shift towards higher pricing.

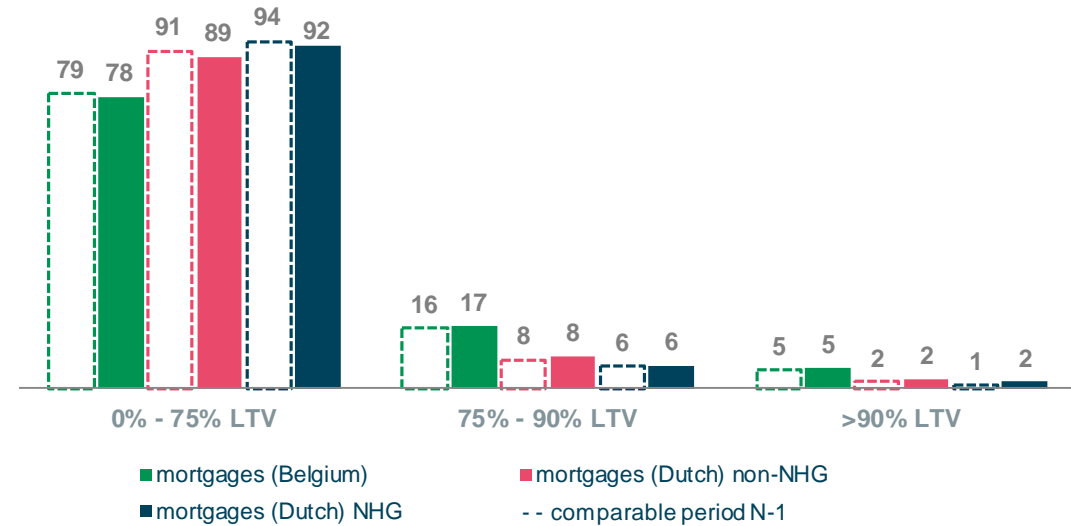
High-Quality Loan Book dominated by Mortgages

Composition of loan book (%)



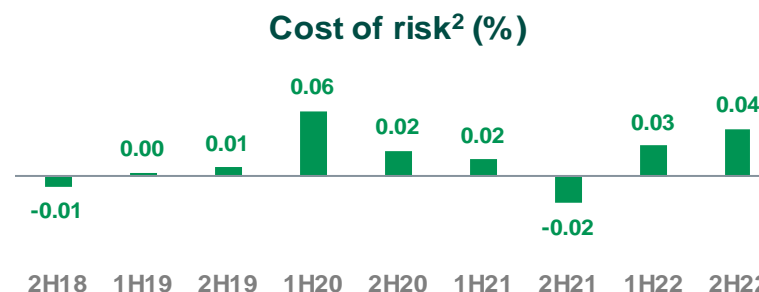
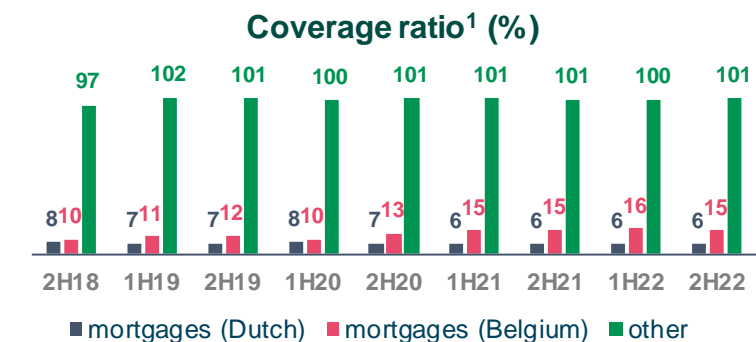
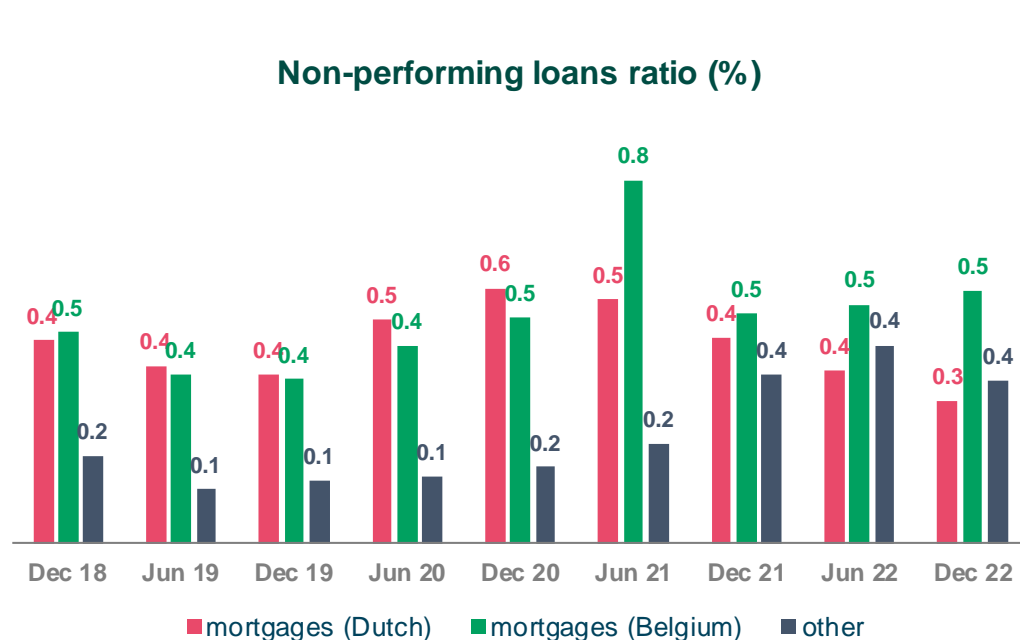
- mortgages (Dutch) NHG
- mortgages (Dutch) non-NHG
- mortgages (Belgium)
- other

Indexed loan-to-value mortgage loan book (%)



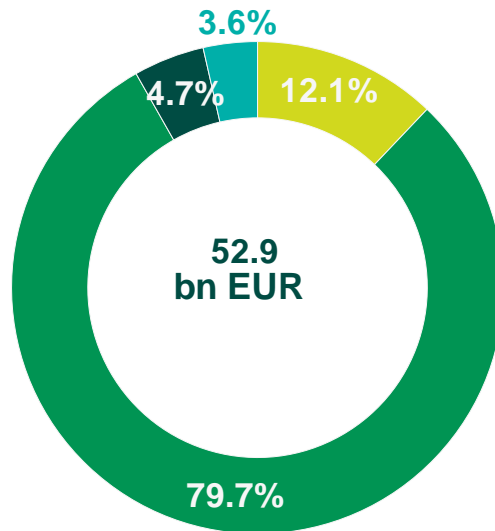
- Per 31/12/2022, 96% of the total loan book consisted of mortgage loans in Belgium and the Netherlands. The remaining 4% were consumer loans, loans to local and regional governments and public-private partnerships.
- The share of non-NHG¹ mortgages in the Netherlands increased further YoY from 53% to 58%.
- Average LTVs continued their declining trend, spurred by house price indexation and amortization. The total average portfolio-LTV decreased from 56% to 53%.

Risk indicators remained low despite changed market sentiment



- Slight increase in cost of risk mainly driven by stage 1 and 2 impairments based on a worsened economic outlook.
- Nonetheless, NPL-ratios remain stable at low levels, and the average coverage ratio of 15% again reflects the high quality of the prime mortgage collateral.

Funding and Liquidity Position



- Wholesale Funding
- Retail Funding
- Equity
- Other

In %	Jun 21	Dec 21	Jun 22	Dec 22
Liquidity coverage ratio ¹	160	164	197	186
Net stable funding ratio ²	146	145	145	142

- Strong liquidity position, well above regulatory limits for both LCR and NSFR.
 - LCR remains high due to an excess cash position from 4 wholesale issuances and large inflow of cash collateral.
 - The NSFR decreased slightly compared to H1 '22 due to the increase in loans on the balance sheet.
- Retail deposits remained by far the most dominant funding source.
- Argenta further developed its range of wholesale funding by introducing a Green Bond programme in Feb '22. Two issues from this programme were brought to the market for a total amount of EUR 1.1bn.

Covered Bond Rating

S&P Covered Bond Rating

Expected Covered Bond Rating	AAA
Issuer Rating	A
Rating Leeway	4 notches
Systemic Importance	Very Strong
Legal Framework	Very Strong
Resolution Regime Uplift	+ 2 notches
Jurisdictional Support Uplift	+ 2 notches
Collateral Support Uplift	Up to 4 notches



2. Underwriting & Servicing

Belgian Mortgages

Underwriting Criteria for Belgian Mortgages

Repayment Criteria⁽¹⁾

Available Income (AVI)

The AVI is the difference between net income and financial costs:

- The full financial situation must be known when assessing the loan application
- All income (wages, rental income, additional fee, etc.) must be demonstrated and expenditures declared
- AVI: min EUR 1,100 for single applicants
- AVI: min EUR 1,500 for 2 applicants living together
 - + EUR 400 per additional resident applicant

Debt Service to Income (DSTI)

- Max 50 % excl, bridge loan
- Max 60% incl bridge loan

LTV⁽¹⁾

Loan to Value

- In general max 100% → lower max of 80% for certain categories like investment properties and bridge loans
- Requirements NBB (see slide 17)

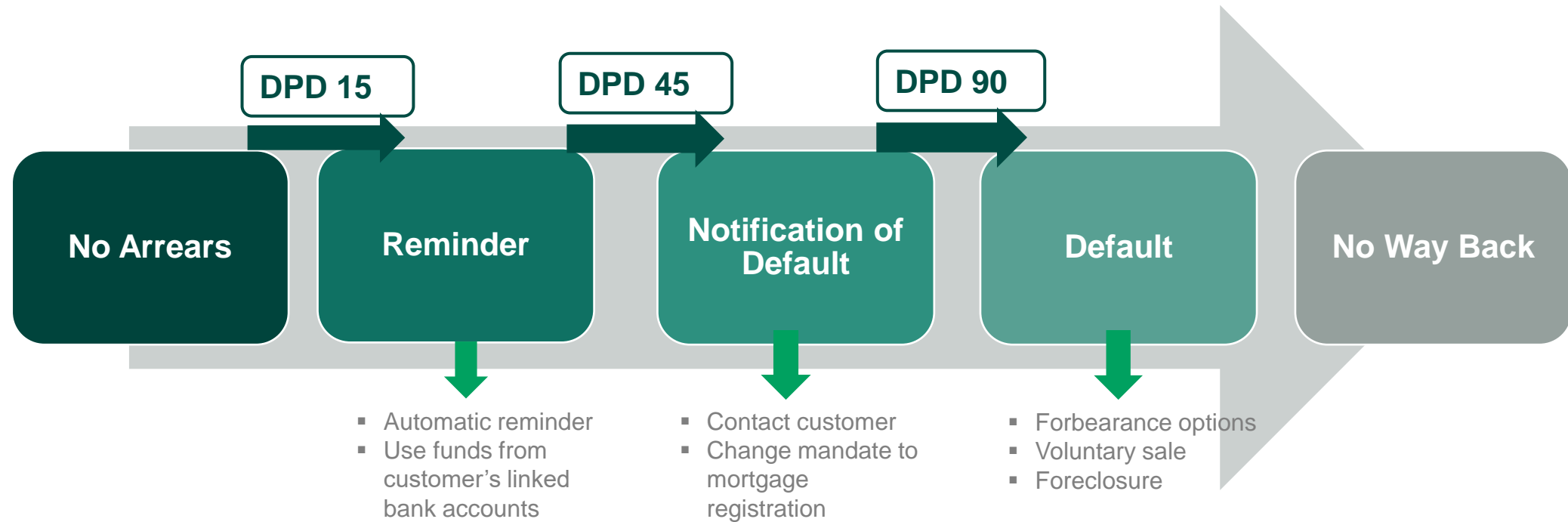
- Collateral is always located in Belgium

NBB – Guidelines

- As of 1/01/2020, the NBB has announced new prudential guidelines for Belgian banks and insurance companies that grant mortgage loans
- More cautious about granting loans with a very high loan-to-value ratio (particularly Buy-to-Let)
- The NBB has set thresholds for a series of indicators to serve as benchmarks for granting a mortgage loan
- Argenta submits an annual report approved by the management committee and the board of directors, confirming that they meet the guidelines of the NBB

Guidelines			
	Type of Loan	Threshold	Tolerance Margin ⁽¹⁾
LTV Limits ⁽²⁾	Buy-to-Let	80%	10% (with 0% > 90%)
	Owner Occupied	90%	First Time Buyers: 35% (max 5% > 100%) Other: 20% (with 0% > 100%)
Limits for Pockets of Risk ⁽²⁾	All Loans	LTV > 90% and DSTI > 50%	5%
		LTV > 90% and DTI > 9	5%

Arrears / Default Management (1/2)



Arrears / Default Management (2/2)

Forbearance

- Possible forbearance options for the customers are:
 - Internal refinancing of the outstanding balance
 - Extension of the term of the contract
 - Additional payment schedule in order to pay amount in arrears
 - Deferred payment

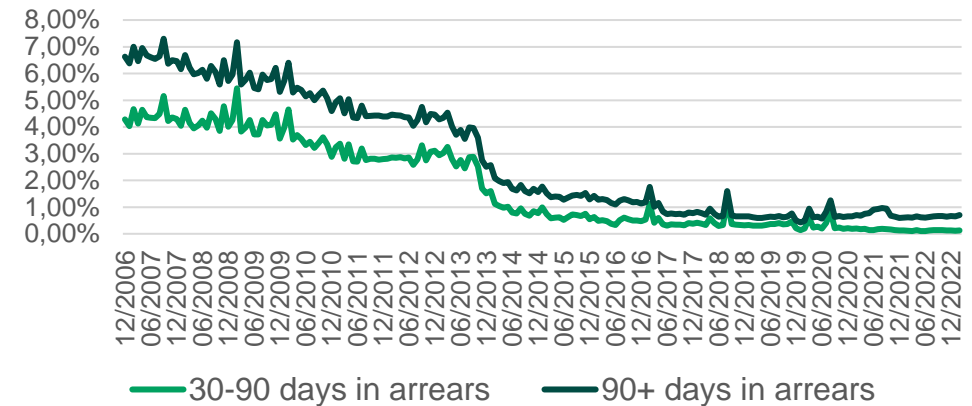
No Way Back

- A voluntary sale is the most common solution
- When no solution for the payment problems can be reached with the customer, a possible outcome is foreclosure
 - Customer does not want to sell the property voluntarily
 - Legal proceedings in co-operation with lawyer and bailiff
 - There are legal and administrative costs
- If the proceeds of the sale do not cover the entirety of the outstanding balance, a payment plan with the customer is set up or the residual debt is written off

Arrears

- More prudent acceptance criteria and regulatory measures are the reason for the decrease since 2006
- Stronger focus on early-collection from 2013

Arrears Data





3. European Covered Bonds (Premium) Programme

Amendments to the Belgian legal Framework

Tests Pursuant to the Belgian Framework (1/2)

85% Asset Coverage Test

The value of cover assets falling within one of 3 categories (residential mortgage loans, commercial mortgage loans, public sector exposures) must represent at least 85% of the nominal amount of the outstanding Covered Bonds

- The test prevents mixed asset covered bond programmes

105% Over-Collateralisation Test

The value of cover assets must represent at least 105% of the nominal amount of the outstanding Covered Bonds

- The test ensures a minimum OC of 5% at all times
- *Amendment: Correction for principal that was used to cover interest shortfall in the amortization test (Art 5 RD)*

Valuation of Residential Mortgages

- Minimum of:
 - The outstanding loan amount
 - 80% of the market value of the real estate
 - The amount of the mortgage inscription + mortgage mandate
 - The amount of the mortgage inscription divided by 0.6
- Value of 30+ days delinquent loans reduced by 50%
- Defaulted loans (i.e. 90+ days delinquent loans) have no value

Amendments to the Belgian legal Framework

Tests Pursuant to the Belgian Framework (2/2)

Amortisation Test

The sum of revenues (interest, principal and all other revenues) generated by the cover assets must be equal to or greater than the amount of interest, principal and costs related to the outstanding Covered Bonds and their management

Amendment: value of principal proceeds limited to the value of cover assets (Art 5 RD)

Liquidity Test

The cover assets must generate sufficient liquidity over a 6 month period or contain sufficient liquid assets to enable the issuer to meet all unconditional payments falling due during the following 6 months



Main Issuer Covenants

- The assets in the Special Estate will comply with the following covenants:
 - The Special Estate will mainly consist of **Residential Mortgage Loans**
 - The Special Estate will not contain any commercial mortgage loans or any residential mortgage loans with movable purpose, any RMBS, any CMBS or any other asset backed securities
 - The Residential Mortgage Loans will be **fully drawn**
 - The Residential Mortgage Loans have a current loan to current value ("**CLTCV**") **ratio of maximum 120%**
- **Over-Collateralisation Test:** the cover asset value of the Residential Mortgage Loans will at all times represent at least **105%** of the aggregate outstanding principal amount of the Mortgage Pandbrieven of all Series
- **Liquidity Test:** the Special Estate will at all times include liquid bonds that are ECB-eligible and credit quality step 1 to cover **interest due and payable** on the outstanding Mortgage Pandbrieven **within a period of six months**
- **Investor Reporting:** the issuer will provide **monthly investor reports** which will be made available on the website of the issuer at www.argenta.eu

Cover Pool Summary

Summary Table (Cut-off 31/03/2023)

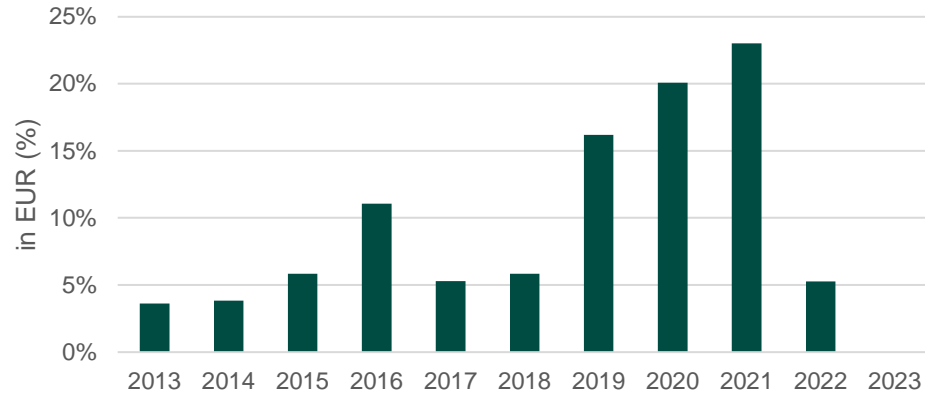
Cover Pool Notional	EUR 2,429,437,303
Cover Asset Value Residential Mortgage Loans	EUR 2,305,045,720
Number of Loans	27,326
Number of Borrowers	15,960
Weighted Average Initial Loan To Original Value (“ILTOV”)	76.96%
Weighted Average CLTCV	53.41%
Weighted Average Remaining Life (in years, CPR=0)	9.46
Interest Rate Type (Fixed / Resetable)	32.84% / 67.16%
Average Outstanding Balance per borrower	EUR 152,220
Weighted Average Interest Rate	1.70%
No Forex Risk	Only EUR denominated assets & liabilities
No Derivatives	Interest rate risk hedged through natural hedging and over-collateralisation
Arrears, Defaults and Payment Holidays	None at cut-off date



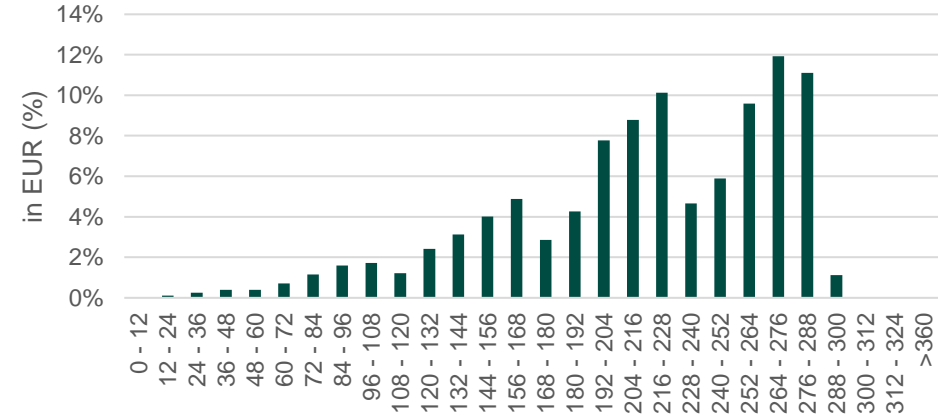
Annex a) Mortgage Loan Stratifications

Mortgage Loan Stratifications (1/2)

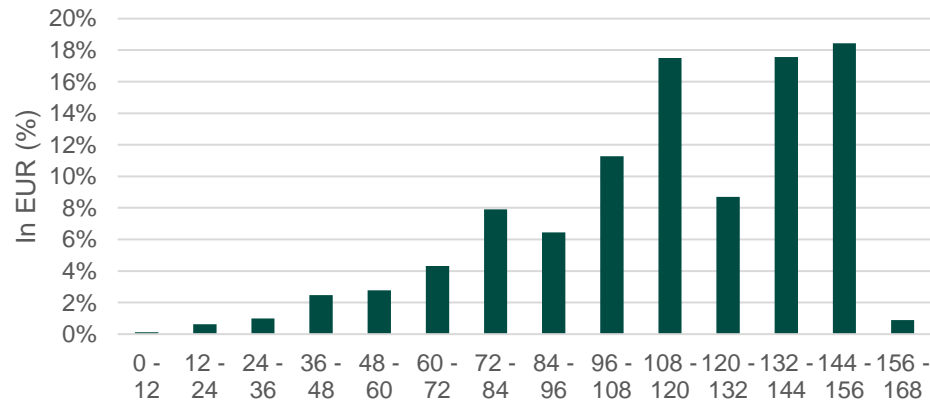
Origination Year



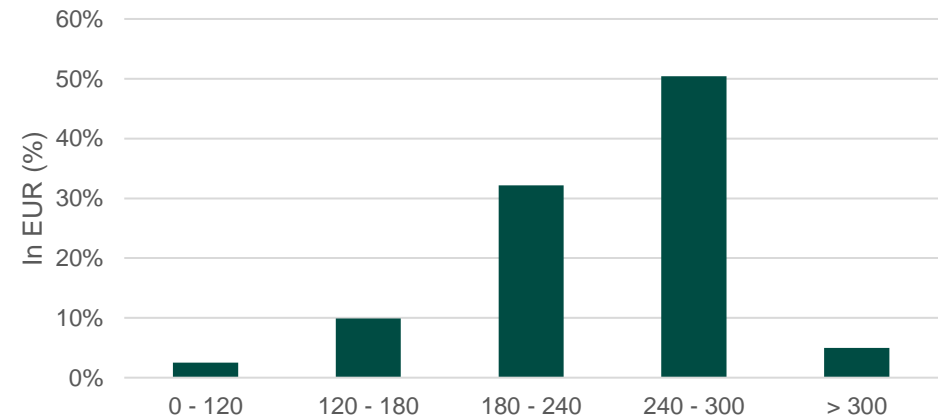
Remaining Term to Maturity (in months)



Distribution Average Life to Final Maturity

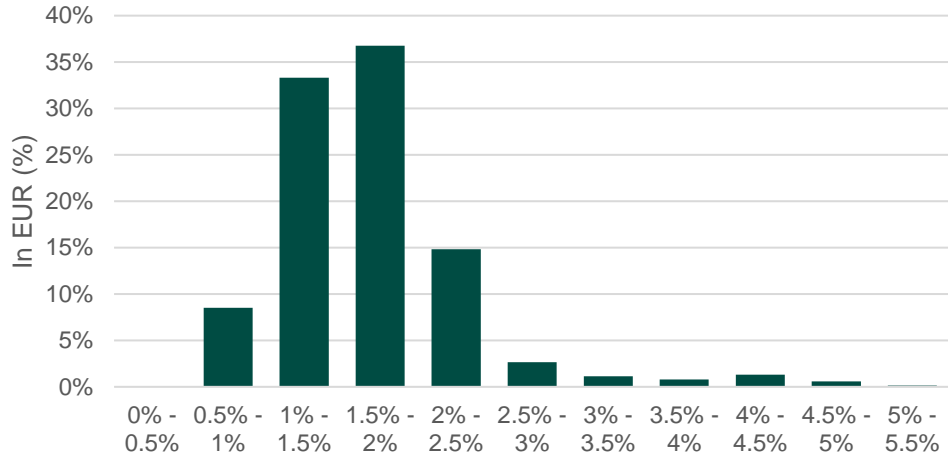


Initial Term to Maturity (in months)

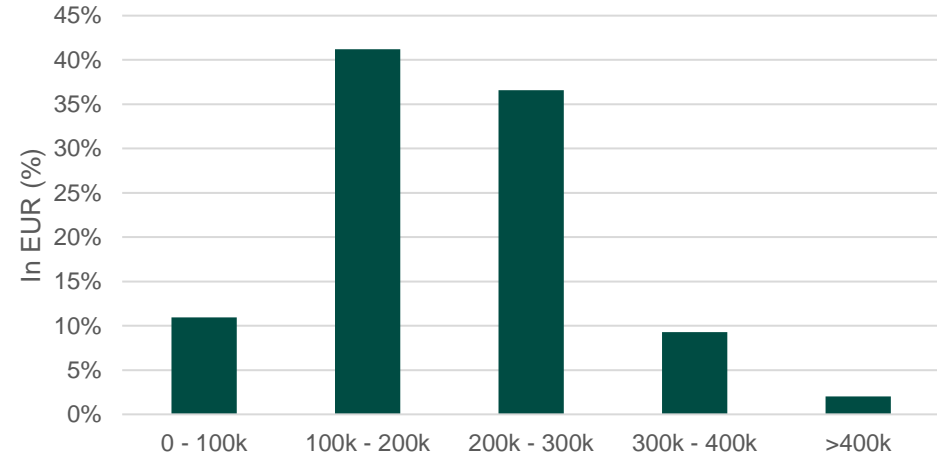


Mortgage Loan Stratifications (2/2)

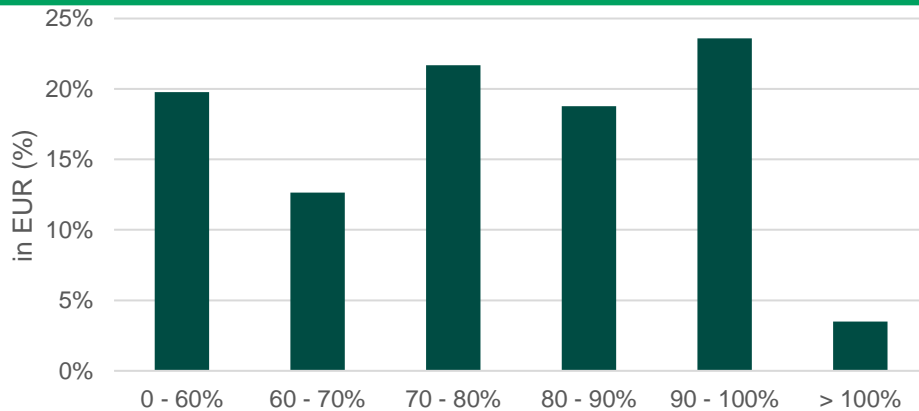
Interest Rate



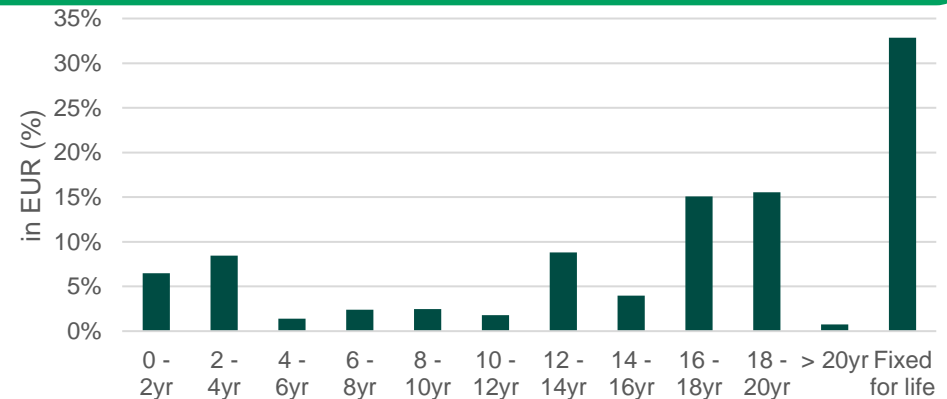
Outstanding Balance per Borrower



Original Loan to Initial Value



Next Interest Rate Reset

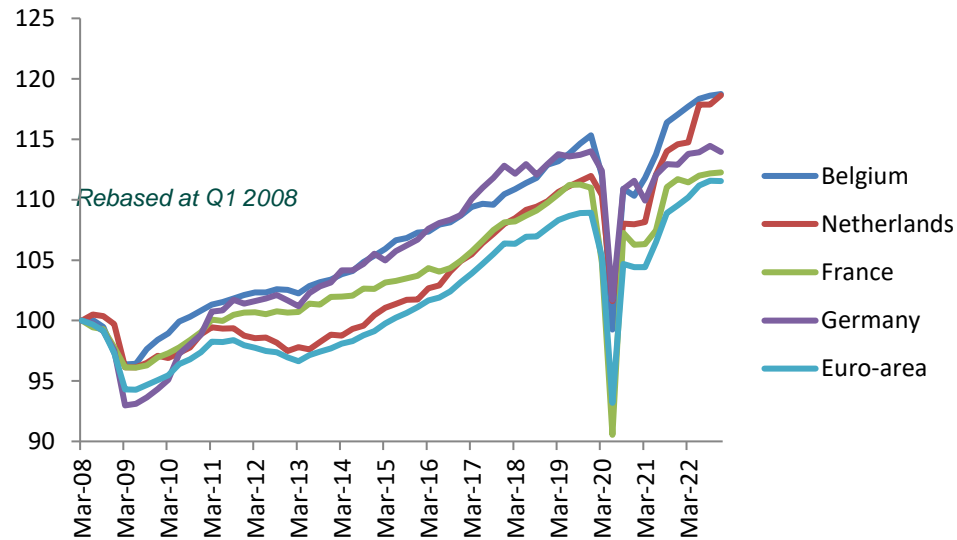




Annex b) Belgium and its Mortgage Market

GDP & Unemployment Rate

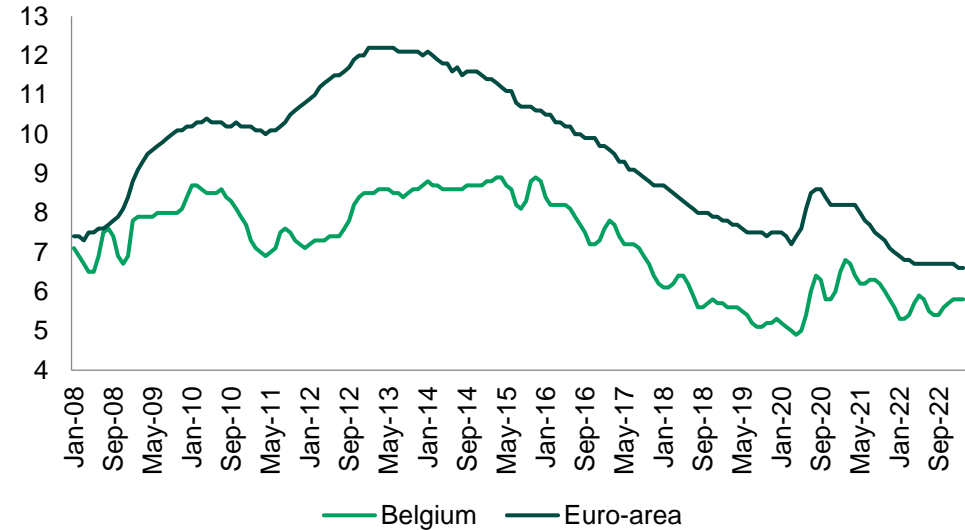
GDP Evolution since 2008



Source: Bloomberg

- The Belgian economy fully recovered and is well above the pre-pandemic levels

Unemployment Rate (%)

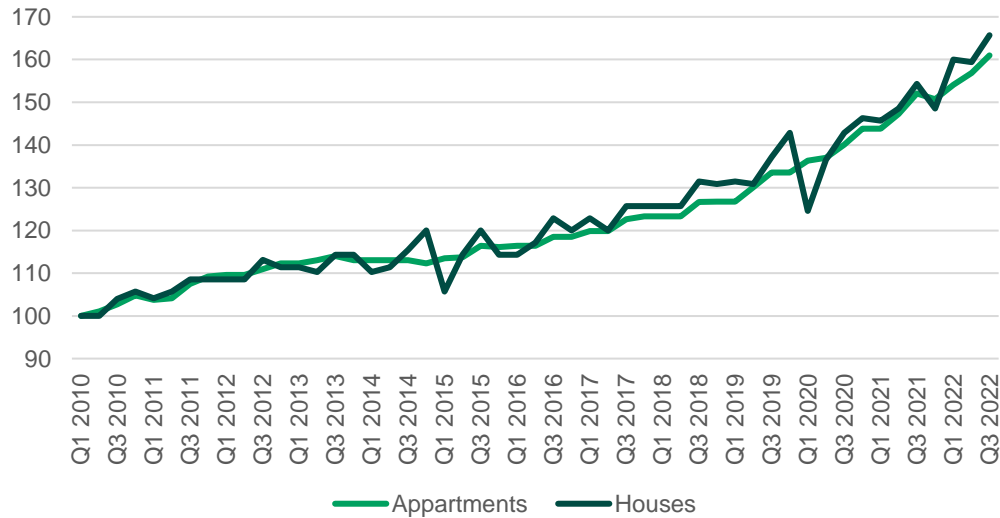


Source: Bloomberg

- The Belgian unemployment rate has over the past decade been well below the Euro Area average
- Despite inflation and tightened monetary policy, the unemployment rate remains at a low level

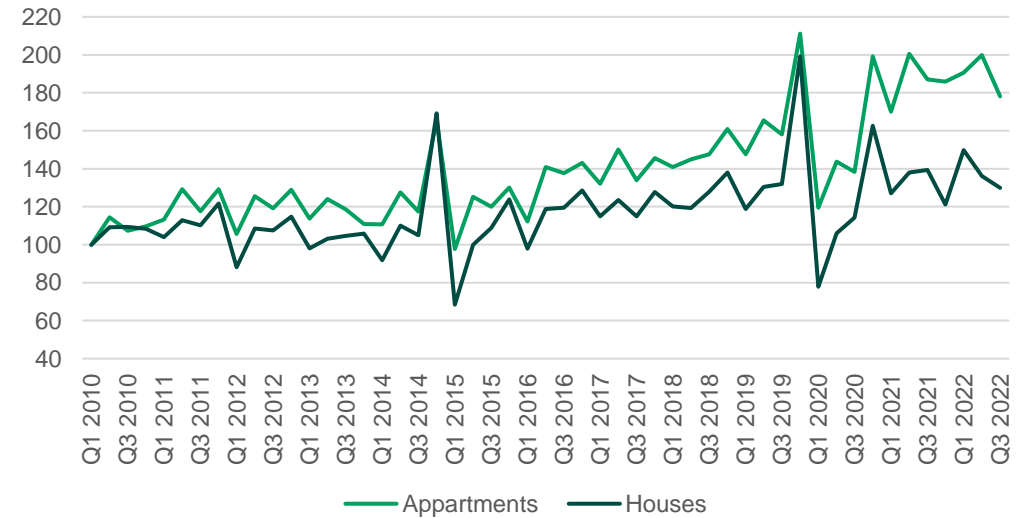
Belgian House Prices and number of transactions

Property Price Evolution



Source: Statbel.fgov

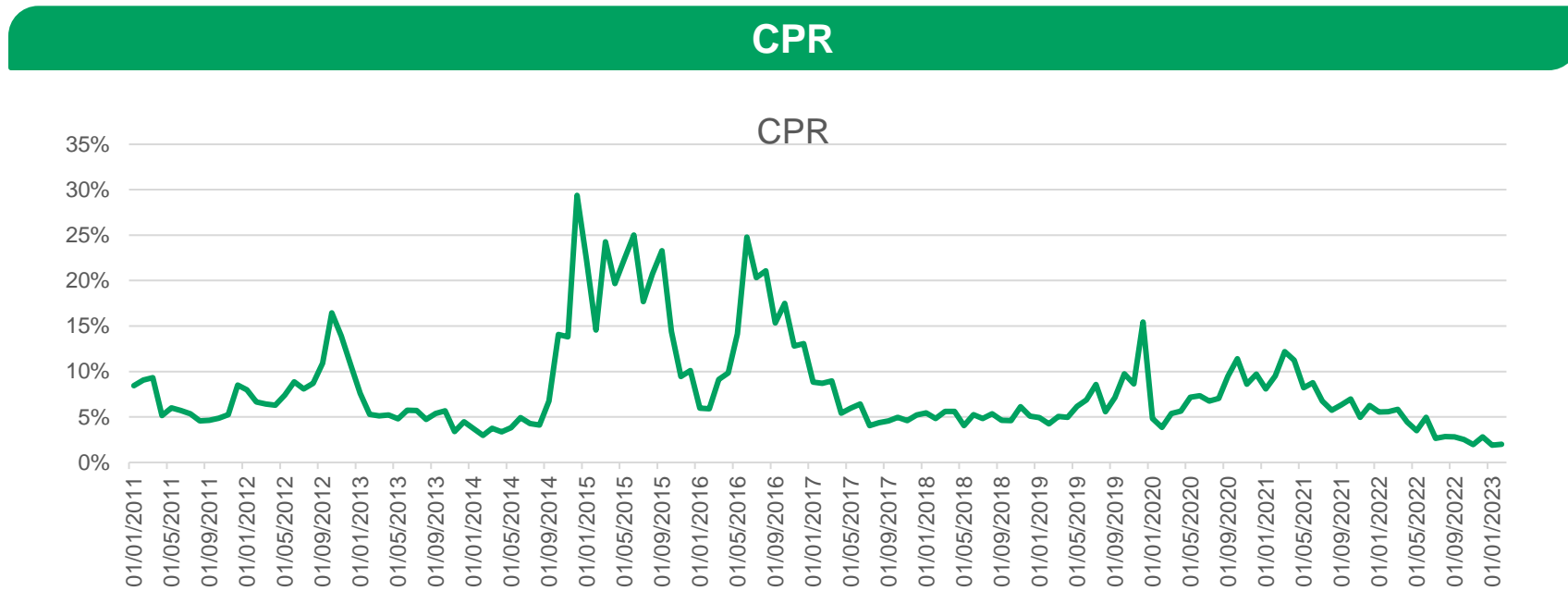
Number of Transactions Residential Real Estate



Source: Statbel.fgov

- The median property prices have increased steadily since 2010 on the back of scarcity of land availability and high levels of property ownership in Belgium
- High inflation and rising interest rates could have an impact in the future, however in 2022 no such impact is noticeable.

Belgian Mortgage Loan Prepayments



- By law the prepayment penalty is limited to 3 months of interest on the prepaid principal
- Due to increasing interest rates, CPR has declined in 2022



Annex c) Glossary

Glossary (1/2)

Argenta Assuranties	Consolidation scope of the legal entities Argenta Assuranties (parent) and Argenta-Life Nederland (branch).
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).
Common Equity Tier 1 ratio or CET 1	$[\text{common equity tier 1 capital}] / [\text{total weighted risks}]$
Cost of Risk or CoR	$[\text{net changes in specific and portfolio-based impairments for credit risks}] / [\text{average outstanding loan portfolio}]$
Cost/income or C/I	<p>$[\text{operating expenses of the period}] / [\text{financial and operational result of the period}]$</p> <p>Operating expenses include administration expenses, depreciation and provisions.</p> <p>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.</p> <p>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).</p>
Cost/income or C/I excl. Bank levies	$[\text{operating expenses of the period} - \text{bank levies of the period}] / [\text{financial and operational result of the period}]$
Coverage ratio	$[\text{total specific impairment provision for non-performing loans}] / [\text{total outstanding non-performing loans}]$
CRR	Capital Requirements Regulation
DSTI	Debt Service To Income $[\text{Sum of all debt payments}] / [\text{Gross Income}]$
DTI	Debt To Income $[\text{Total Outstanding Debt} / \text{Yearly Income}]$

Glossary (2/2)

IFRIC	International Financial Reporting Interpretations Committee
Leverage Ratio or LR	$\frac{[\text{regulatory available tier-1 capital}]}{[\text{total exposure measures}]}$. 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	$\frac{[\text{stock of high quality liquid assets}]}{[\text{total net cash outflow over the next 30 calendar days}]}$.
Loan-to-deposit or LTD	$\frac{[\text{loans-and-receivables}]}{[\text{customer deposits and customer debt certificates}]}$
Loan-to-value or LTV	$\frac{[\text{Outstanding loan amount}]}{[\text{Property Value}]}$
MREL	Minimum requirement for own funds and eligible liabilities
Margin on mortgages	Gross margin or $[\text{Client rate}] - [\text{Swap rate}]$
Net interest income or NII	$[\text{revenues generated by interest-bearing assets}] - [\text{cost of servicing (interest-burdened) liabilities}]$
Net stable funding ratio or NSFR	$\frac{[\text{available amount of stable funding}]}{[\text{required amount of stable funding}]}$
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	$\frac{[\text{total outstanding non-performing loans}]}{[\text{total outstanding loans}]}$
NPS	Net Promotor Score
Return on equity or RoE	$\frac{[\text{net profit of the period}]}{[\text{equity at the beginning of the period}]}$
RMBS	Residential mortgage-backed security
Total Capital ratio or TCR	$\frac{[\text{common equity tier 1 capital} + \text{additional tier 1 instruments} + \text{tier 2 instruments}]}{[\text{total weighted risks}]}$



Disclaimer

This document has been prepared by the management of Argenta Spaarbank NV (hereafter “Argenta Spaarbank”) and contains information with regard to the Belgian Mortgage Pandbrieven Programme of Argenta Spaarbank, the legal framework for Belgian covered bonds/Pandbrieven and information with regard to the results of Argenta Spaarbank for 2022. The financial statements are prepared in accordance with IFRS and the figures are audited.

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