

ARGENTA POSTS STRONG FIRST HALF-YEAR 2021 FIGURES

Antwerp, 26 August 2021

Argenta posts, for the first half of 2021, a consolidated net profit at group level of 143 million euros, as against 94 million euros for the first six months of 2020ⁱ.

'We are very satisfied with this first half. This attractive result reflects strong commercial performance, the strategic diversification of income sources, favourable developments in the financial markets and exceptional revenue items. Argenta's solvency and liquidity remain very robust. The recent floods will impact the second half-year results of both the bank and the insurer, but Argenta is keen to play its part here', says Argenta CEO Marc Lauwers.

The impact of the July floods in Wallonia, Limburg and Brabant has not yet been included in the figures for the first half of the year. On the insurance side, Argenta expects just under 900 claims. The portfolio in Wallonia is relatively small given the limited number of Argenta branches in that region. And while Argenta has a large number of branches and customers in the Leuven - Limburg region, the damage caused by the flooding there is less severe. Argenta always puts the customer first. This is expressed currently in a very correct settlement of the claim files, with Argenta assisting customers who have suffered losses from the floods as well and as speedily as possible. About 800 claims files have been opened so far: in 15% of these files the customer has been fully compensated by now, in 20% of the files a down payment has been made while waiting for the final settlement, and in 65% of the files we have to wait 1 month after the date for additional information from the customer such as specifications and invoices. Priority was naturally given to the most urgent files. The total loss recorded so far for **Argenta Assuranties** amounts to EUR 9.1 million with a net profit of EUR 5.8 million.

On the lending side, Argenta is also developing a tailor-made proposal for its mortgage loan customers who have been affected by the flooding.

In the first half of 2021, the corona pandemic continued to strongly mark the social and economic environment. Even so, a sense of new-found freedom prevails thanks to the vaccination campaigns that are running at full capacity. This is leading to optimism and a revival of the economy.

At Argenta, this is reflected in a strong increase in the number of home loans in Belgium and the Netherlands. Argenta customers are also increasingly investing in investment funds and investment savings plans. From now on we no longer advise on funds from external providers. Since 2018, the volume of funds under own management has increased significantly. These already represent over 90 percent of the funds purchased, in a market where we have seen volumes grow dramatically over the past two to three years. In the meantime, we have built up sufficient track record and maturity to focus fully on our own management', says Argenta CFO Geert Ameloot.

Argenta achieves strong financial results in the first half of the year

Argenta Bank- en Verzekeringsgroep recorded a net profit of EUR 143 million in the first half of the year, EUR 49 million higher than in the same period in 2020ⁱ.

This strong result is driven by good commercial performance and increasing income diversification, but also by the favourable evolution of the financial markets, which impacts the market value of the equity portfolio and the market valuation of the hedging transactions. In addition, Argenta Assuranties' technical income includes an extraordinary income item in the form of a non-recurring reserve release of EUR 12 million.

This together gives a return on equity of 9.2%. Without the one-off effects, this would be 7.4%.

Total assets under management rose further to EUR 55.6 billion (+ 6.2%). Customer interest in our bank and insurance funds remains high, with a net production of almost EUR 1.0 billion, especially in Argenta's own funds, investment insurance and investment savings plans. This generated a fee portfolio totalling EUR 12.7 billion, boosting the net fee result to 15% of operating income. Argenta's growing market share in asset management demonstrates that its simple, transparent and reliable approach pays off and is appreciated by customers. In addition, outstanding savings and current account balances also increased by EUR 1.3 billion to EUR 37.4 billion.

The net profit of **Argenta Spaarbank** moved up in the first half of 2021 to EUR 86 million, compared with EUR 67 million in the first half of 2020ⁱ.

The liquidity position and capital base remain very strong, as also confirmed by the recent ECB stress tests. Here, in a fictitious and highly unfavourable economic stress scenario, Argenta Spaarbank maintained a CET1 core capital ratio of 18.0%, compared with a CET1 core capital ratio of 23.7% in normal circumstances. This positions Argenta Spaarbank at the top of the list of Europe's best capitalized banks.

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The ongoing low interest rate environment continues to place pressure on net interest income, but this is largely offset by the growing mortgage portfolio. In the first half of the year, a record EUR 4.2 billion in mortgage loans were disbursed in Belgium and the Netherlands. On top of this, interest costs are reduced by the further diversification of our financing sources through issues to institutional investors. These included, in February, a first successful EUR 500 million issue under the covered bond programme.

The result from private asset management rose by 34% to EUR 95 million owing to higher income from banking funds. The bank funds portfolio grew in the first half of the year by 19% to EUR 11.1 billion.

The launch of the account payment packages in February went ahead smoothly. As expected, around 80% of customers opted for the free green payment package, with the remainder opting for the paying Silver and Gold payment packages in line with their user profiles. Argenta's Silver account payment package amply meets the universal banking service requirements on which the federal government and Febelfin reached agreement on 20 July. Argenta's Silver payment package remains well below the cost price imposed by the accord and offers a wider range of banking services.

Administrative costs decreased slightly compared to the first half of 2020 as a result of strict cost management. Bank levies are rising sharply with the continued deposit growth. At Aspa, the cost-income ratio decreased further to 61%.

Argenta Assuranties achieved a net profit of EUR 49 million, compared with EUR 31 million in the first half of 2020.ⁱⁱ This result is positively influenced by an exceptional reserve release of EUR 12 million in the Non-Life segment. Premium income was EUR 203 million in the Life segment and EUR 96 million in the Non-Life segment.

THIS PRESS RELEASE CONTAINS UNAUDITED FIGURES

Argenta Bank en verzekeringsgroep nv
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p. 3 of 6

Overview of the results of Argenta Spaarbankⁱⁱⁱ

Income statement (consolidated) Argenta Spaarbank (in EUR millions)	1H 2020	1H 2021
Net interest income	287	284
<i>Interest income</i>	406	401
<i>Interest expenses</i>	-119	-118
Fee and commission result	-9	9
<i>Asset Management Income</i>	71	95
<i>Commissions to agents and other fee result</i>	-80	-86
Financial gains and losses	3	3
Financial and operating income and expenses	281	295
Operating expenses	-130	-128
Depreciation	-14	-13
Bank levies	-77	-86
Other income	10	7
Administrative expenses and depreciation*	-211	-220
Impairment losses	-15	2
Modifications	-3	0
Profit before taxes	52	76
Taxes	-14	-23
Net profit	39	53
Adjusted net profit ⁱ	67	86
<i>ROEⁱ</i>	6.4 %	7.5%
<i>Cost/Incomeⁱ</i>	63%	61%

* The presentation method is based on an economic reality, there may be shifts in the income statement compared to the standard IFRS presentation.

Main elements in the first half 2021 result:

- Adjusted net profitⁱ of EUR 86 million and return on equity of 7.5%.ⁱ
- Net interest income of EUR 284 million with a net interest margin of 1.21%. In a declining interest rate environment, the NII held firm as a result of strong mortgage production and the decrease in interest costs due to the further diversification of financing sources. Prepayment fees Dutch mortgages repaid prior to maturity remain high, just like last year.
- A record amount of mortgages were granted in the first half of the year: EUR 2.5 billion in Belgium (+156%), and EUR 1.7 billion in the Netherlands (+62%).
- Revenues from asset management activities increased strongly owing to an increasing share of management fees and higher entry costs paid as a result of strong commercial performance. At end-June 2021, total investment products under management amounted to EUR 11.1 billion at the bank.
- Operating costs have fallen thanks to strict cost management without compromising the necessary further investments in digital, ICT and personnel. The recurring cost-income ratio decreased to 61%.ⁱ
- The impairment charge of EUR 15 million recorded in the first half of 2020 in response to the Covid-19 situation was not repeated in the first half of 2021.

Overview of Argenta Spaarbank balance sheet³

Main balance sheet items (consolidated)	31 Dec	30 June
Argenta Spaarbank (in EUR millions)	2020	2021
Balance sheet total	46,232	47,756
Loans and advances to customers	34,624	35,968
Financial assets (at amortised cost)	3,650	3,749
Financial liabilities (at fair value)	3,667	3,626
Deposits from customers and debt securities	38,319	39,484
Securitisation issues and debt certificates issued to institutions	4,140	4,576
Equity	2,288	2,333
Selected ratios		
Solvency		
<i>CET-1</i>	23.3%	22.7%
<i>Leverage</i>	4.9%	4.8%
Liquidity		
<i>Net Stable Funding Ratio (NSFR)</i>	136%	146%
<i>Liquidity Coverage Ratio (LCR)</i>	159%	160%
Credit risk (loans and receivables)		
<i>Cost-of-risk ratio</i>	0.04%	0.02%
<i>Non-performing credit ratio</i>	0.52%	0.65%
<i>Coverage ratio</i>	11.65%	13.15%

Main changes in the balance sheet during the first half of 2021:

- The balance sheet total rose by 3.3% to EUR 47.8 billion. Liabilities increased with a EUR 1.2 billion increase in current accounts and customer deposits.
- On the asset side, the customer loan portfolio grew by a strong EUR 1.3 billion to EUR 36.0 billion.
- This strong credit growth has the effect of slightly lowering the CET-1 leverage ratios, but solvency remains very strong. The MREL^{IV} ratio is 8.09% compared with an intermediate minimum requirement of 7.16% for Argenta Spaarbank that will apply from 2022 onwards, while the MREL subordinated ratio is 7.00% compared with an intermediate minimum requirement of 6.41%.
- In addition to Argenta's strong solvency, the liquidity position is also solid with an LCR of 160% and NSFR of 146 %.
- The quality of the loan portfolio remains high, with a cost-of-risk reducing back to 0.02% after the corona crisis.

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Key indicators - Argenta Group

Overview (consolidated) Argenta Group (in EUR millions)	1H 2020	1H 2021
Financial and operating income and expenses	364	408
Administrative expenses and depreciation	-258	-269
Impairment losses and adjustments	-21	4
Taxes	-22	-38
Net profit	62	104
Adjusted net profit ⁱ	94	143
<i>ROEⁱⁱ</i>	6.8%	9.2%
<i>Cost/Incomeⁱⁱⁱ</i>	59%	54%

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.

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

ii In accordance with BGAAP

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)