Argenta Spaarbank

IFRS Half-year Financial Statements

2023

argenta.be

Condensed consolidated interim financial information of Argenta Spaarbank nv () for the first six months of the current financial year 2023, 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).

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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

In 2023 the inflation level, which rose sharply as from the start of 2022, remained elevated, with a continued impact on the financial markets and consumer purchasing power. The geopolitical uncertainties remained, as there is currently no sign of an end to the war caused by the Russian invasion of Ukraine. In addition, early 2023, several credit institutions in the United States and Switzerland were confronted with problems due to liquidity or solvability stress. These events created additional turmoil among investors and in the financial markets.

The above factors led to the central banks continuing to pursue a restrictive monetary policy. The ECB's restrictive policy had a positive impact, on Argenta Spaarbank's interest margin, initially through an improvement of the interest result on the investment portfolio and on the hedging transactions. Increasing market rates translated into higher customer tariffs on new mortgages in 2023. Increased rates in general had a dampening effect on mortgage markets. In Belgium total production amounted to EUR 1.24 billion, a drop of EUR 0.59 billion compared to the first half year of 2022. In the Netherlands the mortgage production in the first half of 2023 decreased with EUR 1.2 billion to EUR 1.12 billion, largely driven by much lower refinancing volumes.

Increasing market interest rates also resulted in higher interest rates on deposit accounts. In the Netherlands the interest rates on savings and term products were raised for the first time at the beginning of the fourth quarter of 2022, and again in 2023. In Belgium the first interest hike took place in February 2023, with a subsequent hike planned for July.

In line with the market, the funds that customers hold in our current, savings and term accounts stabilized, after years of significant growth. This is driven by a pickup in spending pattern by households returning to pre-coronavirus level, complemented by the impact of rising inflation.

In 2023 Argenta Spaarbank continued to focus on raising non-retail funding. As part of the Covered Bond programme, a EUR 0.5 billion bond was issued.

Argenta continues to strategically focus on income diversification with the aim to increase our non-interest rate-driven result primarily through our asset management activities. The net production figures are dampened by the difficult financial market environment, but the growing interest in our range of funds remains, even in the turbulent market conditions. This resulted in stable revenue from asset management activities, despite pressure on the AUM portfolio value as a result of the market, drop in inflows and the interest rate rise.

The high inflation, growth of the activities and investments in our IT infrastructure, and increasing bank levies led to an increase in operational costs by 12%. Driven by the increase in income, net profit came in at EUR 90.8 million.

Through the addition of the half-year profit to reserves, equity continues to grow, which means all the solvency requirements continued to be comfortably met. The liquidity ratios were further strengthened and remained comfortable.

Key figures (unaudited)

The first half of 2023 has been strong and resulted in a net profit of EUR 90.8 million (EUR 37.3 million 1H2022), return on equity of 10.7% and a cost-income ratio of 53.4%.

The table below gives the Company's key figures.

	31/12/2022	30/06/2023
Return on equity	8.2%	10.7%
Return on total assets	0.37%	0.49%
Cost-income ratio (excluding bank levies)	47.0%	41.9%
Cost-income ratio (including bank levies)	60.5%	53.4%
Common equity tier 1 ratio	21.5%	22.6%
Total capital ratio	21.5%	22.6%
Leverage ratio	4.3%	4.6%
Liquidity coverage ratio	186%	192%
Net stable funding ratio	142%	141%
Minimum requirement for own funds and eligible liabilities (LRE)	9.1%	8.4%
Minimum requirement for own funds and eligible liabilities subordinated (LRE)	8.2%	8.4%
Minimum requirement for own funds and eligible liabilities (TREA)	45.2%	41.8%
Minimum requirement for own funds and eligible liabilities subordinated (TREA)	40.6%	41.8%

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 0.2% (EUR 0.12 billion) to EUR 53.51 billion.

Cash, cash balances at central banks and other demand deposits decreased between December 31 and June 30 by 9.2% (EUR 0.30 billion).

Investments in debt securities decreased by 5.3% (EUR 0.53 billion). The portfolio consists of EUR 3.13 billion stated at fair value with value adjustments recognised through other comprehensive income, and EUR 6.33 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.

	31/12/2022	30/06/2023
Non-trading financial assets mandatorily at fair value through profit or loss	33,241,220	32,992,103
Financial assets at fair value through other comprehensive income	3,466,562,977	3,130,882,424
Financial assets at amortised cost - debt securities	6,515,487,141	6,325,522,018
Total securities portfolio	**10,015,291,337**	**9,489,396,544**

The portfolio of loans and receivables increased from EUR 39.52 billion as of 31 December 2022 to EUR 40.37 billion, primarily driven by the mortgage loan portfolio which increased by 2.2% (EUR 0.83 billion). Mortgage production in Belgium and the Netherlands was lower compared to the previous period. Combined with a decline in the prepayment levels, retail lending continued to grow, be it at a lower pace compared to previous periods.

	31/12/2022	30/06/2023
Financial assets at amortised cost - loans and advances	39,518,598,090	40,367,145,901
of which mortgage loans	37,781,315,132	38,609,662,264

Financial liabilities measured at amortized cost increased overall by EUR 21.01 million.

The deposits from credit institutions decreased due to the outflow 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 decreased, this resulted in an outflow of collateral.

The Company continues to diversify its funding by raising non-retail funding. Under the Covered Bond programme EUR 0.50 billion was issued in June, partially compensated with repayments for EUR -128.68 million of the residential mortgages backed securities. Regulated savings deposits stabilized, whereas term accounts increased with EUR 486.50 million. Amounts held in sight accounts decreased with EUR -458.48 million as spending levels increased.

	31/12/2022	30/06/2023
Deposits from central banks	0	0
Deposits from credit institutions	1,786,200,219	1,649,640,315
Deposits from other than central banks and credit institutions	42,183,647,761	41,944,117,200
Senior debt securities issued	6,405,181,945	6,806,495,135
Subordinated debt securities issued	0	0
Other financial liabilities	96,919,884	92,710,305
Financial liabilities at amortised cost	**50,471,949,809**	**50,492,962,955**

Elements (drivers) of the result

The Company's profit (EUR 90,797,757 with the application of IFRIC 21 (levies) and EUR 131,693,677 without application of IFRIC 21) has increased as a result of higher net interest income, partly compensated by higher operating expenses and bank levies and higher levels of impairments.

The interest result is the main driver of the recurring operating result and is supplemented by the net income from commissions and fees related to the offering and management of investment funds.

Net interest income increased in 2023 by EUR +133.73 million compared to the first half of 2022. The interest income has grown as a result of the combination of the recent increase in the return on the liquid assets, derivatives and the securities portfolio and a growing mortgage portfolio at increasing return for new production. The level of prepayments on mortgages dropped back, with the prepayment fees falling from EUR 18.42 million in the first half of 2022 to EUR 1.05 million in 2023.

Interest expense (excluding derivatives) increased owing to the higher interest cost on both non-retail funding and retail funding, due to the rate hikes and the renewed interest in term deposits. The interest cost of the RMBS bonds increased (variable interest payment) and the more recent issues of Covered bonds and EMTN bonds in the second half of 2022 and in 2023 bear a relatively higher interest cost, as a result of the general rise in the interest rate curve. In addition, the received cash collateral (for derivatives transactions) carry an interest expense of EUR 20.89 million.

As a consequence of higher Euribor interest rates the net interest costs on the derivatives was EUR 129.15 million lower (and the cost-of-carry of the payer swaps derivatives portfolio fell). In addition, in the first half of 2022 the hedging result was negatively impacted by the evolution of the fair value of the time value of hedging swaptions for EUR 24.16 million.

Net fee and commission income related to assets under management and distribution commissions from investment fund products stabilized compared to the first half of 2022. Market turmoil in the second half of 2022 and 2023 led to pressure on assets under management and lower net production. Commission expenses, mainly consisting of the compensation to the tied independent agents, decreased following lower mortgage and fee production levels and a renegotiation of the compensation agreement.

Gains and losses from hedge accounting are down with EUR 31.06 million, and were up in 2022 with rapidly increasing interest rates and increased basis spread between the relevant interest rate curves (for the valuation of the derivatives and the hedged items).

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). In addition, remuneration policies were revised and further enhanced at the end of 2022. Bank levies increased further as the calculation base increased.

Net impairments amounted to EUR -8.8 million in the first half of 2023 driven by an increase in expected credit losses. These reflect in particular the impact of inflationary pressure for clients resulting in an increase of expected credit risk, but also the growing outstanding portfolio, for retail exposures and expected downward pressure on housing prices in the Netherlands. In the non-retail portfolio, there was a negative impact due to the stage migrations and a rating downgrade of one counterparty.

Russia-Ukraine war

Both the retail and the non-retail portfolios were screened for direct and indirect exposure that might be affected by the conflict.

In the non-retail portfolio Argenta has no direct exposure to Ukraine, Belarus and Russia. One counterparty is monitored (via the watch list) and remained in stage 2 as it is vulnerable to indirect effects from the conflict (exposure of EUR 20 million).

In the retail portfolios, customers of Ukrainian, Russian or Belarussian nationality were screened and they, although limited in number, are followed up by Compliance. For the potential consequences of second-order effects such as rising energy costs and inflation, mortgage loans with unfavourable energy labels in combination with a high debt-service-to-income (DSTI) (Belgium) or loan-to-income (LTI) (Netherlands) remained in stage 2.

The combination of geopolitical conflicts, supply chain disruptions, inflation and tightening of monetary policy leads to an uncertain economic outlook. The impact on the financial position, performance (including the expected 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. On the basis of the factors currently known, their expected long-term impact is difficult to assess. The Company will continue to monitor the financial impact of these factors closely and, if necessary, take them into account when determining its financial position.

Climate risk

As a subsidiary the Company is exempt from sharing the non-financial information as it is included in the non-financial report on the consolidated situation of the parent companies published on the website www.argenta.be. We refer to the 2022 Climate Report at the consolidated level of Argenta Bank- en Verzekeringsgroep for more details.

The climate transition risk is included in the calculation of the expected credit losses (ECL) for the mortgage portfolios (retail). The customers who are regarded as the most sensitive to the rising energy prices remained in stage 2 in this regard.

In the Belgian mortgage portfolio this is done on the basis of the EPC label in combination with a high DSTI. At 30 June 2023, because of the above, a total of EUR 396 million of outstanding receivables are in stage 2, with a corresponding ECL of EUR 0.3 million. In the Dutch mortgage portfolio this is done on the basis of the EPC label in combination with a high LTI. At 30 June 2023, there are EUR 635 million of outstanding receivables in Stage 2 with an ECL impact of EUR 0.8 million.

In the course of 2023, the macroeconomic expectations were also updated to the latest economic projections.

For the Belgian mortgage portfolio, this update had a limited impact of EUR 0.1 million, while for the Dutch mortgage portfolio this resulted in an increase in ECL of EUR 4.5 million. The larger increase in the Netherlands is mainly due to sensitivity to house prices, especially for interest-only loans.

Solid capital and robust liquidity position (unaudited)

The Common Equity Tier 1 ratio (IRB approach and phased in) amounted to 22.6%.

Liquidity continued strong with an LCR ratio of 192% and a stable NSFR of 141%.

The Company comfortably met all regulatory solvency and liquidity requirements.

Condensed consolidated interim financial statements according to IFRS

Condensed consolidated interim statement of financial position (in EUR)

Assets	Note	31/12/2022	30/06/2023
Cash and cash equivalents	6	55,189,178	72,012,432
Cash balances at central banks and other demand deposits	6	3,175,613,841	2,862,445,463
Financial assets held for trading		107,585,916	107,828,180
Non-trading financial assets mandatorily at fair value through profit or loss	7	33,241,220	32,992,103
Financial assets at fair value through other comprehensive income	8	3,466,562,977	3,130,882,424
Financial assets at amortised cost	9	46,034,085,231	46,692,667,919
Derivatives used for hedge accounting		2,067,781,000	1,856,881,788
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-2,004,019,978	-1,818,549,934
Investments in subsidiaries, joint ventures and associates		46,878	56,700
Tangible assets		74,707,817	67,688,094
Property, plant and equipment		74,383,845	67,374,272
Investment property		323,972	313,822
Intangible assets		30,338,597	26,807,137
Goodwill		0	0
Other intangible assets		30,338,597	26,807,137
Tax assets		85,917,297	146,893,802
Current tax assets		41,135,648	110,494,320
Deferred tax assets	20	44,781,649	36,399,482
Other assets	12	264,355,813	330,417,027
Total assets		**53,391,405,786**	**53,509,023,134**

Liabilities and equity	Note	31/12/2022	30/06/2023
Financial liabilities held for trading		91,549,794	92,281,402
Financial liabilities at amortised cost	10	50,471,949,809	50,492,962,955
Deposits from central banks		0	0
Deposits from credit institutions		1,786,200,219	1,649,640,315
Deposits from other than central banks and credit institutions		42,183,647,761	41,944,117,200
Senior debt securities issued, including saving certificates		6,405,181,945	6,806,495,135
Subordinated debt securities issued		0	0
Other financial liabilities		96,919,884	92,710,305
Derivatives used for hedge accounting		128,467,450	134,590,679
Fair value changes of the hedged items in portfolio hedge of interest rate risk		0	0
Provisions		9,194,059	9,130,180
Tax liabilities		21,627,264	19,872,554
Current tax liabilities		3,056,183	4,113,648
Deferred tax liabilities	20	18,571,081	15,758,906
Other liabilities	12	199,217,538	189,607,720
Total liabilities		**50,922,005,914**	**50,938,445,490**
Equity attributable to owners of the parent	13	2,468,932,517	2,570,253,456
Equity attributable to minority interests	13	467,354	324,188
Total equity		**2,469,399,872**	**2,570,577,644**
Total liabilities and equity		**53,391,405,786**	**53,509,023,134**

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

	Note	30/06/2022	30/06/2023
Total operating income		**327,224,125**	**428,407,376**
Net interest income	14	253,221,174	386,950,535
Interest income		393,235,883	599,623,136
Interest expenses		-140,014,709	-212,672,601
Dividend income		376,670	387,043
Net fee and commission income	15	22,598,746	25,210,837
Fee and commission income		124,742,251	123,181,317
Fee and commission expenses		-102,143,505	-97,970,480
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	16	-40,184	-857,348
Financial assets at fair value through other comprehensive income		-9,642	76,930
Financial assets and liabilities at amortised cost		-30,541	-934,278
Gains or losses on financial assets and liabilities held for trading		7,815,261	-489,345
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss		-3,655,858	-313,164
Gains or losses from hedge accounting	17	23,450,394	-7,604,684
Gains or losses on derecognition of non-financial assets		146,067	-2,345
Net other operating income		23,311,855	25,125,847
Other operating income		29,156,474	32,197,997
Other operating expenses		-5,844,619	-7,072,150
Administrative expenses	**18**	**-244,521,439**	**-270,509,744**
Staff expenses		-45,438,736	-53,489,635
Other administrative expenses		-199,082,704	-217,020,109
Depreciation		**-13,421,908**	**-12,928,113**
Property, plant and equipment		-6,034,049	-6,606,608
Investment properties		-5,763	-4,751
Other intangible assets		-7,382,096	-6,316,754
Modification gains or losses		**0**	**0**
Provisions or reversal of provisions		**218,579**	**63,878**
Impairments or reversal of impairments	**19**	**-7,449,795**	**-8,826,634**
Financial assets (debt securities) at fair value through other comprehensive income		-535,696	1,173,373
Financial assets at amortised cost		-6,914,099	-10,000,007
Goodwill		0	0
Property, plant and equipment		0	0
Share in results of associated companies and joint ventures		**-19,974**	**9,822**
Profit or loss before tax		**62,029,587**	**136,216,585**
Tax expense	20	-24,768,558	-45,418,828
Profit or loss after tax		**37,261,030**	**90,797,757**
Profit or loss attributable to owners of the parent		37,089,656	90,628,325
Profit or loss attributable to minority interests		171,373	169,432

Condensed consolidated interim statement of comprehensive income (in EUR)

Overview of the comprehensive income	Note	30/06/2022	30/06/2023
Profit or loss		**37,261,030**	**90,797,757**
Profit or loss attributable to owners of the parent		37,089,656	90,628,325
Profit or loss attributable to minority interests		171,373	169,432
Items that will not be reclassified to profit or loss		**-3,003,214**	**-644,685**
Equity instruments measured at fair value through other comprehensive income	8	-3,012,093	-644,685
Valuation gains or losses taken to equity		-4,029,123	-650,134
Deferred taxes		1,017,030	5,450
Actuarial gains or losses on defined benefit pension plans		8,879	0
Gross actuarial gains or losses on liabilities defined benefit pension plans		0	0
Deferred taxes		8,879	0
Items that may be reclassified to profit or loss		**-69,375,075**	**11,337,297**
Debt securities at fair value through other comprehensive income	8	-69,375,076	11,337,297
Valuation gains or losses taken to equity		-91,974,029	16,366,700
Transferred to profit or loss		-526,072	-1,250,303
Deferred taxes		23,125,025	-3,779,099
Cash flow hedges		0	0
Valuation gains or losses taken to equity		0	0
Transferred to profit or loss		0	0
Deferred taxes		0	0
Total other comprehensive income		**-72,378,289**	**10,692,613**
Total comprehensive income		**-35,117,259**	**101,490,369**
Profit or loss attributable to owners of the parent		-35,288,632	101,320,937
Profit or loss attributable to minority interests		171,373	169,432

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 positive (EUR 10.69 million) in the first six months of 2023 and was negative (EUR -72.38 million) in the first half of 2022. 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 interim statement of changes in equity (in EUR)

			Accumulated other comprehensive income								
	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 reserve	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 01/01/2022	**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
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**
Equity position 01/01/2023	**933,925,150**	**0**	**-63,559,993**	**-4,744,406**	**0**	**-1,602,769**	**1,409,161,162**	**195,753,375**	**2,468,932,518**	**467,354**	**2,469,399,872**
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	90,628,325	90,628,325	169,432	90,797,757
Dividends	0	0	0	0	0	0	0	0	0	-312,599	-312,599
Fair value gains or losses taken to equity	0	0	16,366,700	-650,134	0	0	0	0	15,716,566	0	15,716,566
Fair value gains or losses transferred to profit or loss	0	0	-1,250,303	0	0	0	0	0	-1,250,303	0	-1,250,303
Deferred taxes on fair value gains or losses	0	0	-3,779,099	5,450	0	0	0	0	-3,773,649	0	-3,773,649
Total other comprehensive income	**0**	**0**	**11,337,297**	**-644,684**	**0**	**0**	**0**	**0**	**10,692,613**	**0**	**10,692,613**
Other changes	0	0	0	0	0	0	0	0	0	0	0
Transfer to retained earnings	0	0	0	0	0	0	195,753,375	-195,753,375	0	0	0
Equity position 30/06/2023	**933,925,150**	**0**	**-52,222,697**	**-5,389,090**	**0**	**-1,602,769**	**1,604,914,537**	**90,628,325**	**2,570,253,455**	**324,188**	**2,570,577,643**

Note 13 provides further information on the equity position. Outflows from dividends in 2022 and 2023 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)

	30/06/2022	30/06/2023
Cash and cash equivalents at the start of the period	**3,912,933,057**	**3,288,565,687**
Operating activities		
Profit or loss before tax	62,029,587	136,216,585
Adjustments for:		
Depreciation	9,675,672	9,117,839
Provisions or reversal of provisions	-218,579	-63,878
Gains or losses on derecognition of non-financial assets	-146,067	2,345
Impairments or reversal of impairments	7,449,795	8,826,634
Changes in assets and liabilities from hedging derivatives and hedged item	-87,077,458	42,534,039
Other adjustments (among which interest expenses financing activities)	14,886,856	70,267,091
Cash flows from operating profits before changes in operating assets and liabilities	**6,599,808**	**266,900,655**
Changes in operating assets (excluding cash and cash equivalents)		
Financial assets held for trading	-41,455,219	-242,263
Financial assets at amortised cost	-3,517,855,744	-661,160,137
Financial assets at fair value through other comprehensive income	-67,124,224	347,546,538
Non-trading financial assets mandatorily at fair value through profit or loss	3,967,177	249,117
Other assets	-137,752,058	-57,679,047
Changes in operating liabilities (excluding cash and cash equivalents)		
Deposits from central banks	0	0
Deposits from credit institutions	1,271,356,445	-136,559,904
Deposits from other than central banks and credit institutions	1,480,134,850	-239,530,561
Debt securities issued, retail	0	0
Financial liabilities held for trading	33,639,958	731,607
Other liabilities	-25,583,986	-12,421,992
(Paid) refunded income taxes	-60,874,844	-113,720,034
Net cash flow from operating activities	**-1,054,947,835**	**-605,886,020**
Investing activities		
Cash payments to acquire property, plant and equipment	-5,588,039	-1,267,100
Cash proceeds from disposal of property, plant and equipment	444,940	24,876
Cash payments to acquire intangible assets	-4,222,400	-2,817,908
Cash proceeds from disposal of intangible assets	0	32,613
Changes concerning consolidated companies	0	0
Net cash flow from investing activities	**-9,365,498**	**-4,027,518**

	30/06/2022	30/06/2023
Financing activities		
Paid dividends	0	-312,599
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	0	0
Cash proceeds from the issue of non-subordinated debt securities	1,097,315,000	498,555,000
Cash payments from non-subordinated debt securities	-227,601,900	-128,678,900
Cash proceeds from TLTRO-III ECB	0	0
Interest paid	-10,552,066	-49,950,206
Net cash flow from financing activities	**859,161,034**	**319,613,295**
Cash and cash equivalents at the end of the period	**3,707,780,758**	**2,998,265,444**
Components of cash and cash equivalents		
Cash	57,179,212	72,012,432
Cash balances with central banks	3,314,356,759	2,627,926,756
Cash balances with other credit institutions	336,244,788	298,326,256
Other advances	0	0
Total cash and cash equivalents at the end of the period	**3,707,780,759**	**2,998,265,444**
Cash flow from operating activities:		
Received interest income	393,235,883	599,623,136
Dividends received	376,670	387,043
Paid interest expenses	-140,014,709	-212,672,601
Cash flow from financing activities:		
Paid interest expenses	-10,552,066	-49,950,206

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 2022)

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 2022.

The following IFRS standards and interpretations became effective on or after 1 January 2023 and have been applied in this report:

- Amendments to IAS 1 Presentation of the financial statements and IFRS Practice Statement 2: provision of information on financial reporting principles, issued on 12 February 2021, include minor amendments to improve the notes on the financial reporting principles, so that they provide more useful information to investors and other primary users of the financial statements. The amendments to IAS 1 require companies to disclose their material financial reporting principles instead of their important principles. The amendments in IFRS practice statement 2 provide for guidelines for the application of the materiality concept to the notes on the financial statements.
- Amendments to IAS 8 Financial Reporting Principles, changes to valuations and errors: definition of valuations, issued on 12 February 2021, clarify how companies must distinguish changes in financial reporting principles from changes in valuations. The difference is important because changes in valuations are only applied prospectively to future transactions and other future events, while changes in financial reporting principles are usually also applied retroactively to transactions in the past and other events in the past.
- Amendments to IAS 12 Income Taxes: deferred taxes on assets and liabilities arising from a single transaction, issued on 7 May 2021, clarify how companies must process deferred taxes on transactions such as lease contracts and dismantling obligations. IAS 12 Income Taxes specifies how a company processes income taxes, including deferred taxes. Subject to certain conditions companies are exempt from recording deferred taxes when they recognize assets or liabilities for the first time. There was previously some uncertainty about whether this exemption was applicable to transactions such as lease contracts and dismantling obligations, transactions in which companies recognize both an asset and a liability. The amendments clarify that the exemption is not applicable and that companies must enter deferred taxes on such transactions. The purpose of the amendments is to reduce the diversity in reporting on deferred taxes on lease and dismantling obligations.

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

IFRS 17 Insurance contracts has become applicable on 1 January 2023 and is not relevant for Argenta Spaarbank nv.

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods ending 31 December 2023, and have not been applied in preparing these condensed interim consolidated financial statements:

- Amendments to IAS 1 Presentation of Financial Statements:
  - Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
  - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and
  - Non-current Liabilities with Covenants (issued on 31 October 2022).

  Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current, issued on 23 January 2020, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments:
- Specify that an entity's right to defer settlement must exist at the end of the reporting period;
- Clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- Clarify how lending conditions affect classification; and
- Clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

On July 15, 2020, the IASB issued Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments with one year.

On October 31, 2022, the IASB issued Non-current liabilities with Covenants, which amends IAS 1 and specifies that covenants (i.e. conditions specified in a loan arrangement) to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

All of the amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early adoption permitted. The amendments have not yet been endorsed by the EU.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, issued on 22 September 2022, introduce a new accounting model which will impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction.

  Under this new accounting model for variable payments, a seller-lessee will:
  - Include estimated variable lease payments when it initially measures a lease liability arising from a sale-and-leaseback transaction; and
  - After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

  These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

  The amendments apply retrospectively (the seller-lessees will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments) for annual periods beginning on or after 1 January 2024 with early application permitted. These amendments have not yet been endorsed by the EU.
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules, issued 23 May 2023, provide a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the GloBE model rules. Under the relief, companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied the relief. The relief is effective immediately and applies retrospectively. It will apply until the IASB decides either to remove it or to make it permanent.

  The amendments also require new disclosures once tax law is enacted but before top-up tax is effective and after top-up tax is effective. These new disclosures apply from 31 December 2023. The amendments do not introduce new disclosure requirements in the financial statement in interim periods ending on or before 31 December 2023.

  These amendments have not yet been endorsed by the EU.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements, issued on 25 May 2023, introduce additional disclosure requirements for companies that enter into supplier finance arrangements. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available. These amendments have not yet been endorsed by the EU.

The Company will apply all of the foregoing standards, amendments to standards and interpretations upon their entry into force, and expects have no material impact on the financial statements of the Company.

Note 2: Summary of significant accounting policies (Note 2 in the annual statements of 2022)

A summary of the main accounting policies is provided in the annual financial statements as of 31 December 2022.

Note 3: Changes in significant accounting policies (Note 2 in the annual statements of 2022)

No significant changes were made to the accounting policies used for preparing the 2023 interim financial statements compared to the policies applied as of 31 December 2022.

Notes on operating segments (in EUR)

Note 4: Operating segments (Note 10 in the annual statements of 2022)

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	31/12/2022
Cash and cash equivalents	55,189,046	0	133	55,189,178
Cash balances at central banks and other demand deposits	2,895,961,332	276,909,763	2,742,746	3,175,613,841
Financial assets held for trading	15,899,102	91,686,815	0	107,585,916
Non-trading financial assets mandatorily at fair value through profit or loss	33,241,220	0	0	33,241,220
Financial assets at fair value through other comprehensive income	3,466,562,977	0	0	3,466,562,977
Financial assets at amortised cost	26,342,972,650	19,690,009,032	1,103,549	46,034,085,231
Derivatives used for hedge accounting	2,054,328,804	13,452,196	0	2,067,781,000
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-1,987,066,346	-16,953,632	0	-2,004,019,978
Investments in subsidiaries, joint ventures and associates	46,878	0	0	46,878
Tangible assets	73,539,978	1,167,299	539	74,707,817
Intangible assets	30,324,501	0	14,097	30,338,597
Tax assets	45,157,175	40,760,122	0	85,917,297
Other assets	132,727,600	119,737,703	11,890,511	264,355,813
Total Assets	**33,158,884,915**	**20,216,769,298**	**15,751,573**	**53,391,405,786**

Assets	Belgium	The Netherlands	Luxembourg	30/06/2023
Cash and cash equivalents	72,012,432	0	0	72,012,432
Cash balances at central banks and other demand deposits	2,607,778,789	252,400,131	2,266,543	2,862,445,463
Financial assets held for trading	15,392,882	92,435,298	0	107,828,180
Non-trading financial assets mandatorily at fair value through profit or loss	32,992,103	0	0	32,992,103
Financial assets at fair value through other comprehensive income	3,130,882,424	0	0	3,130,882,424
Financial assets at amortised cost	26,643,794,574	20,047,169,796	1,703,549	46,692,667,919
Derivatives used for hedge accounting	1,845,233,198	11,648,589	0	1,856,881,788
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-1,804,077,664	-14,472,270	0	-1,818,549,934
Investments in subsidiaries, joint ventures and associates	56,700	0	0	56,700
Tangible assets	66,636,251	1,051,573	269	67,688,094
Intangible assets	26,793,691	0	13,447	26,807,137
Tax assets	70,714,384	76,179,418	0	146,893,802
Other assets	149,953,302	168,224,667	12,239,057	330,417,027
Total Assets	**32,858,163,066**	**20,634,637,203**	**16,222,865**	**53,509,023,134**

Liabilities	Belgium	The Netherlands	Luxembourg	31/12/2022
Financial liabilities held for trading	0	91,549,794	0	91,549,794
Financial liabilities at amortised cost	45,438,560,070	5,033,389,740	0	50,471,949,809
Derivatives used for hedge accounting	124,026,690	4,440,760	0	128,467,450
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
Provisions	7,518,817	1,675,242	0	9,194,059
Tax liabilities	1,283,048	18,572,039	1,772,177	21,627,264
Other liabilities	145,919,030	51,485,142	1,813,365	199,217,538
Total liabilities	**45,717,307,655**	**5,201,112,717**	**3,585,542**	**50,922,005,914**

Liabilities	Belgium	The Netherlands	Luxembourg	30/06/2023
Financial liabilities held for trading	0	92,281,402	0	92,281,402
Financial liabilities at amortised cost	45,593,954,327	4,899,008,629	0	50,492,962,955
Derivatives used for hedge accounting	132,596,855	1,993,823	0	134,590,679
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
Provisions	7,394,925	1,735,255	0	9,130,180
Tax liabilities	1,177,219	15,758,906	2,936,430	19,872,554
Other liabilities	157,884,600	29,796,790	1,926,331	189,607,720
Total liabilities	**45,893,007,926**	**5,040,574,804**	**4,862,761**	**50,938,445,490**

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	7,670,687	144,573	0	0	7,815,261
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	-3,655,858	0	0	0	-3,655,858
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
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**

Statement of profit or loss	Belgium	The Netherlands	Luxembourg	Conso	30/06/2023
Net interest income	251,246,535	135,702,016	1,984	0	386,950,535
Dividend income	387,043	0	0	-0	387,043
Net fee and commission income	-9,503,889	1,160,151	34,194,242	-639,668	25,210,837
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	-10,010	-847,338	0	-0	-857,348
Gains or losses on financial assets and liabilities held for trading	-506,220	16,875	0	0	-489,345
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	-313,164	0	0	0	-313,164
Gains or losses from hedge accounting	-7,563,696	-40,988	0	0	-7,604,684
Gains or losses on derecognition of non-financial assets	-2,345	0	0	0	-2,345
Net other operating income	71,199,746	-46,004,828	0	-69,070	25,125,847
Administrative expenses	-241,852,659	-26,591,825	-2,773,998	708,738	-270,509,744
Depreciation	-12,739,001	-188,193	-919	0	-12,928,113
Provisions or reversal of provisions	123,891	-60,013	0	0	63,878
Impairments or reversal of impairments	-4,060,977	-4,765,656	0	0	-8,826,634
Share in results of associated companies and joint ventures	9,822	0	0	0	9,822
Profit or loss before tax	**46,415,076**	**58,380,200**	**31,421,308**	**0**	**136,216,585**
Tax expense	-22,116,314	-15,441,575	-7,860,939	0	-45,418,828
Profit or loss after tax	**24,298,762**	**42,938,626**	**23,560,369**	**0**	**90,797,757**

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 result allocation in line with the Company's 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 five 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 2023.

The increase in the profit or loss before tax in Belgium is mainly the result of the positive development of the interest income in the investment portfolio, the deposit account at the central bank and the funding provided to the branch, offset in part by the extra financing costs of the EMTN bonds issued. The decrease of the net interest income in the Netherlands is the result of the decrease in the interest income on mortgages, the decrease in the reinvestment fees received (due to the decrease in the general level of early repayments compared to 2022), the increased interest costs on the securitisation issues (Euribor 3 months) and the interest cost on the funding provided by the head office, compared to an improvement in the net interest cost of the derivatives (cost-of-carry decrease).

The net other operating income includes the result allocation mechanism between head office and branch for the non-interest component of the profit allocation and recoveries of administrative costs from customers and of rental costs and IT infrastructure cost from agents.

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.

The tables below provide an overview of the activities undertaken with the related parties. The relationships between the parent and its subsidiaries are described in Note 1 (general information) of the annual financial statements as of 31 December 2022.

Note 5: Related party transactions (Note 9 in the annual statements of 2022)

31/12/2022 balance sheet	Parent company	Key management	Subsidiaries	Joint ventures	Associates	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	35,430	0	0	0	8,452,094
Other assets	2,844,131	0	0	0	0	4,785,563
Total assets	**2,844,131**	**35,430**	**0**	**0**	**0**	**16,120,781**
Financial liabilities at amortised cost	183,564,802	2,353,723	0	2,138,092	0	343,659,225
Other liabilities	1,522,391	0	0	0	0	12,309,775
Total liabilities	**185,087,193**	**2,353,723**	**0**	**2,138,092**	**0**	**355,969,000**

30/06/2023 balance sheet	Parent company	Key management	Subsidiaries	Joint ventures	Associates	Other related parties
Financial assets at fair value through other comprehensive income	0	0	0	0	0	3,636,125
Financial assets at amortised cost	0	23,720	0	0	0	5,405,374
Other assets	2,899,030	0	0	0	0	13,747,307
Total assets	**2,899,030**	**23,720**	**0**	**0**	**0**	**22,788,805**
Financial liabilities at amortised cost	114,063,306	1,274,738	0	1,924,692	0	92,869,699
Other liabilities	1,572,239	0	0	0	0	9,841,282
Total liabilities	**115,635,546**	**1,274,738**	**0**	**1,924,692**	**0**	**102,710,981**

30/06/2022 statement of profit or loss	Parent	Key management	Subsidiaries	Joint ventures	Associates	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	767,744	0	0	942,132	0	-50,752
Total expenses	**6,533,400**	**164**	**0**	**948,318**	**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**

30/06/2023 statement of profit or loss	Parent	Key management	Subsidiaries	Joint ventures	Associates	Other related parties
Interest expenses	1,061,812	253	0	5,736	0	172,288
Fee and commission expenses	0	0	0	0	0	10,645,253
Losses on financial assets and liabilities at amortised cost	0	0	0	0	0	847,338
Other operating expenses	6,646,518	0	0	0	0	6,607
Other administrative expenses	893,934	0	0	446,503	0	259,914
Modification losses	0	0	0	37	0	0
Total expenses	**8,602,264**	**253**	**0**	**452,276**	**0**	**11,931,399**
Interest income	0	276	0	0	0	162,611
Fee and commission income	0	0	0	0	0	249,067
Other operating income	239,280	123	0	0	0	23,783,296
Reversal of impairments						9,074
Tax expense	0	0	0	0	0	0
Total income	**239,280**	**400**	**0**	**0**	**0**	**24,204,048**

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 the directors comprise the spouses, partners who are regarded as equivalent to a spouse under their national law and first-degree blood relatives. They are included under 'other related parties.
The 'subsidiaries' contains the data of the non-consolidated subsidiaries of the Company (there are no such companies as all subsidiaries are consolidated).

‘Other related parties’ contains the transactions with the other companies that are members of the Argenta Group (in particular Argenta Assuranties and Aula Invest) and the associated participating interests of the other companies that are members of the Argenta Group (Epico).

The financial liabilities at amortised cost towards the parent company consist of the lease obligations for the own-use 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 2023. The financial liabilities towards other group companies (other related parties) also consist of current and savings balances, which have decreased, 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.

Other operating income and expenses relate to cost sharing between Aspa, Aras and Bvg. No impairment losses were recognised in 2022 and 2023 on balance sheet items involving related parties.

Notes to the condensed consolidated interim 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 2022)

	31/12/2022	30/06/2023
Cash	55,189,178	72,012,432
Cash balances with central banks	2,915,275,991	2,627,926,756
Cash balances with other financial institutions	260,337,850	234,518,707
Total	**3,230,803,019**	**2,934,457,895**

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. As of 30 June 2023, there was EUR 2,627,926,756 in the current accounts at the central bank. A part of this amount consists of the monetary reserves, but the major part relates to the deposit account at the ECB.

Note 7: Non-trading financial assets mandatorily at fair value through profit or loss (Note 13 in the annual statements of 2022)

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 June 2023, there was EUR 32,992,103 under this classification, consisting of securities failing the SPPI test.

	31/12/2022	30/06/2023
Total portfolio	**33,241,220**	**32,992,103**
Breakdown by instrument type		
Equity instruments	0	0
Debt securities	33,241,220	32,992,103
Loans and advances	0	0
Breakdown by interest rate type		
Variable	26,334,447	26,347,100
Fixed	6,906,773	6,645,003
Undefined	0	0

Note 8: Financial assets at fair value through other comprehensive income (Note 14 in the annual statement of 2022)

	31/12/2022	30/06/2023
Total portfolio	**3,466,562,977**	**3,130,882,424**
of which hedged via micro-hedges	789,926,262	786,643,085
Breakdown by instrument type		
Equity instruments	10,823,712	10,173,578
Debt securities	3,455,739,264	3,120,708,846
Breakdown by interest rate type		
Variable	934,996,787	854,899,906
Fixed	2,520,742,477	2,265,808,940
Undefined	10,823,712	10,173,578
Breakdown by impairment stage (gross carrying amount)		
Debt securities		
Stage 1	3,455,739,264	3,120,708,846
Stage 2	0	0
Stage 3	0	0
Breakdown by impairment stage (impairment)		
Debt securities		
Stage 1	-1,969,074	-795,701
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 2022 and 30 June 2023 are as follows:

31/12/2022	Amortised cost	Accumulated fair value changes	Accumulated impairments	Fair value
Debt securities				
General governments	983,062,543	-61,316,291	-556,536	921,189,716
Credit institutions	915,739,133	-35,399,727	-391,823	879,947,584
Other Financial corporations	577,904,936	-5,449,606	-79,157	572,376,172
Non-Financial corporations	1,136,237,014	-53,069,664	-941,558	1,082,225,791
Equity instruments				
Shares and others	15,561,165	-4,737,453		10,823,712
Total	**3,628,504,791**	**-159,972,741**	**-1,969,074**	**3,466,562,977**

30/06/2023	Amortised cost	Accumulated fair value changes	Accumulated impairments	Fair Value
Debt securities				
General governments	940,183,797	-57,144,729	-238,340	882,800,728
Credit institutions	785,984,663	-27,730,205	-152,128	758,102,330
Other Financial corporations	584,075,263	-3,131,875	-377,041	580,566,347
Non-Financial corporations	946,871,137	-47,603,504	-28,192	899,239,441
Equity instruments				
Shares and others	15,561,165	-5,387,587		10,173,578
Total	**3,272,676,025**	**-140,997,900**	**-795,701**	**3,130,882,424**

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 19.

As the retail funding has stabilized over the first half of 2023, while the mortgage loan portfolio (under financial assets at amortized cost) is still growing, be it at a lower pace as compared to previous years, investments in debt securities (FVOCI and AC) and cash (with central banks) have decreased.

Note 9: Financial assets at amortised cost (Note 15 in the annual statements of 2022)

	31/12/2022	30/06/2023
Total portfolio	**46,034,085,231**	**46,692,667,919**
Breakdown by instrument type		
Loans and advances	39,518,598,090	40,367,145,901
Debt securities	6,515,487,141	6,325,522,018
Breakdown by product type		
Loans to credit institutions	1,240,668	1,703,549
Cash collateral	56,522,000	62,104,000
Consumer loans	385,141,837	422,922,269
Mortgage loans	37,781,315,132	38,609,662,264
Term loans	1,247,430,997	1,217,909,571
Advances and overdrafts	3,928,875	8,585,109
Leasing	43,018,581	44,259,139
Debt securities	6,515,487,141	6,325,522,018
Breakdown debt securities by interest rate type		
Variable	345,679,395	239,277,071
Fixed	6,169,807,746	6,086,244,947

	31/12/2022	30/06/2023
Breakdown by impairment stage (gross carrying amount)		
Debt securities		
Stage 1	6,481,020,225	6,258,720,704
Stage 2	40,591,013	77,343,496
Stage 3	0	0
Loans and advances		
Stage 1	33,782,921,388	32,713,916,165
Stage 2	5,614,839,854	7,532,309,441
Stage 3	165,847,449	169,679,918
Breakdown by impairment stage (impairment)		
Debt securities		
Stage 1	-4,502,977	-2,114,103
Stage 2	-1,621,119	-8,428,079
Stage 3	0	0
Loans and advances		
Stage 1	-5,220,556	-5,589,066
Stage 2	-14,658,401	-18,212,400
Stage 3	-25,131,645	-24,958,157

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 lower, due to sluggish mortgage markets in Belgium and the Netherlands. Given the stable retail funding base over 2023, and the increase in loans and advances, there was a complementary decline in the investments in debt securities.

At the end of 2022, the debt securities were subject to stage 1 impairments of EUR 4,502,977 and stage 2 impairments of EUR 1,621,119. As per 30 June 2023 stage 1 impairments have decreased to EUR 2,114,103 and stage 2 impairments have increased to EUR 8,428,079. The majority of the increase in stage 2 relates to the downgrade of one counterparty that resulted in a migration to stage 2 and an additional impairment of EUR 7 million.

Stage 1 and stage 2 impairments for loans and advances increased from EUR 5,220,556 (stage 1) and EUR 14,658,401 (stage 2) to EUR 5,589,066 (stage 1) and EUR 18,212,400 (stage 2). Stage 3 impairments slightly decreased from EUR 25,131,645 to EUR 24,958,157. Additional information on accumulated impairments is included in Note 19.

Note 10: Financial liabilities measured at amortised cost (Note 22 in the annual statements of 2022)

	31/12/2022	30/06/2023
Deposits from central banks	0	0
Deposits from credit institutions	1,786,200,219	1,649,640,315
Deposits from other than central banks and credit institutions	42,183,647,761	41,944,117,200
Senior debt securities issued - saving certificates	0	0
Senior debt securities issued - bonds	6,405,181,945	6,806,495,135
Subordinated debt securities issued	0	0
Other financial liabilities	96,919,884	92,710,305
Total	**50,471,949,809**	**50,492,962,955**

Deposits from credit institutions

The deposits from credit institutions are composed as follows:

	31/12/2022	30/06/2023
Deposits from credit institutions	**1,786,200,219**	**1,649,640,315**

Breakdown by product type		
Deposits on demand	6,706,162	6,377,854
Repurchase agreements	0	0
Cash Collateral from financial institutions	1,779,494,057	1,643,262,461

The received cash collateral related to derivatives decreased, 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 decreased, this resulted in an outflow 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:

	31/12/2022	30/06/2023
Deposits from other than central banks and credit institutions	**42,183,647,761**	**41,944,117,200**

Breakdown by product type		
Deposits on demand	7,365,063,770	6,906,581,157
Deposits on term	979,298,275	1,465,801,765
Regulated saving deposits	29,969,958,845	29,971,682,971
Mortgage-linked deposits	747,960,664	641,793,467
Cash collateral	176,307,000	164,093,000
Other deposits	2,945,059,207	2,794,164,840

Term accounts ('deposits on term') (EUR +486 million) increased, whereas current accounts ('deposits on demand' (EUR -458 million) decreased. The latter can be explained by a pickup in spending by households, returning to pre coronavirus level, and further complemented by the rise in inflation.

'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. In line with lower production on mortgages in 2023 the level of mortgage-linked deposits decreased.

'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.

	31/12/2022	30/06/2023
Senior debt securities issued - bonds	**6,405,181,945**	**6,806,495,135**
Green Apple 2017-I NHG	436,106,835	404,886,018
Green Apple 2018-I NHG	447,078,009	407,921,546
Green Apple 2019-I NHG	470,269,629	440,015,662
Green Apple 2021-I	565,507,867	542,852,732
EMTN programme	2,486,449,346	2,505,301,737
Belgian Mortgage Pandbrieven Programme	1,999,770,260	2,505,517,440

The Company has issued four Dutch residential mortgages backed securities that are placed with institutional investors:

- SPV Green Apple 2017 I NHG issued on 5 October 2017 for a notional amount (A notes) of EUR 1.2 billion. The notes run until 2056 with a prepayment option from March 2024.
- SPV Green Apple 2018 I NHG issued on 26 June 2018 for a notional amount (A notes) of EUR 1.0 billion. The notes mature contractually in 2057, with a prepayment option from January 2025.
- SPV Green Apple 2019 I NHG issued on 26 June 2019 for a notional amount (A notes) of EUR 825 billion. The notes run until 2058 with a prepayment option from January 2026.
- SPV Green Apple 2021 I NHG issued on 23 June 2021 for a notional amount (A notes) of EUR 650 billion. The notes run until 2060 with a prepayment option from January 2028.

Five issues were made under the EMTN programme. 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. In 2022 two green senior non-preferred bonds were issued, the first on 8 February 2022 and a second on 29 November 2022 for EUR 600 million and EUR 500 million respectively, with a seven-year and a five-year term.

As part of the Covered bond programme, EUR 1.0 billion of covered bonds were issued in two rounds in 2021. 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. During 2022 EUR 1.0 billion was again issued in two rounds, on 23 February 2022 with a seven-year term and again on 20 October 2022 with a four-year term. On 22 June 2023 EUR 500 million was issued with a five-year term.

Other financial liabilities

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

	31/12/2022	30/06/2023
Other financial liabilities	**96,919,884**	**92,710,305**
Breakdown by type		
Leasing	96,919,884	92,710,305

Note 11: Fair value of financial instruments (Note 26 in the annual statements 2022)

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 and term financial liabilities (fixed-term deposits, retail savings certificates, bonds and subordinated loans and bonds) is determined by discounting contractual cash flows applying 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 spread, a capital cost and a credit cost. The interest rate curves are analogous to those used in the sensitivity analysis of interest rate risk (see risk section 5.1 of the FY 2022 annual consolidated financial statements). The sensitivity of the market values of the level 3 values is contained in the 'economic values' calculation mentioned there (here with the impact of all levels);
- The fair value of cash, sight deposits, regulated savings deposits, deposits of a special nature and deposits linked to mortgage loans is assumed to be equal to the carrying value, in view of their immediately retrievable or short-term nature;
- The other credit receivables and financial instruments relate to bonds in which the quoted (unadjusted) prices are used where these are traded on an active market. Where the instruments are deemed less liquid, valuation methods are used (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 31/12/2022	Fair value 31/12/2022	Carrying amount 30/06/2023	Fair value 30/06/2023
Cash and cash equivalents	55,189,178	55,189,178	72,012,432	72,012,432
Cash balances at central banks and other demand deposits	3,175,613,841	3,175,613,841	2,862,445,463	2,862,445,463
Financial assets at amortised cost				
Loans to credit institutions	1,240,668	1,240,668	1,703,549	1,703,549
Cash collateral to financial institutions	56,522,000	56,522,000	62,104,000	62,104,000
Loans and advances to other customers				
Consumer loans	385,141,837	368,330,344	422,922,269	406,691,863
Mortgage loans	37,781,315,132	33,794,613,801	38,609,662,264	34,168,021,414
Term loans	1,247,430,997	1,161,345,489	1,217,909,571	1,145,376,338
Advances and overdrafts	3,928,875	3,928,875	8,585,109	8,585,109
Leasing	43,018,581	43,018,581	44,259,139	44,259,139
Debt securities	6,515,487,141	6,037,076,280	6,325,522,018	5,892,210,872
Total financial assets	**49,261,494,845**	**44,696,879,057**	**49,627,125,814**	**44,663,410,179**

	Carrying amount 31/12/2022	Fair value 31/12/2022	Carrying amount 30/06/2023	Fair value 30/06/2023
Financial liabilities at amortised cost				
Deposits from central banks	0	0	0	0
Deposits from credit institutions	1,786,200,219	1,786,200,219	1,649,640,315	1,649,640,315
Deposits from other than central banks and credit institutions				
Deposits on demand	7,365,063,770	7,365,063,770	6,906,581,157	6,906,581,157
Deposits on term	979,298,275	962,296,363	1,465,801,765	1,444,915,481
Regulated savings deposits	29,969,958,845	29,969,958,845	29,971,682,971	29,971,682,971
Mortgage-linked deposits	747,960,664	761,427,467	641,793,467	669,356,425
Cash collateral	176,307,000	176,307,000	164,093,000	164,093,000
Other deposits	2,945,059,207	2,945,059,207	2,794,164,840	2,794,164,840
Senior debt securities issued				
Other	6,405,181,945	5,896,734,456	6,806,495,135	6,339,425,999
Other financial liabilities	96,919,884	96,919,884	92,710,305	92,710,305
Total financial liabilities	**50,471,949,809**	**49,959,967,211**	**50,492,962,955**	**50,032,570,493**

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, while a level 3 is assigned to all other calculated fair values.

31/12/2022	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	55,189,178	0	55,189,178	0
Cash balances at central banks and other demand deposits	3,175,613,841	0	3,175,613,841	0
Financial assets at amortised cost	41,466,076,038	4,691,706,990	1,449,622,967	35,324,746,081
Loans and advances	35,428,999,757	0	104,710,123	35,324,289,634
Debt securities	6,037,076,280	4,691,706,990	1,344,912,844	456,447
Financial liabilities at amortised cost	49,959,967,211	3,971,822,821	42,339,508,925	3,648,635,465

30/06/2023	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	72,012,432	0	72,012,432	0
Cash balances at central banks and other demand deposits	2,862,445,463	0	2,862,445,463	0
Financial assets at amortised cost	41,728,952,284	4,761,591,228	1,241,255,829	35,726,105,227
Loans and advances	35,836,741,412	0	116,651,797	35,720,089,615
Debt securities	5,892,210,872	4,761,591,228	1,124,604,032	6,015,612
Financial liabilities at amortised cost	50,032,570,493	3,950,759,082	42,424,401,968	3,657,409,443

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.

Loans and advances in level 2 relate to nostro accounts, posted cash collateral, and overdrafts on current accounts.

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.

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.

31/12/2022	Fair value	Level 1	Level 2	Level 3
Assets measured at fair value	**5,675,171,113**	**3,021,959,682**	**2,650,266,981**	**2,944,450**
Financial assets held for trading	107,585,916	0	107,585,916	0
Financial assets at fair value through other comprehensive income	3,466,562,977	3,015,052,909	448,565,619	2,944,450
Non-trading financial assets mandatorily at fair value through profit or loss	33,241,220	6,906,773	26,334,447	0
Derivatives used for hedge accounting	2,067,781,000	0	2,067,781,000	0
Liabilities measured at fair value	**220,017,244**	**0**	**220,017,244**	**0**
Financial liabilities held for trading	91,549,794	0	91,549,794	0
Derivatives used for hedge accounting	128,467,450	0	128,467,450	0

30/06/2023	Fair value	Level 1	Level 2	Level 3
Assets measured at fair value	**5,128,584,494**	**2,644,515,685**	**2,480,371,360**	**3,697,449**
Financial assets held for trading	107,828,180	0	107,828,180	0
Financial assets at fair value through other comprehensive income	3,130,882,424	2,637,870,682	489,314,293	3,697,449
Non-trading financial assets mandatorily at fair value through profit or loss	32,992,103	6,645,003	26,347,100	0
Derivatives used for hedge accounting	1,856,881,788	0	1,856,881,788	0
Liabilities measured at fair value	**226,872,080**	**0**	**226,872,080**	**0**
Financial liabilities held for trading	92,281,402	0	92,281,402	0
Derivatives used for hedge accounting	134,590,679	0	134,590,679	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 2023 there was one reclassification from level 1 to level 2 (exposure of EUR 32.18 million) and one reclassification from level 2 to level 1 (exposure of EUR 26.00 million).

The fair value of hedging derivatives on the asset side decreased and on the liabilities side increased 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 -2,004.0 million per end 2022 to EUR -1,818.5 million at the end of June 2023.

The following table provides a reconciliation of level 3 fair values for the first half year of 2023 and 2022. 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 01/01/2022	**0**	**2,796,503**	**0**
Purchases and new contracts	0	110,120	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	38,999	0
Closing at 30/06/2022	**0**	**2,945,622**	**0**
Opening at 01/01/2023	**0**	**2,944,450**	**0**
Purchases and new contracts	0	0	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	753,000	0
Closing at 30/06/2023	**0**	**3,697,450**	**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 3,697,450 as of 30 June 2023 (compared to EUR 2,945,622 per 30 June 2022). 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 7.9 million at 30 June 2023 as against EUR 4.3 million in 2022, with an income impact of EUR 3.6 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 2022)

The increase by EUR 66.06 million in other assets mainly relates to the increase in the credit and payment services suspense account.

Other liabilities have decreased by EUR 9.61 million between 31/12/2022 and 30/06/2023.

Note 13: Equity attributable to the owners of the parent (Note 3 in the annual statements 2022)

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 2023 is EUR 2,570,577,644 compared with EUR 2,469,399,872 as of 31 December 2022. The elements of the equity are further described in the text below.

Overview of equity	31/12/2022	30/06/2023
Paid up capital	933,925,150	933,925,150
Share premium	0	0
Accumulated fair value changes of debt securities measured at fair value through other comprehensive income	-63,559,993	-52,222,697
Accumulated fair value changes of equity instruments measured at fair value through other comprehensive income	-4,744,406	-5,389,090
Accumulated cash flow hedge reserve	0	0
Accumulated actuarial gains or losses on defined benefit pension plans	-1,602,769	-1,602,769
Reserves	1,409,161,162	1,604,914,537
Profit or loss attributable to owners of the parent	195,753,375	90,628,325
Interim dividends	0	0
Minority interests	467,354	324,188
Total equity	**2,469,399,872**	**2,570,577,644**

Share capital

The fully paid-in capital, represented by 168,975 no par shares, is EUR 933,925,150.

Fair value changes of instruments measured at fair value through OCI

The accumulated fair value changes of debt securities at FVOCI amounted to EUR -52,222,697. The increase is the result of the 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 1,604,914,537 as of 30 June 2023) increased due to the appropriation of the profit for the financial year 2022.

Profit or loss after tax for the current period

The consolidated result (excluding minority interests) for the period ending on 30 June 2023 amounted to EUR 90,628,325.

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

Note 14: Net interest income (Note 28 in the annual statements of 2022)

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

	30/06/2022	30/06/2023
Interest income calculated using the effective interest method	**393,235,883**	**599,623,136**
Non-trading financial assets mandatorily at fair value through profit or loss	194,591	532,195
Financial assets at fair value through other comprehensive income	11,093,811	26,453,925
Financial assets at amortised cost - loans and advances	356,823,725	415,770,788
Financial assets at amortised cost - debt securities	20,176,604	59,183,169
Derivatives used for hedge accounting	1,547,068	97,344,218
Other assets	0	0
Interest income on liabilities	3,400,084	338,839
Interest expenses	**140,014,709**	**212,672,601**
Deposits from central banks and credit institutions	12,770	20,893,323
Deposits from other than central banks and credit institutions	27,320,074	88,422,032
Senior debt securities issued	12,610,263	63,044,751
Subordinated debt securities issued	0	0
Leasing liabilities	308,051	557,102
Derivatives used for hedge accounting	96,034,863	39,679,099
Other liabilities	0	0
Interest expenses on assets	3,728,689	76,294
Net interest income	**253,221,174**	**386,950,535**
of which interest-income on credit impaired financial assets	295,644	326,081

Interest income (excluding hedging)

Interest income on debt securities has further increased in 2023 after bottoming out in the middle of 2022 (FVOCI EUR +15.4 million and in AC EUR +39.0 million).

Returns picked up as from the second half of 2022 (due to the refixing of floating rate instruments and new purchases at better yields).

The interest income from loans and advances has increased with EUR 58.9 million. Interest income on consumer loans grew with EUR +1.8 million reflecting the growing outstanding loan portfolio at improved yields. Mortgage loans increased with EUR +34.9 million, in line with growing mortgage portfolio, and with recent production at higher yields. Prepayment levels and fees fell (EUR -15.3 million). Interest income from term loans increased with EUR +7.6 million. Remuneration on central banks reserves contributed with an interest income of EUR +28.8 million.

Interest expenses (excluding hedging)

Funding costs (excluding derivatives) increased as the interest costs on both non-retail funding and retail funding grew, following central bank rate hikes and the renewed interest in term deposits. The interest cost of the RMBS bonds increased (variable interest payment) and the more recent issues of Covered bonds and EMTN bonds in the second half of 2022 and in 2023 bear a relatively higher interest cost. In addition, the received cash collateral (for derivatives transactions) carry an interest expense of EUR 20.89 million.

Net interest hedging

As a consequence of higher Euribor interest rates the net interest costs on the derivatives was EUR 129.15 million lower (and the cost-of-carry of the payer swaps derivatives portfolio fell). In addition, in the first half of 2022 the hedging result was negatively impacted by the evolution of the fair value of the time value of hedging swaptions for EUR 24.16 million.

Note 15: Net fee and commission income (Note 30 in the annual statements of 2022)

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

	30/06/2022	30/06/2023
Fee and commission income	**124,742,251**	**123,181,317**
Securities: issuances and transfer orders	10,933,404	6,887,553
Asset management, including central administrative services for collective investment	83,470,000	88,321,802
Customer resources distributed but not managed	10,052,106	8,660,135
Payment services	13,179,910	13,815,609
Other	7,106,831	5,496,218
Fee and commission expenses	**-102,143,505**	**-97,970,480**
Acquisition charges	-82,032,220	-77,036,206
Asset management	-4,331,832	-4,310,805
Custody	-936,186	-945,706
Payment services	-12,608,783	-13,158,180
Other	-2,234,484	-2,519,584
Net fee and commission income	**22,598,746**	**25,210,837**

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 +4.9 million) as outstanding assets under management were higher compared to the first half of 2022. 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.

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 lower mortgage and fee production levels and 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 2022)

The result on sale of financial instruments amounted to EUR -857,348 in the first six months of 2023 (EUR -40,184 in the first six months of 2022). 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 2022)

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 recorded 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'.

	30/06/2022	30/06/2023
Macro fair value hedge		
Fair value changes of the hedged item	-1,646,050,749	212,381,004
Fair value changes of the derivatives used for hedge accounting	1,669,037,708	-220,064,752
Micro fair value hedge of individual debt securities		
Fair value changes of the hedged item	-72,046,444	4,508,578
Fair value changes of the derivatives used for hedge accounting	72,572,584	-4,616,586
Compensation related to transition from Euribor to Ester (Euro short-term rate)	0	0
Hedging of the interest rate risk of individual debt securities issued		
Changes in the fair value of the hedged positions	58,646,541	-10,981,643
Changes in the fair value of the hedging instruments	-58,709,246	11,168,714
Gains or losses from hedge accounting	**23,450,394**	**-7,604,684**

Gains and losses from hedge accounting stem from the difference between the changes in the market value of the hedged positions and the change in market value of the hedging instruments. The above contains the macro hedge (hedging of the interest rate risk of a portfolio) and the micro hedge (hedging of the interest rate risk of individual instruments).

Note 18: Administrative expenses (Note 37 in the annual statements of 2022)

	30/06/2022	30/06/2023
Wages and salaries	32,174,802	38,312,718
Social security charges	7,794,408	8,499,785
Pension expenses	3,634,487	4,032,137
Share-based payments	0	0
Other	1,835,039	2,644,995
Staff expenses	**45,438,736**	**53,489,635**

The increase in employee expenses is mainly the result of inflationary pressure. In addition, remuneration policies were revised and further enhanced. There are no 'share-based payments' at present.

General and administrative expenses can be summarised as follows:

	30/06/2022	30/06/2023
Marketing expenses	3,535,138	2,828,097
Professional fees - ICT	25,742,619	30,383,651
Professional fees (including legal and fiscal)	12,502,310	14,020,000
IT expenses	34,382,201	37,023,262
Rental expenses	1,847,396	1,454,472
Other taxes and bank levies	90,860,772	95,939,453
Servicing charges	10,921,013	11,255,819
Utilities	4,110,446	4,225,160
Supervisor	4,182,000	4,531,727
Postage	1,791,507	1,748,102
Interim labour	670,106	708,481
Other	8,537,194	12,901,885
Other administrative expenses	**199,082,704**	**217,020,109**

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 6.2 million, reflecting further investments in digitalization and digital offering. IT run expenses increased (EUR +2.6 million), expenditures to comply with various regulatory requirements (supervisor) and bank levies (other taxes and bank levies) increased (EUR +5.4 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 47.7 million (before taxes) would have been recognised in the second half of 2023.

Note 19: Impairments (Note 39 in the annual statements of 2022)

There was a negative impact of EUR -8.8 million in the first half year of 2023, compared to EUR -7.5 million in the first half of 2022.

	30/06/2022	30/06/2023
Debt securities at fair value through other comprehensive income	-535,696	1,173,373
Debt securities at amortised cost	-1,654,742	-4,418,085
Loans and advances at amortised cost	-5,259,357	-5,581,922
Property, plant and equipment	0	0
Goodwill	0	0
Impairments	**-7,449,795**	**-8,826,634**

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. However, for stage 3 ECL, only one scenario is applied, being a down scenario where the market value of the collateral decreases by a minimum of 20%.

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 stage 3 ECL, no discounting is applied.

For the calculation of ECL as per 30 June 2023 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 and include a soft landing, hard landing and an external shock respectively;
- The soft landing scenario is based on the macroeconomic projections that centrals banks announced in June 2023. In the hard landing scenario, inflation is assumed to be more persistent, as a result of which the ECB would have to raise interest rates further and a recession is expected starting 2024. In the external shock scenario, a recession is expected to occur earlier (by the end of 2023). Both (hard and external shock) are internal scenarios as the Central Banks does not provide alternative scenarios any more. The assumptions are based on market research, historical analysis and our internal assessment on the outlook for the macro-economic environment.
- Rebalancing of the probabilities of occurrence of the scenarios to 40% soft landing (in 2022 50%), 30% hard landing (in 2022 40%), 30% external shock (in 2022 10%). The weighting of the different scenarios are updated periodically based on the evolution of the leading macro-economic indicators coupled with our internal assessment on where we stand within the economic cycle.

The below table includes the comparison of the predominant forward-looking indicators for retail and non-retail under the soft landing, hard landing and external shock scenario as of 30 June 2023 compared to the end of 2022.

	31/12/2022				30/06/2023			
Soft landing (2023) / Mild recession (2022)	**2022E**	**2023E**	**2024E**	**>2024E**	**2023E**	**2024E**	**2025E**	**>2025E**
Retail								
Unemployment BE (%)	5.7	6.2	6.3	6.0	5.8	5.6	5.5	5.5
Unemployment NL (%)	3.6	4.2	4.0	3.3	3.6	3.7	3.8	3.8
House price index BE (%, JoJ)	3.2	0.0	1.3	2.0	0.0	0.9	1.8	2.0
House price index NL (%, JoJ)	13.9	-3.1	-3.3	2.0	-5.1	-3.8	0.2	2.0
Non-retail								
GDP Eurozone (%, JoJ)	3.4	0.5	1.9	1.8	0.9	1.5	1.6	1.5
Inflation Eurozone (%, JoJ)	8.4	6.3	3.4	2.3	5.4	3.0	2.2	2.0
Unemployment Eurozone (%)	6.7	6.9	6.8	6.6	6.5	6.4	6.3	6.3

	31/12/2022				30/06/2023			
Hard landing (2023) / Energy shock (2022)	**2022E**	**2023E**	**2024E**	**>2024E**	**2023E**	**2024E**	**2025E**	**>2025E**
Retail								
Unemployment BE (%)	5.7	7.9	8.1	7.7	6.2	8.2	8.6	8.3
Unemployment NL (%)	3.6	4.3	4.6	4.6	4.0	6.0	6.4	6.0
House price index BE (%, JoJ)	3.2	-5.5	2.3	2.0	-5.0	-5.0	1.3	1.6
House price index NL (%, JoJ)	13.9	-14.5	2.3	2.0	-10.0	-10.0	1.3	1.6
Non-retail								
GDP Eurozone (%, JoJ)	3.4	-0.6	0.2	0.3	1.0	-2.0	0.0	0.4
Inflation Eurozone (%, JoJ)	8.4	7.4	3.6	2.7	6.9	4.5	1.0	1.3
Unemployment Eurozone (%)	6.7	8.6	8.6	8.3	6.9	8.9	9.3	8.9

External shock	31/12/2022 2022E	2023E	2024E	>2024E	30/06/2023 2023E	2024E	2025E	>2025E
Retail								
Unemployment BE (%)	5.7	7.3	7.8	7.5	6.3	7.3	7.0	6.7
Unemployment NL (%)	3.6	5.2	5.7	5.4	4.1	5.4	5.1	4.8
House price index BE (%, JoJ)	3.2	1.4	1.1	1.1	-0.5	-2.0	2.3	2.3
House price index NL (%, JoJ)	13.9	1.4	1.1	1.1	-6.0	-4.0	2.3	2.3
Non-retail								
GDP Eurozone (%, JoJ)	3.4	-1.0	-0.5	0.0	0.0	-0.5	0.5	0.8
Inflation Eurozone (%, JoJ)	8.4	1.8	1.5	1.5	4.4	2.5	2.0	2.0
Unemployment Eurozone (%)	6.7	8.7	9.2	8.9	7.0	8.1	7.8	7.5

The impact of net impairments on retail positions for mortgage loans and consumer loans for the first half of 2023 amounts to EUR -6.4 million.

For the Belgian mortgage portfolio, expected prepayments in the first half of 2023 were adjusted per macroeconomic scenario. This resulted in an additional EUR 0.4 million in ECL.

For Dutch interest-only loans, an analysis was conducted to ascertain whether customers at maturity could repay their loans without foreclosure of the underlying property. If foreclosure would be necessary, then in accordance with the CRR, the loan should be considered stage 3. As of 30 June 2023, there is still uncertainty for an outstanding amount of EUR 1.1 billion (loans originated before 2013). For these loans, there was insufficient information available to assess the customers creditworthiness to repay the outstanding balance without foreclosure of the collateral. The risk of underestimating the expected credit loss provision is however very limited, given the current forced sale value of the properties, the insurances and the guarantees received from the Dutch government.

For the Dutch mortgage portfolio, stage 1 and 2 impairments increased by EUR -4.9 million. The main reason for this increase is a decrease in house prices in the Netherlands in the first half of 2023, coupled with a more downward outlook regarding the future evolution of house prices.

Stage 3 impairments decreased by EUR +0.1 million for Dutch mortgages in the course of 2023. This decrease is mainly due to a limited inflow of new defaults in the course of 2023. EUR 0.03 million in loans in default were written off.

In the course of the first half of 2023, stage 1 and 2 impairments in the Belgian mortgage portfolio decreased by EUR +0.3 million. The main reasons for this decrease were:
- A positive effect of the indexation of properties (collateral);
- Offset by the negative impact from the update of the macroeconomic scenarios, their weights and a revision of prepayment paths per scenario (EUR -0.4 million).

The stage 3 impairments for the Belgian mortgage portfolio increased by EUR -0.8 million during 2023, as a result of:
- Inflows due to ‘hard’ unlikely-to-pay criteria (EUR -0.5 million) which include collective debt settlement and fraud indicators, and ‘soft’ unlikely-to-pay criteria (EUR -1.7 million);
- Increase due 90 days past due (backstop) (EUR -0.5 million);

This is offset by an outflow of EUR +1.5 million of cured or closed loans. In addition, EUR -0.3 million of loans in default were written off.

In the consumer loans portfolio, stage 3 impairments decreased by EUR +0.2 million and the stage 1 and 2 impairments increased by EUR -0.1 million. The decrease in stage 3 impairment is mainly explained by the write-off of EUR 1.2 million of loans in default.

For current accounts (overdrafts), write-downs in the first half of 2023 amounted to EUR -1.0 million. As a consequence the stage 3 impairments decrease by EUR +0.6 million in this portfolio.

In the first half of 2023 in total EUR +0.7 million in recoveries was received on loans which were previously written off.

The impact of the management overlays increases the stock of stage 1 and 2 impairments by EUR 14.1 million compared to an increase of EUR 14.6 million at the end of 2022. These overlays are consistent with the overlays in Q4 2022 and consist of the following components:

- Increase of the LGD, given the ECL models have not yet been updated to incorporate the new default definition. For the Belgium portfolio the impact is EUR 5.5 million, for the Dutch portfolio EUR 8.6 million. Backtests have shown that this increase is adequate and the relevant evolutions are captured in the ECL computations according to internal expectations.

- In addition, additional allocations to stage 2 increase ECL by EUR 6.5 million. For the Belgian portfolio additional allocation to stage 2 of counterparties which are vulnerable to high energy prices (these are clients with a Debt-Service-To-Income above 50% and a real-estate property having an EPC label D or worse). with an impact of EUR 0.3 million. For the Dutch portfolio:
  - Additional allocation to stage 2 of counterparties which are vulnerable to high energy prices with an ECL impact of EUR 1.4 million.
  - Allocation to stage 2 of interest-only loans with high Loan-To-Value (LTV) with an impact of EUR 2.9 million.
  - Allocation to stage 2 of interest-only loans with high Loan-To-Income (LTI) with an impact of EUR 1.9 million.

The most important sensitivity of the stage 1 and 2 impairments for the retail portfolios concerns the HPI. If the house prices would experience a 10% shock, the stage 1 and 2 provisions for the Belgian mortgage portfolio would increase by EUR 1.4 million and for the Dutch mortgage portfolio by EUR 7.1 million.

The worst case scenario, that is 100% weight on the hard landing scenario, would lead to an increase in the ECL provisions by EUR 1.5 million for the Belgian mortgage portfolio and EUR 5.6 million for the Dutch mortgage portfolio, mainly due to a growing risk at maturity of interest-only loans. The full weight on external shock and soft landing would lead to a decrease of EUR 3.3 million and EUR 5.0 million respectively.

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 2023 to EUR 11.99 million from EUR 9.53 million at the start of the year, resulting in an overall impact of EUR -2.46 million in profit and loss. The increase in impairments was mainly due to the rating downgrade of a Scandinavian Real Estate counterparty that is facing liquidity stress: EUR -7.1 million because of rating migrations and EUR +4.2 million because of changes in the forward-looking indicators and the weighting of the scenarios with an impact.The remainder of the net impairments relates to portfolio evolutions. There are currently no stage 3 impairments for non retail positions.

The below table gives an overview of the gross carrying amounts per stage compared to the end of 2022.

	31/12/2022			30/06/2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial assets at amortised cost	**40,263,941,613**	**5,655,430,867**	**165,847,449**	**38,972,636,869**	**7,609,652,937**	**169,679,918**
Debt securities	6,481,020,225	40,591,013	0	6,258,720,704	77,343,496	0
Loans and advances	33,782,921,388	5,614,839,854	165,847,449	32,713,916,165	7,532,309,441	169,679,918
of which leasing receivables	43,018,581	0	0	44,259,139	0	0
Financial assets at fair value through other comprehensive income	**3,457,708,338**	**0**	**0**	**3,121,504,547**	**0**	**0**
Debt securities	3,457,708,338	0	0	3,121,504,547	0	0
Equity instruments						
Total financial assets	**43,721,649,951**	**5,655,430,867**	**165,847,449**	**42,094,141,416**	**7,609,652,937**	**169,679,918**
Loan commitments, financial guarantees and other commitments given	**2,987,725,053**	**120,388,857**	**0**	**2,678,910,430**	**153,687,839**	**0**
of which purchased credit-impaired financial assets	0	0	0	0	0	0

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

	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	31/12/2022
Stage 1	**-4,813,039**	**-3,110,045**	**997,570**	**-3,879,893**	**3**		**-887,203**	**-11,692,607**
Debt securities	-2,076,158	-1,415,143	125,066	-3,105,816	0		0	-6,472,051
Loans and advances	-2,736,881	-1,694,902	872,504	-774,077	3		-887,203	-5,220,556
Stage 2	**-6,744,042**	**0**	**2,293,373**	**-9,889,152**	**-136,711**		**-1,802,988**	**-16,279,521**
Debt securities	-176,981	0	128,645	-1,572,784	0		0	-1,621,119
Loans and advances	-6,567,062	0	2,164,728	-8,316,368	-136,711		-1,802,988	-14,658,401
Stage 3	**-24,610,131**	**0**	**2,696,326**	**-7,363,801**	**0**	**4,145,961**	**0**	**-25,131,645**
Debt securities	0	0	0	0	0	0	0	0
Loans and advances	-24,610,131	0	2,696,326	-7,363,801	0	4,145,961	0	-25,131,645
Provisions on loan commitments, financial guarantees and other commitments given	**-969,798**	**-1,966,602**	**1,920,424**	**-258,657**	**-120**	**0**	**-63,443**	**-1,338,198**
Stage 1	-923,286	-1,966,602	1,819,248	349,013	-12		-54,031	-775,669
Stage 2	-46,513	0	101,176	-607,670	-109		-9,413	-562,528
Stage 3	0	0	0	0	0	0	0	0
Total	**-37,137,010**	**-5,076,647**	**7,907,693**	**-21,391,504**	**-136,828**	**4,145,961**	**-2,753,635**	**-54,441,970**

	01/01/2023	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	30/06/2023
Stage 1	**-11,692,607**	**-1,250,471**	**827,174**	**3,619,725**	**140**		**-2,831**	**-8,498,871**
Debt securities	-6,472,051	-267,132	205,378	3,624,001	0		-1	-2,909,804
Loans and advances	-5,220,556	-983,339	621,795	-4,276	140		-2,830	-5,589,066
Stage 2	**-16,279,521**	**0**	**2,590,236**	**-12,439,237**	**-40,876**		**-471,083**	**-26,640,480**
Debt securities	-1,621,119	0	0	-6,806,960	0		0	-8,428,079
Loans and advances	-14,658,401	0	2,590,236	-5,632,277	-40,876		-471,083	-18,212,401
Stage 3	**-25,131,645**	**0**	**3,013,429**	**-5,353,137**	**0**	**2,513,195**	**0**	**-24,958,157**
Debt securities	0	0	0	0	0	0	0	0
Loans and advances	-25,131,645	0	3,013,429	-5,353,137	0	2,513,195	0	-24,958,157
Provisions on loan commitments, financial guarantees and other commitments given	**-1,338,198**	**-1,004,616**	**1,199,861**	**-173,070**	**207**	**0**	**-46,671**	**-1,362,487**
Stage 1	-775,669	-1,004,616	941,446	124,953	0		-59,060	-772,947
Stage 2	-562,528	0	258,415	-298,023	207		12,389	-589,541
Stage 3	0	0	0	0	0	0	0	0
Total	**-54,441,970**	**-2,255,087**	**7,630,700**	**-14,345,718**	**-40,529**	**2,513,195**	**-520,586**	**-61,459,995**

The table below gives an overview of the transfers between stages 1, 2 and 3.

31/12/2022	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	**2,708,941,258**	**784,748,235**	**41,204,517**	**41,776,520**	**24,387,090**	**643,854**
Debt securities	35,584,656	0	0	0	0	0
Loans and advances	2,673,356,601	784,748,235	41,204,517	41,776,520	24,387,090	643,854
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	**2,708,941,258**	**784,748,235**	**41,204,517**	**41,776,520**	**24,387,090**	**643,854**
Loan commitments, financial guarantees and other commitments given	**34,082,907**	**3,088,698**	**0**	**0**	**0**	**0**

30/06/2023	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	**2,726,203,475**	**940,805,394**	**29,721,629**	**15,682,777**	**5,911,999**	**419**
Debt securities	36,761,595	0	0	0	0	0
Loans and advances	2,689,441,880	940,805,394	29,721,629	15,682,777	5,911,999	419
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	**2,726,203,475**	**940,805,394**	**29,721,629**	**15,682,777**	**5,911,999**	**419**
Loan commitments, financial guarantees and other commitments given	**77,464,351**	**9,144,323**	**0**	**0**	**0**	**0**

Note 20: Taxes (Note 20 and 40 in the annual statements of 2022)

The deferred tax assets and tax liabilities are shown in the table below:

	31/12/2022	30/06/2023
Deferred tax assets	44,781,649	36,399,482
Deferred tax liabilities	18,571,081	15,758,906

When creating deferred tax assets (DTAs), an assessment is always made as to whether they can be used. Owing to the negative adjusted outlook and the uncertainties caused by the Covid-19 crisis, deferred tax assets were written down by EUR 13.3 million in 2020 and 2021. At the end of 2022 the impairment of EUR 13.3 million on deferred assets was reversed in view of the positive evolution in the expected profitability as the consequence of the expectation of rising interest rate curves. The decrease in deferred tax assets in 2023 relates to the use of deferred tax assets recorded on DRD for EUR -11.14 million and the evolution in deferred tax assets recognized on the FV changes of the financial assets at fair value through other comprehensive income (EUR –3.8 million), partly compensated by 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 +6.9 million).

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

	30/06/2022	30/06/2023
Current taxes		
Current tax expenses for the financial year	23,940,194	43,622,485
Current tax expenses for prior periods	0	0
Deferred taxes		
Deferred taxes relating to fiscal losses and DRD	0	0
Deferred taxes for prior periods	414,346	0
Deferred taxes relating to accounting timing differences	414,017	1,796,343
Total taxes	**24,768,558**	**45,418,828**
Effective tax rate	39.93%	33.34%

As reflected in the table above, the effective tax rate was 33.34% for the first six months of 2023, compared to 39.93% for the first six months of 2022.

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 result in the Netherlands is realised by the Company's branch office, whereby the Company provides financing to the branch office and carries out a number of activities (mainly in the areas of general strategy and risk management) for the branch office. The Company had a ruling for the allocation of the results to the branch office (remuneration for the central financing function and central functions) which expired on 31 December 2019. A new application was filed for a period of five years. The mechanism as in the filed application has been applied in preparing the balance sheet and results from 2020.

The effective tax rate in the first half of 2023 stands at 33.34%, significantly above the theoretical tax rate of 25.0%, mainly due to the 80% limitation on the fiscal deductibility of Belgian bank levies as from 2023 onwards.

The effective tax rate in the first half of 2022 was at 39.93% as in the first half of 2022 no deferred tax assets were recognised for tax losses and deductions carry forward on the unused dividend received deduction for an amount of EUR 7.6 million.

On 22 December 2021 the European Commission published a directive to guarantee a global minimum level of taxation of multinational Groups and sizable domestic Groups in the Union (Pillar 2). The member states must then transpose the directive into their national law. The directive leaves a number of draft decisions in this regard to national lawmakers. The Belgian government has announced its plan to transpose the minimum tax into Belgian law. Today the Company has an effective tax rate higher than 15% in all the jurisdictions in which it is present. The Company also expects to fall under the safe harbour transitional measures provided. In accordance with the exposure draft international tax reform – pillar 2 published by the IASB in January 2023, the Company expects to take advantage of the temporary exception to process deferred taxes associated with the implementation of the directive.

Note on capital management (in EUR)

Note 21: Solvency and capital management (Note 6 in the annual statements of 2022)

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 2022 financial statements. The Pillar 3 disclosures for 2022 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, and the 'corporates and institutions' portfolio, and the standard (STA) method for the remaining exposures.

Legal capital requirements

The Pillar 1 capital requirements impose a minimum solvency ratio of 4.5% for the Common Equity Tier 1 (CET1) ratio, 6% for the Tier 1 (T1) ratio, and 8% for the Total Capital (TC) ratio. The regulators have the possibility to impose a number of additional buffers:

- A capital conservation buffer: an additional CET1 requirement of 2.50%;
- A countercyclical capital buffer: gives an additional CET-1 requirement of 0.46% calculated as a weighted average of the requirement imposed per country and the Company's exposure to that country, the Belgian has currently set the percentage at 0%; from 25 May 2023 the Dutch regulator has increase this buffer to 1%;
- A buffer for systemically important institutions: the Belgian regulator has designated the Company as an O-SII or other system-relevant institution', as a result of which the Company is subject to an additional CET-1 requirement of 0.75%;
- A Pillar 2 requirement (P2Requirement) of 1.50% and a Pillar 2 recommendation (P2Guidance);
- On 1 May 2022 the NBB introduced a new macroprudential measure aimed at positions in the Belgian residential real estate market of credit institutions applying the internal rating approach (IRB) to replace the previous measure introduced in 2018. The measure - systemic risk buffer (SyRB) - imposes the formation of a CET 1 capital buffer of 0.83%.

In the absence of Alternative Tier 1 and Tier 2 capital of 1.50% and 2.00%, this needs to be compensated via CET1.

In the framework of the SREP (Supervisory Review and Evaluation Process), the competent supervisor (in this case the ECB) can impose higher minimum ratios as a result of the assessment of the robustness of the business model, the adequacy of the risk governance and the adequacy of the capital and liquidity situation.

The P2R capital decision imposed by the ECB in the SREP (annual global evaluation) remains stable at 1.50% (to be fulfilled with a minimum of 56.25% in CET-1 and 75% in T1 with the remaining requirement in T2).

The Company has a binding MREL (Minimum Requirement of own funds and Eligible Liabilities for bail-in) of 8% of Total Liabilities and Own Funds, being 21.95% of TREA (Total Risk Exposure Amount) and 7.69% of LRE (Leverage Ratio Exposure), to be met in full by means of subordinate liabilities by the beginning of 2024.

From 2022 the Company is subject to a binding interim MREL of 19.04% of TREA and 7.16% of LRE (with a subordinate target level of 19.04% of TREA and 6.41% of LRE).

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.

		31/12/2022	30/06/2023
Available capital			
1	Tier 1 core capital (CET1)	2.363.351.864	2.496.134.693
2	Tier 1 capital (T1)	2.363.351.864	2.496.134.693
3	Total capital (TC)	2.365.621.605	2.501.838.715
Risk-weighted items			
4	Total risk-weighted items	11.016.509.625	11.057.488.384
Solvency ratio's			
5	Common Equity Tier 1 core capital (%)	21,45%	22,57%
6	Tier 1 capital ratio (%)	21,45%	22,57%
7	Total Capital Ratio (%)	21,47%	22,63%
Additional CET1 buffer requirements			
8	Capital Conservation Buffer requirements (%)	2,50%	2,50%
9	Countercyclical capital buffer requirements (%)	0,03%	0,46%
9a	Systemic risk buffer (%)	0,86%	0,83%
10	O-SII (Other Systemically Important Institution) buffer requirements (%)	0,75%	0,75%
11	Combined buffer requirement (%)	4,15%	4,54%
11a	Overall capital requirements (%)	13,65%	14,04%
12	CET1 available after meeting the total SREP own funds requirements (%)	11,97%	13,13%
Leverage ratio			
13	Leverage exposure	54.712.854.904	54.811.260.999
14	Leverage ratio (%) (row 2 / row 13)	4,32%	4,56%
Liquidity Coverage Ratio (LCR)			
15	Total high quality liquid assets	7.443.960.899	7.051.417.224
16	Total net cash outflow	4.002.002.343	3.665.699.270
17	LCR ratio (%)	186,00%	192,36%
Net Stable Funding Ratio (NSFR)			
18	Total available stable funding	47.459.370.282	47.549.419.287
19	Total required stable funding	33.455.632.738	33.632.045.410
20	NSFR ratio (%)	141,86%	141,38%

Minimum Requirement for Own Funds and Eligible Liabilities			
21	Eligible liabilities	2.614.113.552	2.119.382.437
22	Eligible liabilities subordinated to excluded liabilities	2.109.655.250	2.119.382.437
23	Minimum requirement for own funds and eligible liabilities LRE (%)	9,10%	8,43%
24	Minimum requirement for own funds and eligible liabilities subordinated LRE (%)	8,18%	8,43%
25	Minimum requirement for own funds and eligible liabilities TREA (%)	45,20%	41,79%
26	Minimum requirement for own funds and eligible liabilities subordinated TREA (%)	40,62%	41,79%

The Common Equity Tier 1 (CET) ratio amounts to 22.57% as of 30 June 2023.

The increase of the CET1 ratio is the result of the increase of Tier 1 capital, with the appropriation of the half year result of 2023.

Risk weighted assets for corporates decreased with EUR 85 million, risk weighted assets for retail (consumer loans) and mortgages increased with EUR 136 million, in line with the evolutions of the outstanding portfolio per 30 June 2023. 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 2022, the total available MREL was 9.10% of which 8.18% on a subordinated basis. At 30 June 2023, available MREL figure is 8.43% of which 8.43% 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. 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 2022)
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 2023.

Approval for publication

On 29 August 2023, 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
AC	Amortized Cost
ATM	Automated Teller Machine
ALCO	Assets and Liability Committee
CET1	Common Equity Tier 1
CFH	Cash Flow Hedge
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulations
CSA	Credit Support Annex
CVA	Credit Value Adjustment
DCF	Discounted Cash Flow
DNB	De Nederlandsche Bank
DRD	Dividends Received Deduction
DTA	Deferred Tax Asset
DSTI	Debt service To Income
DVA	Debt Valuation Adjustment
ECB	European Central Bank
ECL	Expected Credit Losses
EMIR	European Market Infrastructure Regulation
EMTN	European Medium Term Note
FVOCI	Fair Value through Other Comprehensive Income
FY	Full Year
HQLA	High Quality Liquid Assets
IASB	International Accounting Standards Board
ICAAP	Internal Capital Adequacy Assessment Process
ICT	Information and Communication Technology
ILAAP	Internal Liquidity Adequacy Assessment Process
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
IRB	Internal Rating Based
IRS	Interest Rate Swap
IT	Information Technology
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LRE	Leverage Ratio Exposure
LTI	Loan To Income

LTV	Loan To Value
MBS	Mortgage Backed Security
MFVPL	Mandatorily Fair Value through Profit and loss
MREL	Minimum Requirement for own funds and Eligible Liabilities
NBB	Nationale Bank van België
NHG	Nederlandse Hypotheek Garantie
NPV	Net Present Value
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income
OSII	Other Systemically Important Institution
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
STA	Standardized
SyRB	Systemic Risk Buffer
T1	Tier 1
TC	Total Capital
TREA	Total Risk Exposure Amount

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 2023 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Argenta Spaarbank NV as at 30 June 2023, 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 2023 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, 29 August 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Kenneth Vermeire (Authentication)

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