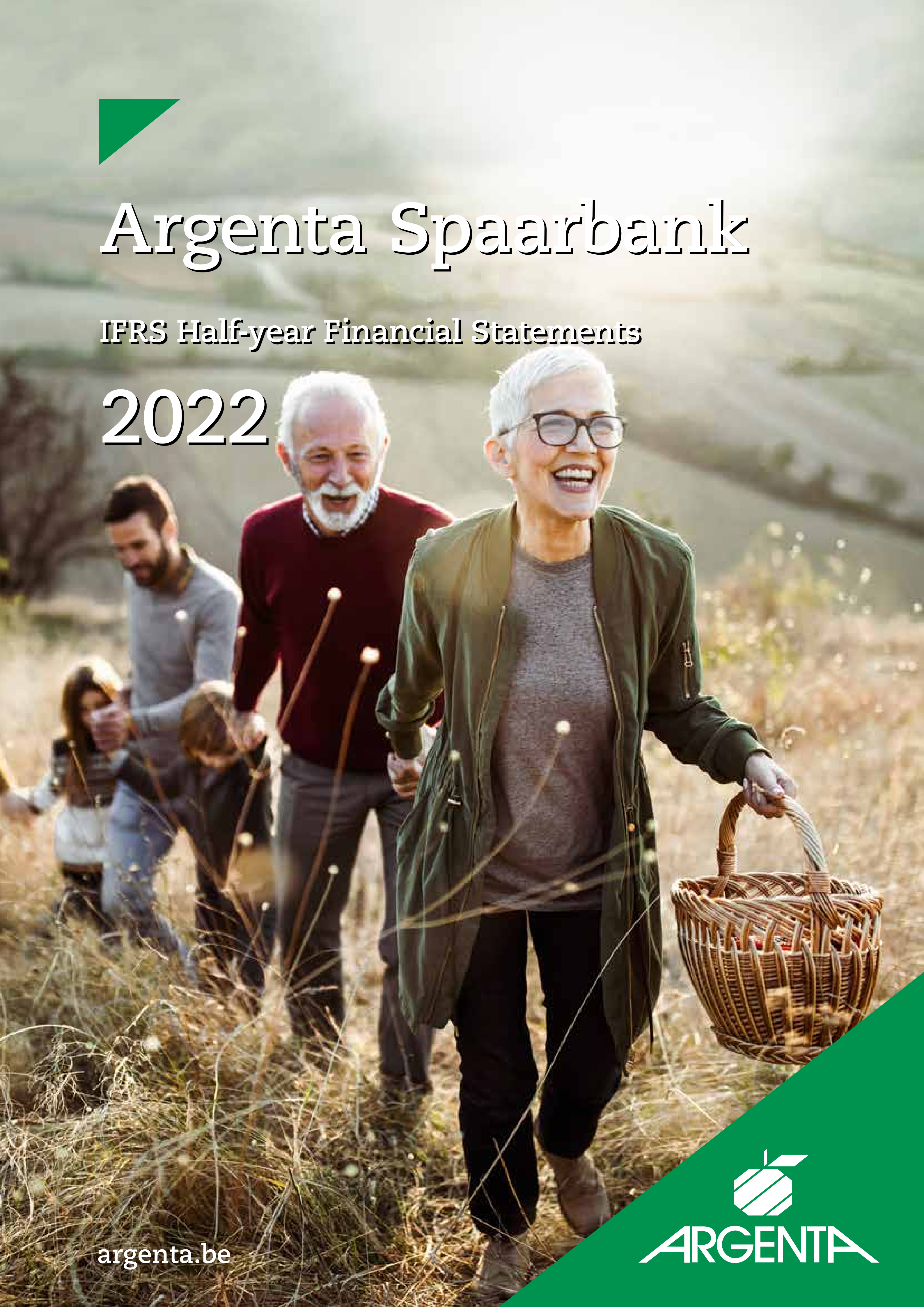
Argenta Spaarbank

IFRS Half-year Financial Statements

2022



argenta.be

ARGENTA

Table of Contents

Condensed consolidated interim financial information of Argenta Spaarbank nv* for the first six months of the current financial year 2022, prepared in accordance with IAS34 as adopted by the European Union.

The IFRS financial statements and tables are in EUR, unless otherwise explicitly stated in the table in question.

*Argenta Spaarbank nv (hereinafter 'the Company, abbreviated to 'Aspa') is registered in Belgium under Belgian law. Its legal form is that of a public limited liability company that has made a public appeal to the savings system (statutory Belgian credit institution).

Management certification of condensed consolidated interim financial statements and half-year report

'I, Geert Ameloot, Chief Financial Officer, certify on behalf of the Board of Directors that, to the best of my knowledge, the condensed consolidated interim financial statements included in the half-year report are based on the relevant accounting standards and fairly present in all material respects the financial condition and results of Argenta Spaarbank nv including its consolidated subsidiaries, and that the half-year report provides a fair view of the main events, the main transactions with related parties in the period under review and their impact on the condensed consolidated interim financial statements'.

Report on the first six months

Economic developments

After the severe economic burden of the global pandemic, the end of 2021 and the first quarter of 2022 started with a pronounced economic recovery.

The second quarter of 2022, however, was dominated by the war in Ukraine following the invasion by Russia in February, which resulted in immense human suffering up to today. We therefor express our solidarity towards all victims of this conflict.

This inhumane war also led to widespread disruption and volatility in the financial markets. Although Aspa does not have direct exposure to Ukraine, Russia or Belarus, we expect this situation to continue to affect the economy and financial markets and further strengthen the inflationary pressure in the coming period.

As of June 2022, consumer price inflation reached levels of 8.6% in the Euro area, which has led to measures from most central banks in the first half of 2022. The ECB had initially taken a more hesitant approach and finally started to taper the expansionary monetary policy with the reduction of its bond buying program and the first rate hike with 50 basis point during their July 2022 meeting. Simultaneously the ECB announced that rates would be raised again in the near future.

Despite the geopolitical and economic developments, Argenta successfully continued to manage the day-to-day services to its customers. Meanwhile, Argenta continued its efforts and investments in order to realise its strategic goals.

Key figures

The first half of 2022 has been commercially strong and resulted in a net profit of EUR 37.3 million (EUR 53.5 million 1H2021), return on equity of 5.9% and a cost-income ratio of 49.1% (excluding bank levies).

The table below gives the Company's key figures.

	31/12/2021	30/06/2022
Return on equity	7.9%	5.9%
Return on total assets	0.37%	0.27%
Cost-income ratio (excluding bank levies)	46.8%	49.1%
Cost-income ratio (including bank levies)	60.7%	63.5%
Common equity tier 1 ratio (unaudited)	21.6%	22.4%
Total capital ratio (unaudited)	21.6%	22.4%
Leverage ratio (unaudited)	4.9%	4.2%
Liquidity coverage ratio (unaudited)	164%	197%
Net stable funding ratio (unaudited)	145%	145%
Minimum requirement for own funds and eligible liabilities	8.1%	8.0%

In calculating the cost-income ratio, the amounts recovered under cost sharing arrangements with the other group companies that are included under other operating income, are allocated to the relevant other administrative costs and to expenses related to commissions and fees. Return on equity, return on total assets and cost-income ratios are adjusted to take into account the upfront recording of bank levies (excluding IFRIC 21).

Evolution of the balance sheet

The balance sheet total grew by 6.5% (EUR 3.15 billion) to EUR 51.89 billion.

Cash, cash balances at central banks and other demand deposits increased between December 31 and June 30 by 3.8% (EUR 0.13 billion). Part of the excess liquidity is held with the ECB in anticipation of reinvestment in mortgage loans or debt securities.

Investments in debt securities increased by 25.3% (EUR 1.86 billion). The portfolio consists of EUR 3.7 billion stated at fair value with value adjustments recognised through other comprehensive income, and EUR 5.4 billion accounted for at amortised cost. Finally, there is a limited portfolio of debt securities that IFRS standards require to be measured at fair value through profit or loss. The debt securities portfolio, together with cash balances at central banks are primarily held for liquidity purposes.

In the first half of 2022 additional liquidity was collected with the inflow of cash collateral and the issue of wholesale funding via a green senior non preferred note (for MREL purpose) and an additional covered bond note. A significant part of this inflow was invested in debt securities, the remainder was kept with the ECB. The fair value recorded in other comprehensive income on the FVOCI portfolio decreased with EUR -164.55 million (before micro hedge and tax) in 2022 due to the upwards correction of the interest rate curve.

	31/12/2021	30/06/2022
Non-trading financial assets mandatorily at fair value through profit or loss	41,200,393	37,233,216
Financial assets at fair value through other comprehensive income	3,726,459,358	3,720,660,717
Financial assets at amortised cost - debt securities	3,576,533,053	5,445,408,555
Total securities portfolio	**7,344,192,804**	**9,203,302,487**

The portfolio of loans and receivables increased from EUR 37.00 billion as of 31 December 2021 to EUR 38.31 billion, primarily driven by the mortgage loan portfolio which increased by 4.5% (EUR 1.58 billion). Mortgage production in Belgium and the Netherlands was higher compared to the previous period. Retail lending continued to grow at a good rate since activity in the housing market remained relatively high. Lower notary fees in Belgium as from 2022 have induced clients to postpone the finalization of mortgages in 2021 and shifted production to the beginning of this year.

	31/12/2021	30/06/2022
Financial assets at amortised cost - loans and advances	36,995,857,204	38,309,902,313
of which mortgage loans	35,140,728,956	36,719,031,543

Financial liabilities measured at amortized cost increased overall by 7.8% or EUR 3.57 billion.

The deposits form credit institutions increased due to the receipt of cash collateral related to derivatives, as all derivatives contracts are covered under credit support annexes (CSA) and are subject to the exchange of variation margin. As the fair value of the derivatives increased significantly, this resulted in an inflow of collateral.

The Company continues to diversify its funding by raising non-retail funding. Under the EMTN programme EUR 0.60 billion green senior non preferred note was successfully issued at the beginning of February and an additional covered bond for EUR 0.50 billion was issued in March, partially compensated with repayments for EUR -223.90 million of the residential mortgages backed securities. The growth of retail funding continued (EUR +1.48 billion) with an underlying increase on savings accounts partly compensated by the decrease of term products (term accounts).

	31/12/2021	30/06/2022
Deposits from central banks	258,262,863	256,968,093
Deposits from credit institutions	49,268,441	1,320,624,887
Deposits from other than central banks and credit institutions	40,280,069,046	41,760,203,896
Senior debt securities issued, including saving certificates	4,847,904,930	5,661,447,174
Subordinated debt securities issued	0	0
Other financial liabilities	93,169,126	100,332,115
Financial liabilities at amortised cost	**45,528,674,405**	**49,099,576,164**

Elements (drivers) of the result

The Company's profit (EUR 37,261,030 with the application of IFRIC 21 (levies) and EUR 71,188,689 without application of IFRIC 21) has decreased as a result of lower net interest income, higher operating expenses and bank levies and higher levels of impairments, in part compensated by higher net fee and commission income and higher net gains from hedge accounting.

Net interest income remains the main revenue driver but declined (EUR -30.4 million) stemming from a growing mortgage and investment portfolio, but at declining yields as the higher levels of refinancing of prior periods are reflected in interest income and the incorporation of the recent increase in interest rate curve in the yield is naturally lagging (as the credit pipeline is transformed in lending exposure). Prepayment levels and fees are still higher than average but below the levels of 2021. Funding cost (excluding derivatives) declined further as subordinated Tier 2 debt securities and term deposits are replaced by issuances of wholesale funding and by retail savings deposits at low funding cost. The increase in interest expenses on derivatives is mainly the result of the negative impact of the fair value of the time value of hedging swaptions for EUR 25.6 million and to a lessor extent the increase of outstanding hedging derivatives compared to the first half of 2021.

Net fee and commission income related to assets under management and distribution commissions from investment fund products increased compared to the first half of 2021. Market turmoil in the first half of 2022 led to a decrease in asset under management, nonetheless strategic focus on investment products led to continued high production. Commission expenses, mainly consisting of the compensation to the tied independent agents, decreased following modifications to the compensation agreement.

Gains and losses from hedge accounting are up with EUR 21.0 million as the rapidly increasing interest is reflected in the fair value of the hedging derivatives and hedged items, and basis spread between the interest rate curves used (for the valuation of the derivatives and the hedged items) increased.

The increase in administration expenses is driven by inflationary pressure on staff expenses, increased IT expenses, expenditures to comply with various regulatory requirements and professional fees (including legal, tax and general consulting expenses). Bank levies increased further as the retail funding base expands.

Net impairments amounted to EUR -7.4 million in the first half of 2022. These reflect, among other things, the growing outstanding portfolio for both retail and non-retail exposures, and in particular for retail exposures the impact of inflationary pressure (resulting in a significant increase of credit risk for clients vulnerable to inflation) and expected downward pressure on housing prices. For non-retail the macro-economic scenarios used for the estimation of probability of default were more pessimistic compared to the expectations at the end of 2021.

Ukraine war

Both retail and non-retail portfolio's have been screened for direct exposures and exposures that can potentially be affected by indirect effects stemming from the conflict. The indirect effects identified relate to increase in energy and commodity prices and supply-side shortages, which were already stressed, resulting in inflationary pressure, upward pressure on interest rates, volatility on financial markets, lower growth prospects and concerns about the creditworthiness of counterparties active in specific economic sectors.

In the non-retail portfolio, Argenta does not have direct exposure to Ukraine, Belarus and Russia. A screening to identify counterparties that can be effected by indirect effects was performed, focusing on identifying activities and operations of counterparties which are vulnerable to revenue impact or asset impairment, or commodity price shocks and supply disruptions. As a result of this screening one counterparty was added to the watchlist and migrated to stage 2 (exposure of EUR 20 million).

In the retail portfolios, clients with Ukrainian, Russian or Belarusian citizenship were screened and, although limited, are being monitored by compliance. As per loan acceptance standards, the mortgage loans granted are used for financing Belgian or Dutch real estate, so therefore there are no retail exposures in the countries concerned. Regarding the impact of second order effects such as increasing energy costs and inflation, the mortgage portfolio was screened for potential risks and mortgage loans which feature weak energy labels in combination with high debt-service to income (DTI) (in Belgium) or loan to income (LTI) (in the Netherlands), and have been put in stage 2.

The worsened macro-economic forecasts were reflected in the forward looking indicators used in the expected credit loss models of retail and non-retail.

In addition, security monitoring and compliance monitoring was increased to address a potential increase of operational and cyber security risks resulting from the crisis.

The combining factors of geopolitical conflicts, supply chain disruptions, inflation, and monetary tightening results in an uncertain economic outlook. The impact on the financial position, performance (including projected credit risk) and cash flows in the future will depend on the ultimate economic impact in Belgium and the Netherlands and the associated repayment capacity of our customers. Today, based on the currently known factors, their expected impact is difficult to assess. Argenta will continue to closely monitor the financial impact resulting from the above factors and will, in due course, take these into account in determining its financial position.

Regulatory developments

In the first half 2022, the ECB carried out a climate risk stress test to assess the preparedness of banks for financial and economic shocks from climate risk. The ECB published the aggregate results on 8 July 2022.

The NBB introduced a new macroprudential measure on the 1st of May 2022 targeting exposures to the Belgian residential real estate market of credit institutions applying the internal ratings-based (IRB) approach and replacing the earlier measure that was introduced in 2018. The new measure imposes the constitution of a CET 1-capital buffer and replaces the risk-weighted assets add-on.

In addition, the DNB imposed a minimum average risk weight for exposures to natural persons secured by mortgages on residential property located in the Netherlands under the IRB approach, and not covered by NHG. The NBB decided to reciprocate the measure for Belgian credit institutions using the IRB approach and having such exposures in the Netherlands, with application of a materiality threshold of EUR 5 billion.

Solid capital and robust liquidity position (unaudited)

The Common Equity Tier 1 ratio (IRB approach and phased in) amounted to 22.4%. The common equity tier 1 includes EUR 26.3 million interim profits for the period 1 January 2022 to 30 June 2022.

Liquidity continues strong with an LCR ratio of 197% and a stable NSFR of 145%.

The Company comfortably meets all regulatory solvency and liquidity requirements.

Condensed consolidated financial statements according to IFRS

Condensed consolidated statement of financial position (in EUR)

Assets	Note	31/12/2021	30/06/2022
Cash and cash equivalents	6	52,504,898	57,179,212
Cash balances at central banks and other demand deposits	6	3,484,082,966	3,612,543,895
Financial assets held for trading		18,595,343	60,050,562
Non-trading financial assets mandatorily at fair value through profit or loss	7	41,200,393	37,233,216
Financial assets at fair value through other comprehensive income	8	3,726,459,358	3,720,660,717
Financial assets at amortised cost	9	40,572,390,257	43,755,310,868
Derivatives used for hedge accounting		88,616,165	1,368,679,358
Fair value changes of the hedged items in portfolio hedge of interest rate risk		353,166,530	-1,292,884,220
Investments in subsidiaries, joint ventures and associates		66,852	46,878
Tangible assets		82,427,896	79,042,112
Property, plant and equipment		82,025,430	78,645,409
Investment property		402,466	396,703
Intangible assets		38,108,141	34,775,465
Goodwill		0	0
Other intangible assets		38,108,141	34,775,465
Tax assets		21,522,192	91,628,818
Current tax assets		20,068,024	59,375,864
Deferred tax assets	20	1,454,168	32,252,953
Other assets	12	259,267,224	366,220,496
Non-current assets and disposal groups classified as held for sale		0	0
Total assets		**48,738,408,215**	**51,890,487,376**

Liabilities and equity	Note	31/12/2021	30/06/2022
Financial liabilities held for trading		16,545,565	50,185,523
Financial liabilities at amortised cost	10	45,528,674,405	49,099,576,164
Deposits from central banks		258,262,863	256,968,093
Deposits from credit institutions		49,268,441	1,320,624,887
Deposits from other than central banks and credit institutions		40,280,069,046	41,760,203,896
Senior debt securities issued, including saving certificates		4,847,904,930	5,661,447,174
Subordinated debt securities issued		0	0
Other financial liabilities		93,169,126	100,332,115
Derivatives used for hedge accounting		491,094,431	96,675,957
Fair value changes of the hedged items in portfolio hedge of interest rate risk		0	0
Provisions		6,056,923	5,832,025
Tax liabilities		17,414,795	28,092,564
Current tax liabilities		5,022,836	8,224,390
Deferred tax liabilities	20	12,391,959	19,868,174
Other liabilities	12	276,730,209	243,661,130
Liabilities included in disposal groups classified as held for sale			
Total liabilities		**46,336,516,329**	**49,524,023,364**
Equity attributable to owners of the parent	13	2,401,434,190	2,366,155,626
Equity attributable to minority interests	13	457,696	308,387
Total equity		**2,401,891,886**	**2,366,464,013**
Total liabilities and equity		**48,738,408,215**	**51,890,487,376**

Condensed consolidated interim statement of profit or loss (in EUR)

	Note	30/06/2021	30/06/2022
Total operating income		**314,653,895**	**327,224,125**
Net interest income	14	283,621,934	253,221,174
Interest income		401,201,956	393,235,883
Interest expenses		-117,580,022	-140,014,709
Dividend income		234,580	376,670
Net fee and commission income		5,244,340	22,598,746
Fee and commission income	15	111,970,527	124,742,251
Fee and commission expenses		-106,726,188	-102,143,505
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	16	-8,381	-40,184
Financial assets at fair value through other comprehensive income		158,867	-9,642
Financial assets and liabilities at amortised cost		-167,248	-30,541
Gains or losses on financial assets and liabilities held for trading		443,039	7,815,261
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss		-418,660	-3,655,858
Gains or losses from hedge accounting	17	2,433,453	23,450,394
Gains or losses on derecognition of non-financial assets		227,128	146,067
Net other operating income		22,876,463	23,311,855
Other operating income		28,584,763	29,156,474
Other operating expenses		-5,708,299	-5,844,619
Administrative expenses	**18**	**-226,024,700**	**-244,521,439**
Staff expenses		-43,965,618	-45,438,736
Other administrative expenses		-182,059,082	-199,082,704
Depreciation		**-14,394,819**	**-13,421,908**
Property, plant and equipment		-5,595,527	-6,034,049
Investment properties		-8,815	-5,763
Other intangible assets		-8,790,476	-7,382,096
Modification gains or losses		**-113,534**	**0**
Provisions or reversal of provisions		**283,908**	**218,579**
Impairments or reversal of impairments	**19**	**1,759,785**	**-7,449,795**
Financial assets (debt securities) at fair value through other comprehensive income		1,902,099	-535,696
Financial assets at amortised cost		-142,314	-6,914,099
Property, plant and equipment		0	0
Goodwill		0	0
Share in results of associated companies and joint ventures		**0**	**-19,974**
Profit or loss before tax		**76,164,535**	**62,029,587**
Tax expense	20	-22,714,087	-24,768,558
Profit or loss after tax		**53,450,448**	**37,261,030**
Profit or loss attributable to owners of the parent		53,297,384	37,089,656
Profit or loss attributable to minority interests		153,064	171,373

Condensed consolidated interim statement of comprehensive income (in EUR)

Overview of the comprehensive income	Note	30/06/2021	30/06/2022
Profit or loss		**53,450,448**	**37,261,030**
Profit or loss attributable to owners of the parent		53,297,384	37,089,656
Profit or loss attributable to minority interests		153,064	171,373
Items that will not be reclassified to profit or loss		**1,711,850**	**-3,003,214**
Equity instruments measured at fair value through other comprehensive income	8	1,711,850	-3,012,093
Valuation gains or losses taken to equity		2,282,467	-4,029,123
Deferred taxes		-570,617	1,017,030
Actuarial gains or losses on defined benefit pension plans		0	8,879
Gross actuarial gains or losses on liabilities defined benefit pension plans		0	0
Deferred taxes		0	8,879
Items that may be reclassified to profit or loss		**-9,866,460**	**-69,375,075**
Debt securities at fair value through other comprehensive income	8	-11,168,031	-69,375,076
Valuation gains or losses taken to equity		-12,978,916	-91,974,029
Transferred to profit or loss		-1,911,792	-526,072
Deferred taxes		3,722,677	23,125,025
Cash flow hedges		1,301,570	0
Valuation gains or losses taken to equity		6,028	0
Transferred to profit or loss		1,729,399	0
Deferred taxes		-433,857	0
Total other comprehensive income		**-8,154,609**	**-72,378,289**
Total comprehensive income		**45,295,839**	**-35,117,259**
Profit or loss attributable to owners of the parent		45,142,774	-35,288,632
Profit or loss attributable to minority interests		153,064	171,373

The evolution of the components of other comprehensive income (OCI) are split into two categories, namely 'Items that will not be reclassified to profit or loss' and 'Items that may be reclassified to profit or loss'.

'Items that will not be reclassified to profit or loss' include the evolution in the revaluation reserve of equity instruments at fair value through other comprehensive income (FVOCI) and the net actuarial result on defined benefit pension plans.

'Items that may be reclassified to profit or loss' include the evolution of the revaluation reserve for debt securities at FVOCI and the hedging reserve for effective cash flow hedges (CFH). These changes can be split into unrealised gains or losses arising during the period and reclassified realised gains or losses included in profit or loss. The breakdown of these elements is disclosed in the statement of changes in equity on the next page.

Other comprehensive income is negative (EUR -72.38 million) in the first six months of 2022 and was negative (EUR -8.15 million) in the first half of 2021. This evolution is mainly explained by the change in fair value of debt securities measured at FVOCI which was negative in 2022 due to the upwards correction of the interest rate curve and the maturing of securities with higher interest rates.

Condensed consolidated statement of changes in equity (in EUR)

	Paid up capital	Share premium	Fair value changes of debt securities measured at fair value through other comprehensive income	Fair value changes of equity instruments measured at fair value through other comprehensive income	Cash flow hedge reserves	Actuarial gains or losses on defined benefit pension plans	Retained earnings	Profit or loss attributable to owners of the parent	Equity attributable to owners of the parent	Minority interests	Total Equity
Equity position 01/01/2021	**815,642,650**	**0**	**57,472,775**	**32,712**	**-1,301,570**	**-313,749**	**1,280,020,354**	**136,007,825**	**2,287,560,997**	**330,815**	**2,287,891,812**
Capital increase	0	0	0	0	0	0	0	0	0	0	0
Profit or loss of the year	0	0	0	0	0	0	0	53,297,384	53,297,384	153,064	53,450,448
Dividends	0	0	0	0	0	0	0	0	0	-231,345	-231,345
Fair value gains or losses taken to equity	0	0	-12,978,916	2,282,467	6,028	0	0	0	-10,690,422	0	-10,690,422
Fair value gains or losses transferred to profit or loss	0	0	-1,911,792	0	1,729,399	0	0	0	-182,392	0	-182,392
Fair value gains or losses transferred to retained earnings	0	0	0	0	0	0	0	0	0	0	0
Deferred taxes on fair value gains or losses	0	0	3,722,677	-570,617	-433,857	0	0	0	2,718,203	0	2,718,203
Total other comprehensive income	**0**	**0**	**-11,168,031**	**1,711,850**	**1,301,570**	**0**	**0**	**0**	**-8,154,611**	**0**	**-8,154,611**
Other changes	0	0	0	0	0	0	0	0	0	0	0
Transfer to retained earnings	0	0	0	0	0	0	136,007,825	-136,007,825	0	0	0
Equity position 30/06/2021	815,642,650	0	46,304,744	1,744,562	0	-313,749	1,416,028,179	53,297,384	2,332,703,770	252,534	2,332,956,304
Equity position 01/01/2022	888,301,900	0	40,046,993	1,249,219	0	164,237	1,290,968,403	180,703,439	2,401,434,190	457,696	2,401,891,886
Capital increase	0	0	0	0	0	0	0	0	0	0	0
Profit or loss of the year	0	0	0	0	0	0	0	37,089,656	37,089,656	171,373	37,261,030
Dividends	0	0	0	0	0	0	0	0	0	-310,613	-310,613
Fair value gains or losses taken to equity	0	0	-91,974,029	-4,029,123	0	0	0	0	-96,003,152	0	-96,003,152
Fair value gains or losses transferred to profit or loss	0	0	-526,072	0	0	0	0	0	-526,072	0	-526,072
Fair value gains or losses transferred to retained earnings	0	0	0	0	0	0	0	0	0	0	0
Deferred taxes on fair value gains or losses	0	0	23,125,025	1,017,030	0	8,879	0	0	24,150,934	0	24,150,934
Total other comprehensive income	**0**	**0**	**-69,375,076**	**-3,012,093**	**0**	**8,879**	**0**	**0**	**-72,378,290**	**0**	**-72,378,290**
Other changes	0	0	0	0	0	0	10,070	0	10,070	-10,070	0
Transfer to retained earnings	0	0	0	0	0	0	180,703,439	-180,703,439	0	0	0
Equity position 30/06/2022	**888,301,900**	**0**	**-29,328,083**	**-1,762,874**	**0**	**173,116**	**1,471,681,912**	**37,089,656**	**2,366,155,626**	**308,386**	**2,366,464,013**

 Note 13 provides further information on the equity position. The cash flow hedge matured in the first half of 2021. Outflows from dividends in 2022 relate to dividend distributions of subsidiaries for which a (purely formal) minority share is held by the parent of the Company.

Condensed consolidated interim cash flow statement (in EUR)

	30/06/2021	30/06/2022
Cash and cash equivalents at the start of the period	**3,764,757,587**	**3,912,933,057**
Operating activities		
Profit or loss before tax	76,164,535	62,029,587
Adjustments for:		
Depreciation	11,087,979	9,675,672
Provisions or reversal of provisions	-283,908	-218,579
Gains or losses on derecognition of non-financial assets	-227,128	-146,067
Impairments or reversal of impairments	-1,646,250	7,449,795
Changes in assets and liabilities from hedging derivatives and hedged item	-46,472,045	-87,077,458
Other adjustments (among which interest expenses financing activities)	29,624,913	14,886,856
Cash flows from operating profits before changes in operating assets and liabilities	**68,248,096**	**6,599,808**
Changes in operating assets (excluding cash and cash equivalents)		
Financial assets held for trading	-7,979,903	-41,455,219
Financial assets at amortised cost	-1,653,093,027	-3,517,855,744
Financial assets at fair value through other comprehensive income	34,149,695	-67,124,224
Non-trading financial assets mandatorily at fair value through profit or loss	20,762,939	3,967,177
Other assets	-16,168,538	-137,752,058
Changes in operating liabilities (excluding cash and cash equivalents)		
Deposits from central banks	0	0
Deposits from credit institutions	20,032,496	1,271,356,445
Deposits from other than central banks and credit institutions	1,164,901,246	1,480,134,850
Debt securities issued, retail	0	0
Financial liabilities held for trading	7,330,864	33,639,958
Other liabilities	71,285,864	-25,583,986
(Paid) refunded income taxes	-49,722,093	-60,874,844
Net cash flow from operating activities	**-340,252,361**	**-1,054,947,835**
Investing activities		
Cash payments to acquire property, plant and equipment	-571,672	-5,588,039
Cash proceeds from disposal of property, plant and equipment	185,388	444,940
Cash payments to acquire intangible assets	-3,225,998	-4,222,400
Cash proceeds from disposal of intangible assets	0	0
Changes concerning consolidated companies	0	0
Net cash flow from investing activities	**-3,612,282**	**-9,365,498**

Financing activities		
Paid dividends	0	0
Cash proceeds from a capital increase	0	0
Cash proceeds from the issue of subordinated debt securities	0	0
Cash payments from subordinated debt securities	-511,087,585	0
Cash proceeds from the issue of non-subordinated debt securities	1,176,012,000	1,097,315,000
Cash payments from non-subordinated debt securities	-230,322,379	-227,601,900
Cash proceeds from TLTRO-III ECB	23,740,000	0
Interest paid	-29,375,000	-10,552,066
Net cash flow from financing activities	**428,967,036**	**859,161,034**

Cash and cash equivalents at the end of the period	**3,849,859,979**	**3,707,780,759**

Components of cash and cash equivalents		
Cash	56,679,320	57,179,212
Cash balances with central banks	3,119,952,928	3,314,356,759
Cash balances with other credit institutions	542,249,731	336,244,788
Other advances	130,978,000	0
Total cash and cash equivalents at the end of the period	**3,849,859,980**	**3,707,780,759**

Cash flow from operating activities:		
Received interest income	401,201,956	393,235,883
Dividends received	234,580	376,670
Paid interest expenses	-117,580,022	-140,014,709
Cash flow from financing activities:		
Paid interest expenses	-29,375,000	-10,552,066

The indirect method is applied for the preparation of the condensed consolidated interim cash flow statement above.

Components of cash and cash equivalents

The cash in hand, cash balances at authorised agents and cash balances with central banks can be found under the balance sheet item 'cash, cash balances at central banks and other demand deposits' (see Note 6).

The amount of 'other advances' can be found under the balance sheet item 'financial assets at amortised cost - loans from credit institutions'. These are term accounts with other financial institutions and the associated pro rata interest amounts.

Notes to the condensed consolidated interim financial statements (in EUR)

Statement of compliance and changes in accounting policies

Note 1: Statement of compliance (Note 2 in the annual statements of 2021)

The condensed consolidated interim financial statements of Argenta Spaarbank nv ('the Company') have been prepared in accordance with IAS 34 as adopted in the European Union ('endorsed IFRS'). The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements as of 31 December 2021.

The following IFRS standards and interpretations became effective on or after 1 January 2022 and have been applied in this report:

- Amendments to IAS 37 (Provisions, Contingent liabilities and Contingent assets – onerous contracts—cost of fulfilling a contract). The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
- Annual Improvements to IFRS Standards 2018–2020. The amendments are related to IFRS 1 (first time adoption of IFRS) with regards to cumulative translation differences, IFRS 9 (Financial Instruments: Recognition and Measurement) clarifying the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability (10% test), IFRS 16 (Leases) clarifying several illustrative examples and IAS 41 (Agriculture) regarding taxation in fair value measurements.
- Amendments to IAS 16 (Property, Plant and Equipment: Proceeds before Intended Use). The amendment prohibits deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- Amendments to IFRS 3 (Reference to the Conceptual Framework). The amendments replace a reference to a previous version of the Conceptual Framework without significantly changing the requirements of IFRS 3.

The entry into force of these standards and interpretations have no impact on the financial statements of the Company.

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods ending 31 December 2022, and have not been applied in preparing these condensed interim consolidated financial statements:

- Amendments to IAS 1 (Presentation of Financial statements) applicable for annual periods beginning on or after 1 January 2023 and not yet endorsed by the EU. The amendments clarify the requirements for classification of liabilities as current or non-current in case of the existence of a right to defer settlement or in case of embedded derivative in a convertible liability. The Company does not expect a significant impact resulting from this amendment.
- Amendments to IAS 1 (Presentation of Financial Statements) and IFRS Practice Statement 2 applicable for annual periods beginning on or after 1 January 2023 and endorsed by the EU. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments may impact the accounting policy disclosures of the Company. Determining whether accounting policies are material or not requires use of judgement. The Company will assess whether 'standardised' information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.
- Amendments to IAS 8 (Accounting policies, Changes in Accounting Estimates and Errors) applicable for annual periods beginning on or after 1 January 2023 and endorsed by the EU. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The Company does not expect a significant impact resulting from this amendment.

- Amendments to IAS 12 (Income Taxes) applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed by the EU. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences (transactions such as leases and decommissioning obligations—transactions for which companies recognize both an asset and a liability). The Company does not expect a significant impact resulting from this amendment.
- IFRS 17 (Insurance Contracts); including Amendments to IFRS 17and Amendments to IFRS 17 the comparative information for the initial application of IFRS 17 applicable for annual periods beginning on or after 1 January 2023 and endorsed in the EU. The Company does not issue insurance contracts and is not impacted by this standard.
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014). The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard. IFRS 14 permits a first-time adopter of IFRS Standards within the scope of the standard to continue to recognise and measure its regulatory deferral account balances in its first and subsequent IFRS financial statements in accordance with its previous GAAP. The Company does not expect impact resulting from this standard.
- Amendments to IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures) have been deferred indefinitely by the IASB and a new effective date would be determined at future date when the IASB finalizes the revisions, if any, that would result from the research project on equity method. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The Company does not expect a significant impact resulting from this amendment.

The Company will apply all of the foregoing standards, amendments to standards and interpretations upon their entry into force.

Note 2: Summary of significant accounting policies (Note 2 in the annual statements of 2021)

A summary of the main accounting policies is provided in the annual financial statements as of 31 December 2021.

Note 3: Changes in significant accounting policies (Note 2 in the annual statements of 2021)

No significant changes were made to the accounting policies used for preparing the 2022 interim financial statements compared to the policies applied as of 31 December 2021.

Notes on operating segments (in EUR)

Note 4: Operating segments (Note 10 in the annual statements of 2021)

The Company solely delivers services under the heading of 'retail banking'. Retail banking provides retail financial services to individuals and self-employed persons. It provides advice on banking, saving, lending and investment. Therefore no segmentation regarding services/activity is presented.

The operational segmentation is based on geographical areas where the Company is active.

The operational segmentation based on geographic regions reflects the Company's focus on the Benelux countries. The following geographical segmentation is specifically based on the location of the services provided via the entities and gives an indication of the breakdown by geographical region.

Assets	Belgium	The Netherlands	Luxembourg	31/12/2021
Cash and cash equivalents	52,504,898	0	0	52,504,898
Cash balances at central banks and other demand deposits	3,077,689,104	403,898,729	2,495,134	3,484,082,966
Financial assets held for trading	2,021,813	16,573,530	0	18,595,343
Non-trading financial assets mandatorily at fair value through profit or loss	41,200,393	0	0	41,200,393
Financial assets at fair value through other comprehensive income	3,726,459,358	0	0	3,726,459,358
Financial assets at amortised cost	22,266,850,557	18,304,439,481	1,100,219	40,572,390,257
Derivatives used for hedge accounting	88,616,165	0	0	88,616,165
Fair value changes of the hedged items in portfolio hedge of interest rate risk	313,757,088	39,409,442	0	353,166,530
Investments in subsidiaries, joint ventures and associates	66,852	0	0	66,852
Tangible assets	81,290,121	1,136,698	1,078	82,427,896
Intangible assets	38,091,928	608	15,605	38,108,141
Tax assets	2,091,035	19,431,157	0	21,522,192
Other assets	116,393,828	131,183,786	11,689,609	259,267,224
Total Assets	**29,807,033,138**	**18,916,073,431**	**15,301,645**	**48,738,408,215**

Assets	Belgium	The Netherlands	Luxembourg	30/06/2022
Cash and cash equivalents	57,179,212	0	0	57,179,212
Cash balances at central banks and other demand deposits	3,174,369,848	435,521,371	2,652,677	3,612,543,895
Financial assets held for trading	9,692,500	50,358,062	0	60,050,562
Non-trading financial assets mandatorily at fair value through profit or loss	37,233,216	0	0	37,233,216
Financial assets at fair value through other comprehensive income	3,720,660,717	0	0	3,720,660,717
Financial assets at amortised cost	24,603,871,051	19,150,339,598	1,100,219	43,755,310,868
Derivatives used for hedge accounting	1,368,679,358	0	0	1,368,679,358
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-1,298,793,575	5,909,355	0	-1,292,884,220
Investments in subsidiaries, joint ventures and associates	46,878	0	0	46,878
Tangible assets	77,978,298	1,063,005	809	79,042,112
Intangible assets	34,760,308	306	14,851	34,775,465
Tax assets	32,894,412	58,734,406	0	91,628,818
Other assets	133,775,100	221,484,399	10,960,998	366,220,496
Total Assets	**31,952,347,323**	**19,923,410,501**	**14,729,553**	**51,890,487,376**

Liabilities	Belgium	The Netherlands	Luxembourg	31/12/2021
Financial liabilities held for trading	0	16,545,565	0	16,545,565
Financial liabilities at amortised cost	40,253,283,406	5,275,390,999	0	45,528,674,405
Derivatives used for hedge accounting	441,668,729	49,425,702	0	491,094,431
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
Provisions	3,452,067	2,604,857	0	6,056,923
Tax liabilities	1,722	12,391,917	5,021,156	17,414,795
Other liabilities	137,283,657	137,765,186	1,681,367	276,730,209
Total liabilities	**40,835,689,581**	**5,494,124,226**	**6,702,523**	**46,336,516,329**

Liabilities	Belgium	The Netherlands	Luxembourg	30/06/2022
Financial liabilities held for trading	0	50,185,523	0	50,185,523
Financial liabilities at amortised cost	43,808,772,241	5,290,803,923	0	49,099,576,164
Derivatives used for hedge accounting	82,484,596	14,191,361	0	96,675,957
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
Provisions	3,172,719	2,659,306	0	5,832,025
Tax liabilities	200,212	19,869,852	8,022,499	28,092,564
Other liabilities	181,708,725	60,044,234	1,908,170	243,661,130
Total liabilities	**44,076,338,494**	**5,437,754,200**	**9,930,669**	**49,524,023,364**

Statement of profit or loss	Belgium	The Netherlands	Luxembourg	Conso	30/06/2021
Net interest income	120,677,118	162,948,693	-3,877	0	283,621,934
Dividend income	234,580	0	0	0	234,580
Net fee and commission income	-21,730,887	1,462,816	26,203,729	-691,319	5,244,340
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	169,992	-178,373	0	0	-8,381
Gains or losses on financial assets and liabilities held for trading	-418,660	0	0	0	-418,660
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	624,920	-181,881	0	0	443,039
Gains or losses from hedge accounting	2,425,255	8,198	0	0	2,433,453
Gains or losses on derecognition of non-financial assets	227,128	0	0	0	227,128
Net other operating income	80,644,702	-57,696,863	-2,556	-68,820	22,876,463
Administrative expenses	-199,532,845	-25,648,810	-1,603,184	760,138	-226,024,700
Depreciation	-14,223,966	-169,566	-1,286	0	-14,394,819
Modification gains or losses	-113,534	0	0	0	-113,534
Provisions or reversal of provisions	229,273	54,634	0	0	283,908
Impairments or reversal of impairments	-572,311	2,332,096	0	0	1,759,785
Share in results of associated companies and joint ventures	0	0	0	0	0
Profit or loss before tax	**-31,359,237**	**82,930,945**	**24,592,826**	**0**	**76,164,535**
Tax expense	4,323,476	-20,914,256	-6,123,306	0	-22,714,087
Profit or loss after tax	**-27,035,761**	**62,016,689**	**18,469,519**	**0**	**53,450,448**

Statement of profit or loss	Belgium	The Netherlands	Luxembourg	Conso	30/06/2022
Net interest income	99,660,365	153,571,568	-10,758	0	253,221,174
Dividend income	376,670	0	0	0	376,670
Net fee and commission income	-10,300,127	1,537,706	32,115,072	-753,905	22,598,746
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	-7,502	-32,681	0	0	-40,184
Gains or losses on financial assets and liabilities held for trading	-3,655,858	0	0	0	-3,655,858
Gains or losses on financial assets and liabilities held for trading	7,670,687	144,573	0	0	7,815,261
Gains or losses from hedge accounting	23,335,334	115,059	0	0	23,450,394
Gains or losses on derecognition of non-financial assets	146,067	0	0	0	146,067
Net other operating income	62,418,136	-39,035,656	-6	-70,620	23,311,855
Administrative expenses	-214,338,299	-28,496,538	-2,511,127	824,524	-244,521,439
Depreciation	-13,245,063	-175,823	-1,023	0	-13,421,908
Modification gains or losses	0	0	0	0	0
Provisions or reversal of provisions	273,028	-54,449	0	0	218,579
Impairments or reversal of impairments	-5,864,073	-1,585,722	0	0	-7,449,795
Share in results of associated companies and joint ventures	-19,974	0	0	0	-19,974
Profit or loss before tax	**-53,550,608**	**85,988,037**	**29,592,158**	**0**	**62,029,587**
Tax expense	5,429,738	-22,819,192	-7,379,103	0	-24,768,558
Profit or loss after tax	**-48,120,870**	**63,168,845**	**22,213,055**	**0**	**37,261,030**

The non-operational items in the consolidated statement of profit or loss consist of the administrative expenses, depreciation, modification gains or losses, provisions and impairments.

The most important transaction between the operating segments consists of:

- The profit allocation between the Company's head office (located in Belgium) and the branch office (in the Netherlands). More information is included below.
- The retrocession of part of the management fees from asset management activities performed in Luxembourg to the head office of the Company as compensation for the distribution of these investment products.

The result in the Netherlands is realised by the Company's branch office, whereby the head office of the Company provides financing to the branch office and carries out a number of activities (mainly in the context of general strategy and risk management) for the branch office. The Company applies a ruling (pending approval from the tax authorities) for the allocation of the results to the branch office. The profit allocation in the ruling mechanism consists of:

- An interest compensation for the provided funding by which a share of the head office total interest expenses is allocated (based on the funding provided) to the branch office (fungibility approach), which is recorded under the heading 'Net interest income'.
- A compensation for the responsibilities carried out by the head office of the Company for the value chain and key entrepreneurial risk taking functions, which is recorded under 'Net other operating expenses'.

On 31 December 2019, the existing ruling expired and a new application was filed for a period of 3 years. The mechanism as in the filed application, which was not yet approved by the date of this report, has been applied in preparing the balance sheet and results as of 30 June 2022.

Notes on related party transactions (in EUR)

The Company regularly conducts transactions with related parties as part of its operations. In the interim financial statements, the transactions with the parent and the other group entities are listed below.

Note 5: Related party transactions (Note 9 in the annual statements of 2021)

31/12/2021 balance sheet	Parent company	Key mana-gement	Subsidiaries	Joint ventures	Asso-ciates	Other related parties
Financial assets at fair value through other comprehensive income	0	0	0	0	0	2,734,005
Financial assets at amortised cost	0	57,224	0	0	0	4,646,475
Other assets	3,068,903	0	0	0	0	5,161,213
Total assets	**3,068,903**	**57,224**	**0**	**0**	**0**	**12,541,693**
Financial liabilities at amortised cost	179,588,223	1,491,630	0	2,571,192	0	266,648,068
Other liabilities	842,737	0	0	0	0	64,669,685
Total liabilities	**180,430,960**	**1,491,630**	**0**	**2,571,192**	**0**	**331,317,754**

31/12/2021 balance sheet	Parent company	Key mana-gement	Subsidiaries	Joint ventures	Asso-ciates	Other related parties
Financial assets at fair value through other comprehensive income	0	0	0	0	0	2,883,125
Financial assets at amortised cost	0	45,477	0	0	0	8,131,548
Other assets	2,946,160	0	0	0	0	4,345,904
Total assets	**2,946,160**	**45,477**	**0**	**0**	**0**	**15,360,576**
Financial liabilities at amortised cost	138,155,102	1,667,675	0	2,338,140	0	181,194,417
Other liabilities	1,114,147	0	0	0	0	15,399,268
Total liabilities	**139,269,249**	**1,667,675**	**0**	**2,338,140**	**0**	**196,593,685**

31/12/2021 balance sheet	Parent company	Key mana-gement	Subsidiaries	Joint ventures	Asso-ciates	Other related parties
Financial assets at fair value through other comprehensive income	0	0	0	0	0	2,883,125
Financial assets at amortised cost	0	45,477	0	0	0	8,131,548
Other assets	2,946,160	0	0	0	0	4,345,904
Total assets	**2,946,160**	**45,477**	**0**	**0**	**0**	**15,360,576**
Financial liabilities at amortised cost	138,155,102	1,667,675	0	2,338,140	0	181,194,417
Other liabilities	1,114,147	0	0	0	0	15,399,268
Total liabilities	**139,269,249**	**1,667,675**	**0**	**2,338,140**	**0**	**196,593,685**

30/06/2021 statement of profit or loss	Parent	Key mana-gement	Subsidiaries	Joint ventures	Asso-ciates	Other related parties
Interest expenses	111,386	98	0	2,991		1,393
Fee and commission expenses	0	0	0	0	0	9,998,743
Losses on financial assets and liabilities at amortised cost	0	0	0	0	0	178,373
Other operating expenses	**5,235,403**	**0**	**0**	**0**	**0**	**81,312**
Other administrative expenses/ incom	635,181	0	0	341,519	0	-107,786
Total expenses	**5,981,970**	**98**	**0**	**344,150**	**0**	**10,152,035**
Interest income	0	614	0	0	0	3,093
Fee and commission income	0	86	0	0	0	288,303
Other operating income	258,621	0	0	0	0	20,482,276
Tax expense	0	0	0	0	0	0
Total income	**258,621**	**699**	**0**	**0**	**0**	**20,773,672**

30/06/2021 statement of profit or loss	Parent	Key mana-gement	Subsidiaries	Joint ventures	Asso-ciates	Other related parties
Interest expenses	100,394	164	0	6,186	0	17,522
Fee and commission expenses	0	0	0	0	0	10,715,246
Losses on financial assets and liabilities at amortised cost	0	0	0	0	0	32,681
Other operating expenses	**5,665,262**	**0**	**0**	**0**	**0**	**86,141**
Other administrative expenses/ income	767,744	0	0	942,132	0	-50,752
Total expenses	**6,533,400**	**164**	**0**	**948,317.80**	**0**	**10,800,838**
Interest income	0	446	0	0	0	54,006
Fee and commission income	0	0	0	0	0	272,059
Other operating income	211,752	128	0	0	0	21,782,910
Tax expense	0	0	0	0	0	0
Total income	**211,752**	**575**	**0**	**0**	**0**	**22,108,975**

The prior period tables have been changed to include additional row items and the split to 'key management', 'subsidiaries', 'joint ventures' and 'associates', whereas in the 30 June 2021 interim financial statements these were included under 'other'.

The majority shareholder of the Company is Argenta Bank- en Verzekeringsgroep (BVg). Above this is the holding Investeringsmaatschappij Argenta (Investar) as the majority shareholder of BVg. The column with parent company contains the positions of both holding companies.

The 'managers in key positions' column contains information in respect of executive and non-executive directors. The "close relatives" of managers in key positions are included under 'other related parties'. The following are considered 'close relatives' in this context: spouses, partners who are regarded as equivalent to a spouse under their national law and first-degree blood relatives.

The 'subsidiaries' contains the data of the non-consolidated subsidiaries of the Company (there are no such companies as all subsidiaries are consolidated).

The category 'Other related parties' contains (in addition to the "close relatives" of managers in key positions) the transactions with (sister) companies belonging to the Argenta group, namely Argenta Assuranties and Aula Invest, and the associates of the other (sister) companies belonging to the Argenta group (Epico).

The financial liabilities at amortised cost towards the parent company consist of the lease obligations for the business buildings, as well as sight and savings balances held by the parent companies with the Company. The balance on sight and savings accounts held by the parent companies decreased in 2022. The financial liabilities towards other group companies (other related parties) also consist of current and savings balances held by Aras and Aula Invest with the Company, the other liabilities are cost-sharing and leasing debts. The financial liabilities at amortised cost towards 'joint ventures' represent the lease commitments to Jofico for the Company's ATMs.

Notes to the condensed consolidated statement of financial position (in EUR)

Note 6: Cash and balances with central banks and other demand deposits (Note 11 in the annual statements of 2021)

	31/12/2021	30/06/2022
Cash	52,504,898	57,179,212
Cash balances with central banks	3,225,473,830	3,314,356,759
Cash balances with other financial institutions	258,609,136	298,187,137
Total	**3,536,587,864**	**3,669,723,108**

Monetary policy requires financial institutions to maintain deposits with central banks in the countries where the Company operates. For this reason, the Company maintains deposits at the NBB and the DNB. The minimum central bank reserves are determined on a monthly basis.

With the introduction of a two-tier system as from the end of 2019, part of the excess liquidity held by the banks was exempted from negative interest on the deposit facility. Following this, the Company placed part of its excess liquidity with the ECB, hence the high level of cash balances with central banks.

Note 7: Non-trading financial assets mandatorily at fair value through profit or loss (Note 13 in the annual statements of 2021)

The SPPI (Solely Payments of Principal and Interest) test was introduced in the framework of the classification of financial instruments. For determining the classification and for measurement, this SPPI test is performed to determine whether only ordinary interest and capital repayments are made on a financial instrument. If this is not the case, the security has to be recognised at fair value through profit or loss.

As of 30/06/2022, there was EUR 37,233,216 under this classification, consisting of securities failing the SPPI test.

	31/12/2021	30/06/2022
Total portfolio	**41,200,393**	**37,233,216**
Breakdown by interest rate type		
Variable	30,263,370	28,180,713
Fixed	10,937,023	9,052,503
Undefined	0	0

Note 8: Financial assets at fair value through other comprehensive income (Note 14 in the annual statement of 2021)

	31/12/2021	30/06/2022
Total portfolio	**3,726,459,358**	**3,720,660,717**
of which hedged via micro-hedges	909,854,764	831,623,495
Breakdown by instrument type		
Equity instruments	17,152,843	13,233,840
Debt securities	3,709,306,514	3,707,426,877
Breakdown by interest rate type		
Variable	1,017,548,651	1,016,790,560
Fixed	2,691,757,864	2,690,636,317
Undefined	17,152,843	13,233,840
Breakdown by impairment stage (gross carrying amount)		
Debt securities		
Stage 1	3,709,306,514	3,707,426,877
Stage 2	0	0
Stage 3	0	0
Breakdown by impairment stage (impairment)		
Debt securities		
Stage 1	-816,720	-1,352,416
Stage 2	0	0
Stage 3	0	0

The amortised cost, unrealised gains or losses and the fair value of instruments measured at fair value through other comprehensive income per 31 December 2021 and 30 June 2022 are as follows:

31/12/2021	Amortised cost	Accumulated fair value changes	Accumulated impairments	Fair value
Debt securities				
General governments	954,774,603	68,866,550	-220,509	1,023,420,644
Credit institutions	1,103,498,652	8,467,136	-177,545	1,111,788,244
Other Financial corporations	561,163,429	419,982	-23,484	561,559,926
Non-Financial corporations	996,174,296	16,758,587	-395,182	1,012,537,700
Equity instruments				
Shares and others	15,452,218	1,700,625		17,152,844
Total	**3,631,063,198**	**96,212,880**	**-816,720**	**3,726,459,358**

30/06/2022	Amortised cost	Accumulated fair value changes	Accumulated impairments	Fair Value
Debt securities				
General governments	977,148,058	-9,970,097	-358,720	966,819,242
Credit institutions	1,057,014,638	-20,002,000	-301,187	1,036,711,451
Other Financial corporations	623,549,420	-4,322,801	-49,544	619,177,074
Non-Financial corporations	1,121,101,468	-35,739,392	-642,965	1,084,719,111
Equity instruments				
Shares and others	15,562,338	-2,328,498		13,233,840
Total	**3,794,375,921**	**-72,362,789**	**-1,352,416**	**3,720,660,717**

The classification by counterparty classes (e.g. general governments, credit institutions, other financial corporations and non-financial corporations) follows the breakdown of the prudential reporting at consolidated level. The fair value amounts that are applied are obtained from external sources such as Bloomberg and Euroclear (the Company's main clearing and custody counterparty). For the accumulated impairments reference is made to Note 18.

Note 9: Financial assets at amortised cost (Note 15 in the annual statements of 2021)

	31/12/2021	30/06/2022
Total portfolio	**40,572,390,257**	**43,755,310,868**
Breakdown by instrument type		
Loans and advances	36,995,857,204	38,309,902,313
Debt securities	3,576,533,053	5,445,408,555
Breakdown by product type		
Loans to credit institutions	1,100,219	1,800,651
Cash collateral	375,244,974	36,257,000
Consumer loans	329,566,906	364,823,012
Mortgage loans	35,140,728,956	36,719,031,543
Term loans	1,108,849,061	1,136,216,431
Advances and overdrafts	6,916,787	8,056,868
Leasing	33,450,300	43,716,808
Debt securities	3,576,533,053	5,445,408,555
Breakdown debt securities by interest rate type		
Variable	469,526,750	328,289,598
Fixed	3,107,006,303	5,117,118,957
Breakdown by impairment stage (gross carrying amount)		
Debt securities		
Stage 1	3,552,467,498	5,398,068,401
Stage 2	25,501,973	50,431,313
Stage 3	0	0
Loans and advances		
Stage 1	33,596,234,606	33,412,870,547

Stage 2	3,262,446,817	4,767,032,582
Stage 3	171,089,854	169,045,130
Breakdown by impairment stage (impairment)		
Debt securities		
Stage 1	-1,259,437	-2,565,568
Stage 2	-176,981	-525,592
Stage 3	0	0
Loans and advances		
Stage 1	-2,736,881	-3,893,698
Stage 2	-6,567,062	-9,040,547
Stage 3	-24,610,131	-26,111,700

The loans and advances have further increased through the additional lending to the Company's retail customers, both in Belgium and the Netherlands. Compared to prior periods the growth of the mortgage loan portfolio was higher, due to increased mortgage production in Belgium and the Netherlands. Retail lending continued strongly since activity in the housing market remained relatively high. Lower notary fees in Belgium as from 2022 have induced clients to postpone the finalization of mortgages in 2021 and shifted production to the beginning of this year.

Loans and advances from credit institutions relates to posted cash collateral for derivatives contracts and is directly related to the fair value evolution of the derivatives. In line with the increase in the derivatives fair value, posted collateral decreased towards received collateral.

The debt securities portfolio increased with the investment of the excess liquidity collected in the first half of 2022 with part of the inflow of cash collateral and the issue of wholesale funding via a green senior non preferred note (for MREL purpose) and an additional covered bond note.

At the end of 2021, the debt securities were subject to stage 1 impairments of EUR 1,259,437 and stage 2 impairments of EUR 176,981. As per 30 June 2022 stage 1 impairments have increased to EUR 2,565,568 and stage 2 impairments to EUR 525,592.

Stage 1, stage 2 and stage 3 impairments for loans and advances increased from EUR 2,736,881 (stage 1), EUR 6,567,062 (stage 2) and EUR 24,610,131 (stage 3) to EUR 3,893,698 (stage 1), EUR 9,040,547 (stage 2) and EUR 26,111,700 (stage 3). Additional information on accumulated impairments is included in Note 18.

Note 10: Financial liabilities measured at amortised cost (Note 22 in the annual statements of 2021)

	31/12/2021	30/06/2022
Deposits from central banks	258,262,863	256,968,093
Deposits from credit institutions	49,268,441	1,320,624,887
Deposits from other than central banks and credit institutions	40,280,069,046	41,760,203,896
Senior debt securities issued	4,847,904,930	5,661,447,174
Other financial liabilities	93,169,126	100,332,115
Total	**45,528,674,405**	**49,099,576,164**

Deposits from central banks and credit institutions

The deposits from central banks and credit institutions are composed as follows:

	31/12/2021	30/06/2022
Deposits from central banks	**258,262,863**	**256,968,093**
Breakdown by product type		
Targeted Long Term Refinancing Operations	258,262,863	256,968,093

	31/12/2021	30/06/2022
Deposits from credit institutions	**49,268,441**	**1,320,624,887**
Breakdown by product type		
Deposits on demand	8,635,441	5,983,119
Repurchase agreements	0	0
Cash Collateral from financial institutions	40,633,000	1,314,641,768

The interest on the TLTRO operations is linked to the interest rate of the main refinancing operations, with an additional negative spread linked to the achievement of net lending growth. If the Company sufficiently improves its lending to the real economy, an additional interest discount is granted. For this reason the interest rate is determined at the maturity of the transaction.

The Company estimates, based on the interim net growth of the eligible loans, that this condition will be met, and the additional discount is therefore pro-rated on top of the main refinancing rate. The Company monitors this net growth on a periodic basis. The TLTRO operations were recognised (from initial recognition) under IFRS 9 (and not as government grants or loans at below market interest rates).

The received cash collateral related to derivatives increased significantly, as all derivatives contracts are covered under credit support annexes (CSA) and are subject to the exchange of variation margin. As the fair value of the derivatives increased significantly, this resulted in an inflow of collateral.

Deposits from other than central banks and credit institutions

Deposits from institutions other than central banks and credit institutions – essentially deposits by retail customers – can be broken down as follows:

	31/12/2021	30/06/2022
Deposits from other than central banks and credit institutions	**40,280,069,046**	**41,760,203,896**
Breakdown by product type		
Deposits on demand	6,895,038,793	7,310,779,579
Deposits on term	1,354,579,653	1,040,539,463
Regulated saving deposits	28,432,763,545	29,450,301,229
Mortgage-linked deposits	669,514,737	767,296,627
Cash collateral	4,378,000	113,166,000
Other deposits	2,923,794,318	3,078,120,998

Current accounts (‘deposits on demand’) (EUR +416 million) and regulated savings accounts (EUR +1.02 billion) increased further, whereas term accounts (EUR -314 million) decreased, owing to the limited additional interest payment, which makes them less interesting for our customers.

‘Mortgage-linked deposits’ contain the undrawn amounts of mortgage loans and savings linked to Dutch mortgage loans that have meanwhile been made available in blocked accounts (home construction account) and the mortgage part linked to the endowment mortgage insurance.
‘Other deposits’ relates to savings and term accounts offered to Dutch clients and non-retail (non-regulated) deposits on accounts.

Senior debt securities issued

The heading contains the A notes issued under the securitization transactions (by Green Apple), the notes issued under the EMTN programme and the bonds issued under the Belgian Mortgage Pandbrieven Programme.

	31/12/2021	30/06/2022
Senior debt securities issued - other	**4,847,904,930**	**5,661,447,174**
Green Apple 2017-I NHG	571,906,238	496,284,621
Green Apple 2018-I NHG	558,831,751	505,944,654
Green Apple 2019-I NHG	571,144,219	520,242,518
Green Apple 2021-I	646,117,596	598,616,401
EMTN programme	1,502,385,737	2,043,301,320
Belgian Mortgage Pandbrieven Programme	997,519,388	1,497,057,660

The Company has issued four Dutch residential mortgages backed securities that are placed with institutional investors:
- Green Apple 2017 I NHG issued on 5 October 2017 for an original notional amount of EUR 1.2 billion with a yield of Euribor 3 months plus 18 basis points;
- Green Apple 2018 I NHG issued on 26 June 2018 for an original notional amount of EUR 1.0 billion with a yield of Euribor 3 months plus 18 basis points;
- Green Apple 2019 I NHG issued on 26 June 2019 for an original notional amount of EUR 825 million with a yield of Euribor 3 months plus 25 basis points;
- Green Apple 2021 I with non NHG mortgages as collateral, issued on 23 June 2021 with a notional amount of EUR 650 million with a yield of Euribor 3 months plus 13 basis points.

The EUR 3.0 billion EMTN programme was set up as an additional pillar for the diversification of funding sources and for the fulfilment of the MREL requirements. On 4 February 2019, a senior preferred bond for EUR 500 million with a term of 5 years was issued. On 27 January 2020, a EUR 500 million senior non-preferred bond with a maturity of 7 years was issued, followed on 9 October 2020 by another EUR 500 million senior non-preferred bond with a maturity of 6 years was issued. On 8 February 2022, an additional EUR 600 million green senior non-preferred bond with a maturity of 7 years was issued.

In 2021, the Company continued to diversify its funding with a third pillar, a EUR 7.5 billion covered bond programme. Under this programme, EUR 1.0 billion of covered bonds were issued in two rounds, the first on 11 February 2021 for EUR 500 million with a 10-year term, and a second on 8 October 2021 for another EUR 500 million with a 20-year term. On 3 March 2022, the Company issued an additional covered bond for EUR 500 million with a 7-year term.

As from beginning of 2022 Argenta underwrote micro fair value hedges in order to hedge the risk of changes in the fair value of the EMTN’s issued. The fair value change recognized in the line financial liabilities at amortised cost is EUR -58.6 million.

Other financial liabilities

The other financial liabilities consist of lease liabilities measured and recorded in accordance with the IFRS 16 standard.

	31/12/2021	30/06/2022
Other financial liabilities	**93,169,126**	**100,332,115**

Breakdown by type		
Leasing	93,169,126	100,332,115
Tier 2 debt securities issued	511,087,585	0

The increase in lease obligations reflects the concluding of new (mainly branch buildings) lease contracts.

Note 11: Fair value of financial instruments (Note 26 in the annual statements 2021)

Valuation methods and input

The Company defines the fair value as the price that would be received/paid on the sale of an asset or transfer of a liability in an ‘orderly’ transaction between market participants at the time of measurement. The fair value is not the price that would be received on the basis of a forced transaction, a forced sale or mandatory liquidation.

The fair value is a market-based and not an entity-specific valuation. This means that the assumptions to be used are those that other market participants would use for the measurement of financial instruments, including assumptions about risks. Only the characteristics of the instrument itself are to be taken into consideration: characteristics arising from the identity of the entity holding the instrument are therefore left out of account in the measurement. For determining the fair value of a financial instrument, the Company opts for the measurement methods and techniques that are appropriate under the circumstances and for which sufficient data are available to calculate the fair value. The chosen technique must maximise the use of relevant observable inputs and minimise those of non-observable inputs.

The Company recognises value adjustments for counterparty risk on all assets and liabilities that are measured at fair value. CVA (Credit Valuation Adjustment) is an adjustment of the market value of derivative financial instruments to reflect the creditworthiness of the counterparty. This takes into account the current market value, expected future market value and creditworthiness (based on the counterparty’s credit default swap spread). A DVA (Debt Valuation Adjustment) is recorded for derivative financial instruments where the counterparty has a risk on the Company.

The valuation methodologies, the valuation hierarchy and positions within the levels, and the fair value calculations of both financial instruments not recognised at fair value and of financial instruments recognised at fair value are examined and validated by the Asset & Liability Committee (Alco) on a quarterly basis.

The Company’s valuation hierarchy distinguishes between the levels below. The fair value level here depends on the type of input used for the valuation of financial instruments.

- For determining the fair value of financial instruments, the Company first uses the quoted (unadjusted) prices in an active market (externally available and observable fair values of financial instruments on liquid markets). Only where these are not available does the Company use valuation techniques. The definition of level 1 inputs refers to the terminology “active market”. This is defined as a market in which transactions in the instrument take place with sufficient frequency and volume that the price information is available on a continuous basis. Whether the frequency and volume of transactions are sufficient to speak of an active market is a matter of assessment and depends on the facts and circumstances of the market for the instrument. The Company uses several sources (Bloomberg and Euroclear, the Company’s main clearing and holding counterparties) and assesses liquidity on the basis of price availability and price differences between the different sources. If deviations are determined based on this analysis, an individual detailed analysis is carried out for the instrument in question.

- Where the fair value is not available based on quoted prices in an active market, the Company determines the fair value using a valuation technique based on observable or non-observable parameters. Level 2 inputs are observable inputs that are either direct or indirect. Direct level 2 inputs are listed prices for similar instruments in active markets, quoted prices for identical or similar instruments in non-active markets and other inputs that are observable for the instrument that can be used as input for the valuation model. Indirect level 2 inputs are inputs derived from observable market data. The valuation techniques used on the basis of observable parameters are the discounting of future cash flows, and comparisons with the fair value of a similar instrument.

- Level 3 inputs are non-observable inputs. They are based on assumptions used by the Company in the valuation. Examples of non-observable inputs are the historical volatility of a quoted share, and non-observable interest rates derived from observable data, but which are not confirmed by observable data.

When the fair value measurement uses inputs from different levels, the asset or liability is classified according to the lowest level of the inputs concerned (with level 1 as the highest and level 3 as the lowest level).

Financial instruments not measured at fair value

The fair values recorded have been obtained on the basis of internal calculations. These can however, fluctuate on a daily basis owing to the parameters used, such as interest rates, commercial margin and counterparty creditworthiness. Nor is there an intention to realise the fair value immediately. As a result, this value does not represent the substantial value to the Company on a going concern basis.

Estimating the fair value of financial instruments measured at historical cost requires the use of techniques, models, hypotheses and assumptions.

The calculation of the fair value of financial instruments, where this is not obtained externally, can be summarised as follows:

- The fair value of consumer credits, mortgage loans, term loans, deposits linked to mortgage loans and term financial liabilities (fixed-term deposits, retail savings certificates, bonds and subordinated loans and bonds) is determined by discounting contractual cash flows by the discounted cash flow method. The discounting percentage is based on the risk-free reference rate to which a market-based margin is applied. This includes, among other things, a commercial margin and a capital, credit and liquidity cost. The method is analogous to those used in the sensitivity analysis of interest rate risk (see risk section 5.1 of the FY 2020 annual consolidated financial statements).

- The fair value of cash, sight deposits, regulated savings deposits and deposits of a special nature is assumed to be equal to the book value, in view of their immediately retrievable or short-term nature.

- The fair value of debt securities for which no quoted (unadjusted) prices on an active market are available or where the instruments are deemed less liquid, are determined using valuation methods (theoretical or modelled prices with price control - level 2, or pricing by third parties for which no benchmark is possible owing to a lack of market data - level 3).

The following table presents the carrying amounts and fair values of financial assets and financial liabilities that, in the consolidated balance sheet, are not stated at their fair value. It does not include the fair value of non-financial instruments such as property, plant and equipment and other intangible assets.

	Carrying amount 31/12/2021	Fair value 31/12/2021	Carrying amount 30/06/2022	Fair value 30/06/2022
Cash and cash equivalents	52,504,898	52,504,898	57,179,212	57,179,212
Cash balances at central banks and other demand deposits	3,484,082,966	3,484,082,966	3,612,543,895	3,612,543,895
Financial assets at amortised cost				
Loans to credit institutions	1,100,219	1,100,219	1,800,651	1,800,651
Cash collateral to financial institutions	375,244,974	375,244,974	36,257,000	36,257,000
Loans and advances to other customers				
Consumer loans	329,566,906	339,120,816	364,823,012	358,608,476
Mortgage loans	35,140,728,956	37,053,398,290	36,719,031,543	33,725,111,066
Term loans	1,108,849,061	1,143,945,007	1,136,216,431	1,072,603,380
Advances and overdrafts	6,916,787	6,916,787	8,056,868	8,056,868
Leasing	33,450,300	33,450,300	43,716,808	43,716,808
Debt securities	3,576,533,053	3,635,677,602	5,445,408,555	5,154,344,782
Total financial assets	**44,108,978,121**	**46,125,441,859**	**47,425,033,976**	**44,070,222,139**
Financial liabilities at amortised cost				
Deposits from central banks	258,262,863	258,262,863	256,968,093	256,968,093
Deposits from credit institutions	49,268,441	49,268,441	1,320,624,887	1,320,624,887
Deposits from other than central banks and credit institutions				
Deposits on demand	6,895,038,793	6,895,038,793	7,310,779,579	7,310,779,579
Deposits on term	1,354,579,653	1,387,893,869	1,040,539,463	1,048,373,056
Regulated savings deposits	28,432,763,545	28,432,763,545	29,450,301,229	29,450,301,229
Mortgage-linked deposits	669,514,737	733,579,594	767,296,627	782,368,291
Cash collateral	4,378,000	4,378,000	113,166,000	113,166,000
Other deposits	2,923,794,318	2,923,794,318	3,078,120,998	3,078,120,998
Senior debt securities issued				
Saving certificates	0	0	0	0
Other	4,847,904,930	4,867,288,561	5,661,447,174	5,270,628,225
Subordinated debt securities issued				
Subordinated certificates	0	0	0	0
Tier 2 debt securities issued	0	0	0	0
Other financial liabilities	93,169,126	93,169,126	100,332,115	100,332,115
Total financial liabilities	**45,528,674,405**	**45,645,437,110**	**49,099,576,164**	**48,731,662,473**

The table below shows the fair values of the listed IFRS classifications presented schematically by hierarchy level. A Level 2 is assigned by the Company to the very short term financial instruments - with the carrying value used as fair value.

31/12/2021	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	52,504,898	0	52,504,898	0
Cash balances at central banks and other demand deposits	3,484,082,966	0	3,484,082,966	0
Financial assets at amortised cost	42,588,853,995	2,195,083,611	1,853,747,704	38,540,022,681
Loans and advances	38,953,176,393	0	416,712,280	38,536,464,113
Debt securities	3,635,677,602	2,195,083,611	1,437,035,423	3,558,568
Financial liabilities at amortised cost	45,645,437,110	2,516,522,671	38,656,675,087	4,472,239,352

30/06/2022	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	57,179,212	0	57,179,212	0
Cash balances at central banks and other demand deposits	3,612,543,895	0	3,612,543,895	0
Financial assets at amortised cost	40,400,499,032	3,856,641,288	1,385,614,600	35,158,243,144
Loans and advances	35,246,154,249	0	89,831,328	35,156,322,922
Debt securities	5,154,344,782	3,856,641,288	1,295,783,273	1,920,222
Financial liabilities at amortised cost	48,731,662,473	2,039,190,479	41,875,322,904	4,817,149,090

Cash and balances at central banks and other demand deposits are measured at level 2 fair values (given the short-term nature).

Loans and advances measured at level 3 fair value relate primarily to mortgage loans to individuals for which Argenta has calculated a market valuation based on a discounted cash flow (DCF) model. Here, certain assumptions are applied with respect to spread and prepayment rate. The spread used includes, among other things, a commercial margin a capital cost and a credit cost. The Company periodically monitors the commercial margin and compares it with the observed commercial margin in transactions in the market (in particular, the commercial margin ceded to investors in an RMBS transaction). The fair value of loans and advances (and primarily the mortgage loans) decreased significantly as these assets typically have longer durations and are more susceptible to changes in the long-term yield curve. Compared to the end of 2021 there was a significant upward movement in this curve decreasing the calculated fair value.

Loans and advances in level 2 relate to nostro accounts, posted cash collateral, and overdrafts on current accounts. The decrease in level 2 over 2022 is the result of the lower level of posted cash collateral.

The ‘financial assets at amortised cost’ includes the relevant debt securities from the securities portfolio. The relevant fair values are obtained externally. Financial liabilities measured at amortised cost under level 2 relate to deposits from credit institutions, demand deposits, regulated savings deposits and other deposits. Given the short-term nature of these liabilities, they are treated as a level 2 (carrying value equivalent to fair value).

The financial liabilities included in level 3 are the fixed term deposits. A market valuation is calculated based on a DCF model. The covered bonds and non-subordinated issues under the EMTN programme are included under level 1 as there is sufficient evidence available for the existence of a liquid market for these instruments.

Overall, the fair value has decreased significantly as compared to 2021 owing to an increase in the long-term yield curve in the first half of 2022. The rise in the risk-free yield curve causes the unrealised capital gain to fall and consequently also the fair value/book value ratio. In addition, in FY 2021, an additional add-on of 15bp was added to the discounting of Belgian and Dutch mortgages in the valuation to reflect a potential loss of some commercial margin in the event of a sale. In 2021 a change was also made to the methodology for Dutch mortgages, whereby cash flows after interest rate adjustment are no longer included in the fair value. This further reduces this fair value.

Financial instruments measured at fair value

The following tables show the fair values of the financial instruments that are measured in the balance sheet at their fair value.

In determining the fair value, the Company first uses the quoted (unadjusted) prices in an active market. For this the Company uses the same external sources as in previous years, namely Bloomberg and Euroclear. Instruments are classified as level 2 where theoretical or modelled prices are available that can be substantiated by/benchmarked against another source or pricing by third parties. For instruments included in level 3, prices are received from third parties for which the Company does not have a benchmark. The fair value of derivative instruments is calculated internally using a FINCAD application, with the market values calculated daily, in the context, among others, of the European Market Infrastructure Regulation (EMIR).

Collateral management (margin calls) takes place, depending on the individual agreements, on a daily or weekly basis. The external market values obtained with the margin calls are systematically compared with the internally calculated fair values.

Vanilla derivatives (vanilla IRSs and caps) are measured on the basis of interest rate curves and implicit volatilities observable in the market (level 2 inputs). The fair value of these transactions is therefore considered as level 2.

The table below provides an overview of the level hierarchy of financial assets and liabilities measured at fair value.

31/12/2021	Fair value	Level 1	Level 2	Level 3
Assets measured at fair value	**3,874,871,259**	**3,291,480,762**	**580,593,994**	**2,796,503**
Financial assets held for trading	18,595,343	0	18,595,343	0
Financial assets at fair value through other comprehensive income	3,726,459,358	3,280,543,739	443,119,116	2,796,503
Non-trading financial assets mandatorily at fair value through profit or loss	41,200,393	10,937,023	30,263,370	0
Derivatives used for hedge accounting	88,616,165	0	88,616,165	0
Liabilities measured at fair value	**507,639,996**	**0**	**507,639,996**	**0**
Financial liabilities held for trading	16,545,565	0	16,545,565	0
Derivatives used for hedge accounting	491,094,431	0	491,094,431	0

30/06/2022	Fair value	Level 1	Level 2	Level 3
Assets measured at fair value	**5,186,623,853**	**3,233,594,050**	**1,950,084,181**	**2,945,622**
Financial assets held for trading	60,050,562	0	60,050,562	0
Financial assets at fair value through other comprehensive income	3,720,660,717	3,224,541,547	493,173,548	2,945,622
Non-trading financial assets mandatorily at fair value through profit or loss	37,233,216	9,052,503	28,180,713	0
Derivatives used for hedge accounting	1,368,679,358	0	1,368,679,358	0
Liabilities measured at fair value	**146,861,480**	**0**	**146,861,480**	**0**
Financial liabilities held for trading	50,185,523	0	50,185,523	0
Derivatives used for hedge accounting	96,675,957	0	96,675,957	0

In the portfolio ‘financial assets at fair value through other comprehensive income’, sporadic changes occur between level 1 and level 2 as a result of changes in the liquidity of the instruments (for example, more providers). In the first half of 2022 there were no reclassifications between level 1 and level 2.

The fair value of hedging derivatives on the asset side increased and on the liabilities side decreased due to the changes in the interest environment. The cumulative fair value changes of the hedged items in a portfolio hedge of interest rate risk decreased from EUR 353.2 million per end 2021 to EUR -1,292.9 million at the end of June 2022.

The following table provides a reconciliation of level 3 fair values for the first half year of 2022 and 2021. It refers to the securities held under FVOCI and MFVPL.

	Debt securities at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss
Opening at 01/01/2021	**0**	**1,061,452**	**0**
Purchases and new contracts	0	2,000,000	0
Expired instruments	0	0	0
(Partial) repayments	0	0	0
Changes to other levels	0	0	0
Changes from other levels	0	0	0
Other changes (including value changes)	0	0	0
Closing at 30/06/2021	**0**	**3,062,498**	**0**
Opening at 01/01/2022	**0**	**2,796,503**	**0**
Purchases and new contracts	0	110,120	0
Matured instruments	0	0	0
Repayments (partial)	0	0	0
Changes to other levels	0	0	0
Changes from other levels	0	0	0
Other changes (including value changes)	0	38,999	0
Closing at 30/06/2022	**0**	**2,945,622**	**0**

The table indicates that there is only a limited amount of level 3 fair values in the financial instruments. The total of the debt securities and equities valued at level 3 fair values is EUR 2,945,622 as of 30 June 2022 (compared to EUR 3,062,498 per 30 June 2021). The position with a level 3 fair value consists of shares from an infrastructure fund where the Company receives pricing or valuation from third parties.

Note on the credit risk in the fair value of derivatives

In line with market practices, a CVA (Credit Valuation Adjustment) and a DVA (Debit Valuation Adjustment) have been taken into account in establishing the fair value of derivatives. The combined impact of both elements amounts to EUR 4.3 million at the 30 June 2022 measurement as against EUR 0.5 million in 2021, with an income impact of EUR 3.8 million. The increase is a result of widened credit spreads on retail savings banks, which the Company uses as proxy for the own credit spread in the debit value adjustment.

Note 12: Other assets and other liabilities (Notes 21 & 24 in the annual statements 2021)

The increase by EUR 106.95 million in other assets mainly relates to the increase in the credit and payment services suspense account.

Other liabilities have decreased by EUR 33.07 million between 31/12/2021 and 30/06/2022. This is mainly due to the decrease of amounts on the intercompany settlement account with Argenta Assuranties.

Note 13: Equity attributable to the owners of the parent (Note 3 in the annual statements 2021)

The Company is the consolidating company and 99.99% of its shares are owned by Argenta Bank- en Verzekeringsgroep nv (the holding company of the Argenta Group).

The total equity as of 30 June 2022 is EUR 2,366,464,013 compared with EUR 2,401,891,886 as of 31 December 2021. The elements of the equity are further described in the text below.

Overview of equity	31/12/2021	30/06/2022
Paid up capital	888,301,900	888,301,900
Share premium	0	0
Accumulated fair value changes of debt securities measured at fair value through other comprehensive income	40,046,993	-29,328,083
Accumulated fair value changes of equity instruments measured at fair value through other comprehensive income	1,249,219	-1,762,874
Accumulated cash flow hedge reserve	0	0
Accumulated actuarial gains or losses on defined benefit pension plans	164,236	173,116
Reserves	1,290,968,403	1,471,681,912
Profit or loss attributable to owners of the parent	180,703,439	37,089,656
Minority interests	457,696	308,386
Total equity	**2,401,891,886**	**2,366,464,013**

Share capital

The fully paid-in capital, represented by 168,975 no par shares, is EUR 888,301,900.

Fair value changes of instruments measured at fair value through OCI

The accumulated fair value changes of debt securities at FVOCI amounted to EUR -29.328.083. The decrease is the result of the negative fair value movement of debt securities valued at fair value through OCI.

Accumulated actuarial gains or losses on defined benefit pension plans

The accumulated actuarial gains or losses on defined benefit pension plans are revaluated on annual basis, since no significant changes were enacted on the existing plans.

Retained earnings

The retained earnings position (EUR 1,471,681,912 as of 30 June 2022) increased due to the appropriation of the profit for the financial year 2021.

Profit or loss after tax for the current period

The consolidated result (excluding minority interests) for the period ending on 30 June 2022 amounted to EUR 37,089,656.

Notes to the condensed interim consolidated statement of profit or loss
(in EUR)

Note 14: Net interest income (Note 28 in the annual statements of 2021

The breakdown of interest income and charges by type of financial instrument generating an interest margin is presented in the table below:

	30/06/2021	30/06/2022
Interest income	**401,201,956**	**393,235,883**
Non-trading financial assets mandatorily at fair value through profit or loss	212,790	194,591
Financial assets at fair value through other comprehensive income	10,821,613	11,093,811
Financial assets at amortised cost - loans and advances	369,345,804	356,823,725
Financial assets at amortised cost - debt securities	19,394,995	20,176,604
Derivatives used for hedge accounting	43,290	1,547,068
Other assets	0	0
Interest income on liabilities	1,383,464	3,400,084
Interest expenses	**117,580,022**	**140,014,709**
Deposits from central banks and credit institutions	1,264,252	12,770
Deposits from other than central banks and credit institutions	30,244,988	27,320,074
Senior debt securities issued	6,279,338	12,610,263
Subordinated debt securities issued	8,351,434	0
Leasing liabilities	230,120	308,051
Derivatives used for hedge accounting	69,763,085	96,034,863
Other liabilities	0	0
Interest expenses on assets	1,446,805	3,728,689
Net interest income	**283,621,934**	**253,221,174**
of which interest-income on credit impaired financial assets	177,354	295,644

Interest income

Interest income on debt securities has increased in 2022 (FVOCI EUR +0.3 million and in AC EUR +0.8 million) after decreasing in previous years. Yields continue to be under pressure due to maturing debt securities at higher returns. The outstanding debt securities portfolio grew significantly over 2022 with the investment of cash inflows from debt securities issuances, retail funding and cash collateral, which supports interest income.

The interest income from loans and advances has decreased with EUR 12.5 million. Interest income on consumer loans grew with EUR +0.4 million reflecting the growing outstanding loan portfolio. Mortgage loans decreased with EUR -7.8 million as a result of the decline of the average yield as the higher levels of refinancing of prior periods are reflected in interest income and the incorporation of the recent increase in interest rate curve in the yield is naturally lagging (as the credit pipeline is transformed in lending exposure). Prepayment levels and fees are still higher than average but below the levels of 2021 (EUR -4.0 million). Mortgage loans remain nevertheless the main source of the interest margin due to the relative higher interest rates compared to new debt securities. Interest income from term loans increased with EUR 0.3 million.

Interest income on liabilities increased with EUR 2.0 million and relates to the interest income received on the TLTRO liabilities (at negative interest rates), on the received cash collateral and covered bonds.

Interest expenses

The decrease of interest expenses on deposits from central banks and credit institutions relates to the decrease of posted cash collateral.

The decrease in interest expense on deposits from other than credit reflects a further decline in retail funding cost and additional diversification towards wholesale funding. The outstanding funding volumes of retail term deposits decreased with lower interest expenses of EUR -1.9 million and were replaced by savings deposits which increased the funding cost with EUR +0.6 million. The interest expense on building deposits decreased with EUR -1.2 million (in line with the decreasing interest rates on new mortgage loans). Additional wholesale funding (securitization, covered bonds and EMTN notes) costs EUR +6.3 million. Funding cost of subordinated debt decreased with the call of the Tier 2 note (EUR -8.4 million).

The hedging interest cost increased with EUR 26.2 million. The increase is mainly the result of the negative impact of the fair value of the time value of hedging swaptions for EUR 25.6 million and to a lessor extent the increase of outstanding hedging derivatives compared to the first half of 2021.

Interest expenses on assets relate to the interest expenses paid on the monetary reserve and nostro accounts (at negative interest rates).

Note 15: Net fee and commission income (Note 30 in the annual statements of 2021)

The net income from commissions and fees can be summarised as follows:

	30/06/2021	30/06/2022
Fee and commission income	**111,970,527**	**124,742,251**
Securities: issuances and transfer orders	13,935,322	10,933,404
Asset management, including central administrative services for collective investment	67,409,637	83,470,000
Customer resources distributed but not managed	13,393,553	10,052,106
Payment services	8,657,386	13,179,910
Other	8,574,629	7,106,831
Fee and commission expenses	**-106,726,188**	**-102,143,505**
Acquisition charges	-88,114,512	-82,032,220
Asset management	-4,212,236	-4,331,832
Custody	-987,365	-936,186
Payment services	-11,269,669	-12,608,783
Other	-2,142,406	-2,234,484
Net fee and commission income	**5,244,339**	**22,598,746**

Commission income on issuances and transfer orders relates to acquisition charges received from retail clients for funds and shares transactions.

The asset management fees (including administrative fees) received continue to grow (EUR +16.1 million) as outstanding assets under management were higher compared to the first half of 2021. The increase is due to strong production in the second half of 2021 and in 2022. Market turmoil in the first half of 2022 led to a decrease in asset under management, nonetheless strategic focus on investment products led to continued high production. Commission income on customer resources distributed but not managed relates to the partner funds within the Argenta product offering. Commission income on payment services relates to cash and ATM transactions and increased due to normalisation of number of payment transactions and ATM withdrawals after a decline that occurred during Covid-lockdowns.

The acquisition charges contain the commission costs paid to the Argenta tied agents ('branch managers') and make up the majority of commission expenses. Acquisition charges decreased following a renegotiation of the compensation agreement.

Note 16: Gains and losses on financial assets and liabilities not measured at fair value through profit or loss (Note 31 in the annual statements of 2021)

The result on sale of financial instruments amounted to EUR -40,184 in the first six months of 2022 (EUR -8,381 in the first six months of 2021). The reasons for sales in the amortized cost portfolio relate to an increase of credit risk or breach of an investment policy limit, or near maturity securities or sales that fall within the scope of infrequent and immaterial sales.

Note 17: Gains or losses from hedge accounting (Note 34 in the annual statements of 2021)

For derivatives that are part of the fair value hedge transactions undertaken to hedge the interest rate risk of a portfolio or individual securities, the relevant interest is given under net interest income.

Changes in the fair value of these derivatives and changes in fair value arising from the hedged risk of the hedged assets and liabilities are recognised in the item 'gains and losses from hedge accounting'.

	30/06/2021	30/06/2022
Macro fair value hedge		
Fair value changes of the hedged item	-231,344,260	-1,646,050,749
Fair value changes of the derivatives used for hedge accounting	233,732,137	1,669,037,708
Micro fair value hedge		
Fair value changes of the hedged item	-17,770,951	-13,399,903
Fair value changes of the derivatives used for hedge accounting	17,816,527	13,863,338
Gains or losses from hedge accounting	**2,433,453**	**23,450,394**

The increase of EUR 21.0 million results from an increase in the basis spread between the interest rate curves used for the valuation of the derivatives and the hedged items.

Note 18: Administrative expenses (Note 37 in the annual statements of 2021)

	30/06/2021	30/06/2022
Wages and salaries	30,709,162	32,174,802
Social security charges	7,432,394	7,794,408
Pension expenses	3,477,411	3,634,487
Share-based payments	0	0
Other	2,346,650	1,835,039
Staff expenses	**43,965,618**	**45,438,736**

The increase in employee expenses is mainly the result of inflationary pressure. There are no 'share-based payments' at present.

General and administrative expenses can be summarised as follows:

	30/06/2021	30/06/2022
Marketing expenses	1,896,609	3,535,138
Professional fees - ICT	20,588,613	25,742,619
Professional fees (including legal and fiscal)	9,170,047	12,502,310
IT expenses	31,620,312	34,382,201
Rental expenses	2,656,490	1,847,396
Other taxes and bank levies	86,409,980	90,860,772
Servicing charges	10,063,866	10,921,013
Utilities	3,913,248	4,110,446
Supervisor	3,076,935	4,182,000
Postage	1,962,448	1,791,507
Interim labour	723,192	670,106
Other	9,977,343	8,537,194
Other administrative expenses	**182,059,082**	**199,082,704**

The heading 'other' includes expenses for telephone, postage, office supplies, professional contributions and travel expenses.

Professional fees (including ICT, legal, tax- and general consulting expenses) increased with EUR 3.3 million, reflecting further investments in digitalization and digital offering. IT run expenses increased (EUR +2.8 million), expenditures to comply with various regulatory requirements (supervisor) and bank levies (other taxes and bank levies) increased (EUR +5.6 million) as the retail funding base (on which the tax is levied) has further increased.

Due to the application of IFRIC 21 (Levies), levies are recognised in full when levies are vested. The line 'other taxes and bank levies' includes the total for the year, whereas on a pro-rata basis EUR 45.3 million (before taxes) would have been recognised in the second half of 2022.

Note 19: Impairments (Note 39 in the annual statements of 2021)

There was a negative impact of EUR -7.4 million in the first half year of 2022, compared to EUR +1.8 million in the first half of 2021.

	30/06/2021	30/06/2022
Debt securities at fair value through other comprehensive income	1,902,099	-535,696
Debt securities at amortised cost	2,744,895	-1,654,742
Loans and advances at amortised cost	-2,887,209	-5,259,357
Property, plant and equipment	0	0
Goodwill	0	0
Impairments	**1,759,785**	**-7,449,795**

Expected credit losses (ECL) on the financial instruments are calculated on the basis of a scenario-weighted model that includes historical and forward-looking information. The ECL are calculated as the sum of the weighted credit losses under a baseline scenario, a down scenario and an up scenario.

ECL losses are calculated by applying the probability that a borrower defaults to the expected exposure in the event of default, taking into account the expected loss in the event of default, discounted at the effective interest rate of the instrument and adjusted for the credit's survival chances.

For the calculation of ECL as per 30 June 2022 the following approach was applied:
- Update of the forecast of the key forward looking indicators driving credit losses in the retail and non-retail portfolios. Loss expectations differ under the scenarios where the baseline involves an inflationary soft landing for the Eurozone economy. Other scenarios involve a hard landing and an external shock respectively;
- Probability of occurrence of the scenarios were updated to 40% (soft landing), 35% (hard landing), 25% (external shock) (as per 31 December 2021 the baseline – steady recovery scenario - was weighted at 50%, with up – fast full recovery - and down – continued downward scenario - each at 25%).

The below table includes the comparison of the predominant forward looking indicators for retail and non-retail under the baseline scenario as of 30 June 2022 compared to the end of 2021.

	31/12/2021				30/06/2022			
	2020E	2021E	2022E	>2022E	2021E	2022E	2023E	>2024E
Retail								
Unemployment BE (%)	6.3	6.1	5.9	5.5	5.5	5.6	5.5	5.5
Unemployment NL (%)	3.3	3.4	3.5	3.3	3.3	3.6	3.4	3.4
House price index BE (%, JoJ)	6	2	1.6	1.6	0	0	1.3	2
House price index NL (%, JoJ)	15	11.3	5	1.4	13.9	3.7	2.5	2
Non-retail								
GDP Eurozone (%, JoJ)	5.1	4.2	2.9	1.2	2.8	2.1	2.1	1.7
Energy Index (%, JoJ)	82.1	1.9	1.9	1.9				
Non-energy Index (%, JoJ)	18.7	1.9	1.9	1.9				
CPI Eurozone (%, JoJ)					6.8	3.5	2.1	2
Unemployment Eurozone (%)	7.7	7.3	6.9	6.5	6.8	6.8	6.7	6.7

The net impairments for retail products (mainly mortgages, consumer loans and credit cards) amount to EUR 38.2 million, compared to EUR 33.4 million at the end of 2021.

The main impact stems from stage 1 and stage 2 provisions for mortgages (EUR +1.1 million for Belgian mortgages, EUR +2.3 million for Dutch mortgages).

In Belgium, provisions increased mainly due to the addition of early warning indicators through the staging of clients most vulnerable to the high inflation, based on poor EPC label and high DTI and further incorporation of additional information from the Central Individual Credit Register of the National Bank of Belgium (EUR +2.1 million). These effects were partially compensated by a favorable indexation of the real estate values (EUR -0.5 million), improving ratings and actual and forecasted macro-economic figures (EUR -0.5 million).

In the Netherlands, adjustments due to inflation (indexation of parameters as well as staging of clients most vulnerable to the high inflation, based on poor EPC label and high LTI) led to an increase of EUR +1.2 million. The new macro-economic forecasts, including a possibility for house prices to drop in 2023, led to an increase of EUR 0.9 million. Real estate indexations and HPI realizations contributed to a decrease of EUR 0.4 million, while other portfolio effects, including the production in Q2, contributed to an increase of EUR 0.5 million.

In terms of stage 3 provisions, there was an increase of the impairment stocks of EUR 1.5 million with regards to December 2021 coming from Belgian mortgages (EUR +1.2 million), consumer loans (EUR +0.4 million) and credit cards (EUR +0.5 million), mostly due to a larger inflow of both 90 days past due triggers and hard UTP triggers. A contribution of EUR 0.7 million to this inflow comes from mortgages loans that benefited from COVID-19 measures. On the other hand, we saw a decrease for Dutch mortgages (EUR -0.6 million) mostly due to curing.

At portfolio level, in line with 2021, the non-covid related management overlays (PD en LGD backstops), and the covid specific overlay (collective staging to phase 2 for interest-only loans with high residual LTVs) remained unchanged. An inflation specific overlay was introduced in 2022 to capture the uncertainty of inflationary pressure on ECL (collective staging to phase 2 for loans with high DTI financing property with a poor EPC label). The combined impact of these staging-overlays is EUR 3.5 million, compared to EUR 3.1 million in 2021.
The implemented overlay on LGD is unchanged compared to 2021. The isolated impact of the LGD overlay is EUR 8.2 million compared with an increase of EUR 7.3 million in 2021.

The net impairments for non-retail positions (debt securities and public and corporate loans under loans and advances at amortized cost) increased in the first half of 2022 to EUR 5.3 million from EUR 2.8 million at the start of the year, resulting in an overall impact of EUR -2.5 million in profit and loss. The increase in impairments is mainly due to the update of the macro-economic scenarios used for the estimation of PD, which were significantly more pessimistic compared to the expectations at the end of 2021, (with an impact of EUR –1.8 million) and stage 2 transfers (with an impact of EUR -0.6 million). There are currently no stage 3 impairments for non retail positions.

The impact on ECL directly linked to the Ukraine war (mainly migrations to stage 2) for retail and non-retail combined as of 30 June 2022 equals EUR 1.6 million. The indirect impact is reflected in the worsened economic outlook.

The below table gives an overview of the carrying amounts and accumulated impairments per stage compared to the end of 2021.

	31/12/2021			30/06/2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial assets at amortised cost	**37,148,702,104**	**3,287,948,790**	**171,089,854**	**38,810,938,648**	**4,817,463,895**	**169,045,130**
Debt securities	3,552,467,498	25,501,973	0	5,398,068,101	50,431,313	0
Loans and advances	33,596,234,606	3,262,446,817	171,089,854	33,412,870,547	4,767,032,582	169,045,130
of which leasing receivables	33,450,300	0	0	43,716,808	0	0
Financial assets at fair value through other comprehensive income	**3,710,123,235**	**0**	**0**	**3,708,779,293**	**0**	**0**
Debt securities	3,710,123,235	0	0	3,708,779,293	0	0
Equity instruments						
Total financial assets	**40,858,825,339**	**3,287,948,790**	**171,089,854**	**42,519,717,941**	**4,817,463,895**	**169,045,130**
Loan commitments, financial guarantees and other commitments given	**3,198,637,873**	**33,431,070**	**0**	**3,115,758,683**	**71,808,498**	**0**
of which purchased credit-impaired financial assets	0	0	0	0	0	0

31/12/2021	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	To stage 2 from stage 1	To stage 1 from stage 2	To stage 3 from stage 2	To stage 2 from stage 3	To stage 3 from stage 1	To stage 1 from stage 3
Financial assets at amortised cost	**575,618,753**	**1,482,523,897**	**47,378,203**	**36,652,160**	**17,660,404**	**782,156**
Debt securities	0	1,252,684	0	0	0	0
Loans and advances	575,618,753	1,481,271,213	47,378,203	36,652,160	17,660,404	782,156
of which leasing receivables	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**
Debt securities	0	0	0	0	0	0
Equity instruments						
Total financial assets	**575,618,753**	**1,482,523,897**	**47,378,203**	**36,652,160**	**17,660,404**	**782,156**
Loan commitments, financial guarantees and other commitments given	**4,603,942**	**7,323,843**	**0**	**15,096**	**0**	**0**

30/06/2022	Transfers between stage 1 and stage 2	Transfers between stage 2 and stage 3	Transfers between stage 1 and stage 3

	To stage 2 from stage 1	To stage 1 from stage 2	To stage 3 from stage 2	To stage 2 from stage 3	To stage 3 from stage 1	To stage 1 from stage 3
Financial assets at amortised cost	**1,902,073,320**	**371,486,334**	**24,644,461**	**19,013,061**	**10,531,692**	**1,606**
Debt securities	46,528,060	0	0	0	0	0
Loans and advances	1,855,545,260	371,486,334	24,644,461	19,013,061	10,531,692	1,606
of which leasing receivables	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**
Debt securities	0	0	0	0	0	0
Equity instruments						
Total financial assets	**1,902,073,320**	**371,486,334**	**24,644,461**	**19,013,061**	**10,531,692**	**1,606**
Loan commitments, financial guarantees and other commitments given	**41,743,144**	**4,125,036**	**0**	**0**	**0**	**0**

The mutation table below gives an overview of the stage 1, 2 and 3 impairments.

	01/01/2021	Origination and acquisition	De-recognition	Changes in credit risk (net)	Changes due to update in the institution's methodology for estimation (net) and in the macro-economic factors	Write-offs	Other	31/12/2021
Stage 1	**-11,347,189**	**-2,114,987**	**1,169,291**	**8,993,591**	**1,836**		**-1,515,581**	**-4,813,039**
Debt securities	-7,517,442	-691,063	377,139	6,486,251	0		-731,043	-2,076,158
Loans and advances	-3,829,747	-1,423,925	792,152	2,507,340	1,836		-784,538	-2,736,881
Stage 2	**-14,710,335**	**0**	**1,925,359**	**10,306,610**	**-56,011**		**-4,209,665**	**-6,744,042**
Debt securities	-466,352	0	0	108,548	0		180,823	-176,981
Loans and advances	-14,243,983	0	1,925,359	10,198,062	-56,011		-4,390,488	-6,567,062
Stage 3	**-20,092,002**	**0**	**1,804,521**	**-10,456,466**	**0**	**4,133,816**	**0**	**-24,610,131**
Debt securities	0	0	0	0	0	0	0	0
Loans and advances	-20,092,002	0	1,804,521	-10,456,466	0	4,133,816	0	-24,610,131
Provisions on loan commitments, financial guarantees and other commitments given	**-940,941**	**-2,252,437**	**1,937,776**	**267,443**	**10**	**0**	**18,351**	**-969,798**
Stage 1	-850,567	-2,252,437	1,853,788	282,404	0		43,525	-923,286
Stage 2	-90,374	0	83,988	-14,962	10		-25,175	-46,513
Stage 3	0	0	0	0	0	0	0	0
Total	**-47,090,467**	**-4,367,424**	**6,836,946**	**9,111,178**	**-54,165**	**4,133,816**	**-5,706,895**	**-37,137,010**

	01/01/2022	Origination and acquisition	De-recognition	Changes in credit risk (net)	Changes due to update in the institution's methodology for estimation (net) and in the macro-economic factors	Write-offs	Other	30/06/2022
Stage 1	**-4,813,039**	**-1,519,019**	**425,665**	**-1,573,130**	**-18**		**-332,141**	**-7,811,683**
Debt securities	-2,076,158	-782,538	53,463	-1,112,752	0		0	-3,917,984
Loans and advances	-2,736,881	-736,481	372,202	-460,379	-18		-332,141	-3,893,698
Stage 2	**-6,744,042**	**0**	**885,856**	**-1,958,996**	**-10,325**		**-1,738,632**	**-9,566,139**
Debt securities	-176,981	0	8,113	-356,724	0		0	-525,592
Loans and advances	-6,567,062	0	877,743	-1,602,272	-10,325		-1,738,632	-9,040,547
Stage 3	**-24,610,131**	**0**	**1,508,935**	**-4,011,170**	**0**	**1,000,666**	**0**	**-26,111,700**
Debt securities	0	0	0	0	0	0	0	0
Loans and advances	-24,610,131	0	1,508,935	-4,011,170	0	1,000,666	0	-26,111,700
Provisions on loan commitments, financial guarantees and other commitments given	**-969,798**	**-1,074,991**	**929,603**	**85,541**	**-97**	**0**	**-23,612**	**-1,053,354**
Stage 1	-923,286	-1,074,991	897,630	178,493	0		-4,509	-926,662
Stage 2	-46,513	0	31,973	-92,952	-97		-19,103	-126,691
Stage 3	0	0	0	0	0	0	0	0
Total	**-37,137,010**	**-2,594,011**	**3,750,059**	**-7,457,756**	**-10,439**	**1,000,666**	**-2,094,385**	**-44,542,875**

Note 20: Taxes (Note 20 and 40 in the annual statements of 2021)

The details of current and deferred taxes are shown below:

	31/12/2021	30/06/2022
Deferred tax assets	**1,454,168**	**32,252,953**
Deferred tax liabilities	**12,391,959**	**19,868,174**

The increase in deferred tax assets relates to the deferred tax asset recognized on the immediate and complete (in accordance with IFRIC 21 bank levies) recording of the bank levies in expense in comparison to an accrued basis for tax purposes (temporary difference that will be reversed at year-end) (EUR 10.3 million) and the deferred tax asset recognized on the decrease of FV changes of the financial assets at fair value through other comprehensive income due to the upwards correction of the interest rate curve (EUR + 24.1 mio).

The details of current and deferred tax expenses are shown below:

	30/06/2021	30/06/2022
Current taxes		
Current tax expenses for the financial year	29,177,350	23,940,194
Current tax expenses for prior periods	-7,958	0
Current tax income related to fiscal consolidation	0	0
Deferred taxes		
Deferred taxes relating to fiscal losses and DRD	0	0
Deferred taxes for prior periods	0	414,346
Deferred taxes relating to accounting timing differences	-6,455,306	414,017
Total taxes	**22,714,087**	**24,768,558**
Effective tax rate	29.82%	39.93%

As reflected in the table above, the effective tax rate was 39.93% for the first six months of 2022, compared to 29.82% for the first six months of 2021.

Part of the taxable basis is realized in the Netherlands and Luxembourg. In the Netherlands the tax rate is at 25.80%, in Luxemburg it is at 24.94% and in Belgium the tax rate is 25.00%.

The effective tax rate in the first half of 2022 stands at 39.93% as no deferred tax assets have been recognised on the unused dividend received deduction for an amount of EUR 7.6 million (from the intragroup dividend of the asset management company).

Note on capital management (in EUR)

Note 21: Solvency and capital management (Note 6 in the annual statements of 2021)

Capital risk or solvency risk is the risk of available capital falling short of the capital required by the activities and size of the company and being unable to obtain the necessary additional capital at short notice and at a reasonable cost. To monitor this risk, systematic comparisons are made with the regulatory requirements and internal objectives.

Capital management

The goal of the Company's risk management is to achieve the best possible capital structure, while continuing to meet the statutory and internally set capital objectives. The Company has implemented adequate procedures and systems to guarantee its long-term capital adequacy, while taking into account all material risks.

The Company has traditionally pursued a policy of self-financing. To retain a level of capital that provides sufficient scope for growth and to be able to carry the financial and operational risks, the Company aims to meet the potential capital requirements by (a) retained earnings, (b) capital increases and (c) subordinated loans.

Regulations

The Company is subject to the CRR and CRD legislation. Information on Pillar 1 (minimum capital requirements) and Pillar 2 (SREP process, including details of interest rate, liquidity and concentration risk) is included in the fiscal year 2021 financial statements. The Pillar 3 disclosures for 2021 of the parent of the Company are published separately on the Company's website.

The Company uses the IRB method for the retail mortgage portfolios (but not longer for the run-off CHBK portfolio), and the 'corporates and institutions' portfolio, and the standard (STA) method for the remaining exposures.

Legal capital requirements

The Pillar I requirements impose a minimum solvency ratio of 4.5% of the Common Equity Tier 1 (CET1), of 6.0% for the total Tier 1 ratio, and of 8.0% for the total capital ratio. The regulators have the possibility to impose a series of additional buffers. The P2R needs to be composed out of at least 56.25% CET1 and 75% Tier 1 capital. The CET1 (Common Equity Tier 1) requirement under IRB for 30 June 2022 amounts to 13.57%, including 1.5% Tier 1 and 2.0% Tier 2 substitution.

The NBB introduced a new macroprudential measure on the 1st of May 2022 targeting exposures to the Belgian residential real estate market of credit institutions applying the internal ratings-based (IRB) approach and replacing the earlier measure that was introduced in 2018. The new measure imposes the constitution of a CET 1-capital buffer and replaces the risk-weighted assets add-on.

From 1 January 2022 the Company is subject to a binding MREL intermediary obligation of 7.16% and of 6.41% subordinated.

Internal capital requirements

In the internal process of assessment of capital adequacy (ICAAP - Internal Capital Adequacy Assessment Process for the Company) all material risk factors are modelled. In this way, a more complete picture is obtained of the economic capital requirement. The ICAAP process aims to identify and quantify all material risks, so that the adequacy of the available capital can be assessed and the required capital can be allocated to the business and product lines.

Pillar 1 key figures (unaudited)

The table below (with the standard KM1 template as the basic layout) gives an overview of the relevant figures and ratios for the Company. It also includes the internally established Risk Appetite Framework (RAF) targets that the management has set for the relevant ratios.

		31/12/2021	30/06/2022
Available capital			
1	Tier 1 core capital (CET1)	2,354,485,837	2,288,323,395
2	Tier 1 capital (T1)	2,354,485,837	2,288,323,395
3	Total capital (TC)	2,354,485,837	2,288,323,395
Risk-weighted items			
4	Total risk-weighted items	10,907,465,778	10,204,891,177
Solvency ratio's			
5	Common Equity Tier 1 core capital (%)	21.59%	22.42%
6	Tier 1 capital ratio (%)	21.59%	22.42%
7	Total Capital Ratio (%)	21.59%	22.42%
Additional CET1 buffer requirements			
8	Capital Conservation Buffer requirements (%)	2.50%	2.50%
9	Countercyclical capital buffer requirements (%)	0.01%	0.01%
9a	Systemic risk buffer (%)	0.00%	0.80%
10	O-SII (Other Systemically Important Institution) buffer requirements (%)	0.75%	0.75%
11	Combined buffer requirement (%)	3.26%	4.07%
11a	Overall capital requirements (%)	13.01%	13.57%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.86%	13.02%
Leverage ratio			4.84%
13	Leverage exposure	47,585,910,844	54,984,813,718
14	Leverage ratio (%)	4.95%	4.16%
Liquidity Coverage Ratio (LCR)			3,817,620,543
15	Total high quality liquid assets	6,046,952,418	7,560,920,828
16	Total net cash outflow	3,681,141,084	3,833,008,620
17	LCR ratio (%)	164.27%	197.25%
Net Stable Funding Ratio (NSFR)			29,665,712,268
18	Total available stable funding	44,306,539,136	46,570,196,092
19	Total required stable funding	30,523,335,443	32,227,060,392
20	NSFR ratio (%)	145.16%	144.51%

The Common Equity Tier 1 (CET) ratio amounts to 22.42% as of 30 June 2022.

The increase of the CET1 ratio is the result of a decrease of Tier 1 capital due to a negative evolution of other comprehensive income in the first six months of 2022, but a stronger decrease of risk weighted assets.

Risk weighted assets for institutions and corporates increased with EUR 117 million and for mortgages with EUR 315 million, both in line with the increased outstanding portfolio per 30 June 2022. The Belgian residential real estate market IRB add-ons were replaced by a CET-1 capital buffer, decreasing risk weighted assets with EUR 1,204 million. The DNB minimum average risk weight for exposures to natural persons secured by mortgages on residential property located in the Netherlands was not hit (and thus did not impact risk weighted assets).

At the end of 2021, the total available MREL was 8.09% of which 7.03% on a subordinated basis. At 30 June 2022, available MREL figure is 7.99% of which 7.08% subordinated respectively, both well above the intermediary requirements.

Liquidity risk

The Company's liquidity risk appetite is monitored with the LCR and NSFR ratios. The LCR compares the liquidity buffer against a defined outflow of previously incoming funds over a 30-day period. The NSFR compares available liquidity against the liquidity required over a period of at least one year. The calculation of the NSFR ratio as at 30 June 2022 is based on the CRR2. Both ratio's were comfortably above internal targets.

Note on subsequent events

Note 22: Post-balance sheet events (note 45 in the annual statements of 2021)
Important events after balance sheet date

No material events have occurred since the balance sheet date that require an adjustment of the Company's consolidated financial statements as of 30 June 2022.

Approval for publication

On 30 August 2022, the Board of Directors reviewed the interim financial statements and gave its approval for their publication.

Glossary

(F)IRB	Foundation of the Internal Ratings-Based approach
ALCO	Assets and Liability Committee
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulations
CVA	Credit Value Adjustment
DNB	De Nederlandsche Bank
DRD	Dividends Received Deduction
DVA	Debt Valuation Adjustment
ECB	European Central Bank
ECL	Expected Credit Losses
EMTN	European Medium Term Note
FVOCI	Fair Value through Other Comprehensive Income
HQLA	High Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IRS	Interest Rate Swap
LCR	Liquidity Coverage Ratio
MBS	Mortgage Backed Security
MFVTPL	Mandatorily Fair Value through Profit and loss
NBB	Nationale Bank van België
NHG	Nederlandse Hypotheek Garantie
NPV	Net Present Value
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income
RAF	Risk Appetite Framework
RMBS	Residential Mortgage Backed Security
RWA	Risk Weighted Assets
SPPI	Solely Payments of Principal and Interest
SPV	Special Purpose Vehicle
SREP	Supervisory Review and Evaluation Process

KPMG

Statutory auditor's report to the board of directors of Argenta Spaarbank NV on the review of the condensed consolidated interim financial information as at 30 June 2022 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Argenta Spaarbank NV as at 30 June 2022, the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2022 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the European Union.

Zaventem, 30 August 2022

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Kenneth Vermeire (Authentication)
Digitally signed by Kenneth Vermeire (Authentication)

Kenneth Vermeire
Bedrijfsrevisor / Réviseur d'Entreprises

Zetel - Siège:
Luchthaven Brussel Nationaal 1K
B-1930 Zaventem

KPMG Bedrijfsrevisoren - KPMG Réviseurs d'Entreprises BV/SRL
Ondernemingsnummer / Numéro d'entreprise 0419.122.548
BTW - TVA BE 0419.122.548
RPR Brussel - RPM Bruxelles
IBAN : BE 95 0018 4771 0358
BIC : GEBABEBB