Argenta Bank- en Verzekeringsgroep nv

IFRS Annual Report

2023

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Financial statements for the 2023 financial year (1 January 2023 to 31 December 2023) of Argenta Bank- en Verzekeringsgroep nv, prepared in accordance with the *International Financial Reporting Standards (IFRS)*

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

Contents

Management Report

In this financial report the Company has used the IFRS 17 standard for the first time and also associated changes in other IFRS standards. This initial application has led to major changes compared to the financial reporting principles previously used.

The IFRS 17 transition requirements require the information on the 2022 reporting period to be revised in accordance with the new financial reporting principles, consequently the balance sheet and results and the associated notes have been modified.

Where comparative figures have been modified in this report, although this is not specifically required by the IFRS standards, the comparative figures are marked as 'revised', to show they are not the same as the financial statements previously published.

Development in 2023

2023 was dominated by the central banks' continuing fight against the sudden increase in inflation fuelled by the war in Ukraine, the consumption wave following the coronavirus pandemic and the monetary policy pursued. In Europe the ECB policy interest rate was increased further to 4% and, following a long period of quantitative easing, the money tap was turned off. This drastic tightening of monetary policy (interest rate rise of +4.50% in 18 months) caused inflation to fall from a level of around 10% at the end of 2022 to less than 3% at the end of 2023, enabling the ECB to pause in the monetary policy pursued in Q4. The financial markets anticipated the easing of monetary policy for 2024 so that the medium term interest rate in the final months of 2023 fell significantly.

Despite the headwind from monetary policy, the economic system remained solid. It is true that economic growth in the eurozone came to a standstill under the pressure of the falling investment appetite, but unemployment remained at a low. The hope for a soft landing in combination with the prospects of an easing of monetary policy pushed the stock markets to a new high.

For Argenta inflation and a rising interest rate had an impact on volumes and results.

Impact on Argenta Spaarbank

The ECB's restrictive policy gave rise to significantly higher interest rates, which initially led to an improvement in the bank's interest result. The interest income on the interest-driven investment portfolio for example increased, despite Argenta always pursuing a cautious investment policy.

There was also the material positive impact of the increased Euribor interest rate on the results from our hedging transactions.

The customer rates for new mortgages also rose in line with the increased market interest rates. This led to a contraction in the mortgage market, in both Belgium and the Netherlands. In Belgium there was a production of EUR 1.9 billion (EUR -1.4 billion) with an average customer rate of 3.73% (+159 bps). Production fell in the Netherlands too and historically high refinancing volumes contracted. Production in the Netherlands was EUR 2.3 billion (EUR -1.6 billion) with an average rate of 4.20% (+219 bps).

As a result of the rise in market interest rates, customers also expect higher interest rates on their deposit accounts. In both Belgium and the Netherlands the interest rates on savings and term products were pushed up systematically, yet the Belgian government did not feel the market was reacting fast enough. This is why a one-year government bond (staatsbon) with a net return of 2.81% was issued in August.

Argenta decided to offer its customers the same net return on a one-year term deposit with a gross return of 4.01% and in this period achieved EUR 5.35 billion in production. Over 2023 as a whole EUR 7.85 billion in term investments were produced (short and long term). This was largely a shift from current and savings accounts, since the growth of total funds that customers hold in our current, savings and term accounts in 2023 was just EUR 444 million (compared to +1.6 billion in 2022). The main reason for the fall in savings capacity is the increased spending of households, driven by inflation. It is important to note here of course that Argenta's savings volume continues to grow, while other banks have seen savings they attracted drain away to the government bond: In a market that contracted by 6% our market share grew to 9.15% (+60 bps) according to figures for December 2023.

In the Netherlands too we recorded growth figures of EUR 265 million, driven by the production of term deposits. This followed years of a stable portfolio of EUR 2.3 billion.

In 2023 non-retail funding was further boosted to EUR 6.8 billion. EUR 500 million in Covered Bonds were added.

Argenta also continued to focus strategically on differentiated incomes, despite the fact that the interest rate-driven result again constituted a larger share of the results. Interest in the range of funds remained, even though the net production figures fell back slightly compared to 2022 because of an increase in fixed-interest alternatives. This resulted in continuing growth in revenues from asset management activities.

The high inflation and the growth of the activities led to an increase in operating costs of 11%.

Impact on Argenta Assuranties

Total income (new premiums and reinvestments, including internal transfers) for the branch 21 life insurances rose sharply compared to 2022 (604 vs 265 million). For 2023 this was EUR 367 million in production from transfers/reinvestments and EUR 237 million in new production in Branch 21. In 2022 this was EUR 54 million and EUR 211 million respectively. This was driven by the first half year where the higher guaranteed interest rate (2%) on the one hand led to an increase in new production and on the other, in combination with a high level of maturity at the end of 2022, to significant reinvestments in this branch. In the second half year production fell as a result of the changed interest rate environment, which gave rise to competitive (banking) alternatives and consequently lower production in branch 21.

There was a fall in the premiums received by branch 23. After the difficult year of 2022, investors mainly chose fixed-income alternatives. Total premium income ended at EUR 194 million (including internal transfers), in other words a fall of 47% compared to 2022. For 2023 this was EUR 53 million in production from transfers and EUR 140 million in new production in Branch 23. In 2022 this was EUR 140 million and EUR 227 million respectively.

The total premium income for branch 21 and branch 23 together rose from EUR 632 million to EUR 797 million, mainly driven by branch 21.

The total income of the non-life insurances amounted to EUR 179 million in 2023 compared to 164 million in 2022.

As a result of the increase in income, we achieved a robust consolidated net profit of EUR 310 million (compared to EUR 254 million in 2022).

As in previous years, Argenta added the majority of the profit to the reserves. The equity therefore continues to grow, which supports the high capital ratios. All the solvency requirements are easily met. The liquidity buffers also remain comfortable.

Key figures (unaudited)

The table below gives the key figures of Argenta Bank- en Verzekeringsgroep nv, in abbreviated form BVg (hereinafter the Company).

	31/12/2022 restated	31/12/2023
Return on equity	8.1%	8.9%
Return on total assets	0.43%	0.51%
Cost-income ratio (excluding bank levies)	46.9%	42.0%
Cost-income ratio (including bank levies)	59.4%	53.5%
Common equity Tier 1 ratio	22.0%	22.4%
Total capital ratio	22.0%	22.4%
FICOD capital ratio	21.0%	21.1%
Leverage ratio	4.7%	5.2%
Liquidity coverage ratio	186%	219%
Net stable funding ratio	143%	141%
Minimum requirement for own funds and eligible liabilities (LRE) (bankpool)	9.1%	8.7%
Minimum requirement for own funds and eligible liabilities subordinated (LRE) (bankpool)	8.2%	8.7%
Minimum requirement for own funds and eligible liabilities (TREA) (bankpool)	45.2%	39.5%
Minimum requirement for own funds and eligible liabilities subordinated (TREA) (bankpool)	40.6%	39.5%

The return on equity is calculated by dividing the net profit by the equity available at the beginning of the financial year.

In calculating the cost/income ratio, the costs of insurance services - which are recognised under net insurance result - are allocated to the relevant other administrative costs and expenses related to commissions and fees.

Evolution of the balance sheet

The balance sheet total has risen by 1.4% from EUR 59.5 billion as of 31 December 2022 to EUR 60.3 billion as of 31 December 2023.

Cash and balances with (central) banks decreased by EUR 1.0 billion to EUR 2.2 billion as of 31 December 2023.

The investment portfolio remained at a similar level to the end of 2022. This amount consists of i) an investment portfolio of EUR 4.9 billion that is stated at fair value with value adjustments recognised through other comprehensive income, and ii) a portfolio of EUR 7.1 billion of debt securities stated 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.

	31/12/2022	31/12/2023
Non-trading financial assets mandatorily at fair value through profit or loss	97,337,817	106,229,924
Financial assets at fair value through other comprehensive income	4,636,008,677	4,906,197,653
Financial assets at amortised cost - debt securities	7,294,486,933	7,118,153,567
Total securities portfolio	**12,027,833,427**	**12,130,581,144**

The portfolio of loans and advances increased from EUR 40.7 billion as of 31 December 2022 to EUR 42.1 billion as of 31 December 2023. This growth primarily reflects the production of new loans in both the Netherlands and Belgium.

EUR 4.2 billion of mortgage loans were granted to customers (EUR 1.9 billion in Belgium and EUR 2.3 billion in the Netherlands), as against EUR 7.2 billion in 2022.

This brings the mortgage loan portfolio to EUR 40.1 billion as of 31 December 2023, compared to EUR 38.8 billion in 2022.

	31/12/2022	31/12/2023
Financial assets at amortised cost - loans and advances	40,721,287,126	42,141,082,681
of which mortgage loans	38,754,703,208	40,056,309,428

Financial liabilities measured at amortised cost increased by EUR 0.3 billion to EUR 50.4 billion as of 31 December 2023.

Deposits from credit institutions fell compared to 31 December 2022. This heading contains the cash collateral received for the derivatives for the purposes of hedging the interest rate risk.

The increase in senior debt securities issued is due to the debt securities issued in 2023 under the Covered Bond programme (of EUR 500 million), offset in part by factor repayments on the bonds issued as a result of the securitisation transactions.

	31/12/2022	31/12/2023
Deposits from central banks	0	0
Deposits from credit institutions	1,786,200,219	1,130,294,811
Deposits from other than central banks and credit institutions	41,814,573,100	42,421,463,560
Senior debt securities issued	6,379,999,074	6,727,324,493
Subordinated debt securities issued	0	0
Other financial liabilities	97,561,412	85,899,307
Financial liabilities at amortised cost	**50,078,333,805**	**50,364,982,170**

The other financial liabilities include EUR 85.9 million of lease liabilities.

Assets under reinsurance contracts rose by EUR 6.0 million. Liabilities under insurance and reinsurance contracts rose by EUR 138.5 million. Liabilities relating to branch 23 insurance contracts increased from EUR 2.8 billion as of 31 December 2022 to EUR 3.0 billion on 31 December 2023.

	31/12/2022 restated	31/12/2023
Financial assets related to unit-linked insurance contracts (branch 23)	2,754,692,170	2,995,790,474
Assets under insurance contracts	0	0
Assets under reinsurance contracts	21,206,263	27,259,304
Financial liabilities related to unit-linked insurance contracts (branch 23)	2,754,692,170	2,995,790,474
Liabilities under insurance contracts	2,546,563,874	2,683,342,397
Liabilities under reinsurance contracts	13,952,083	15,637,315

Result drivers

The Company achieved a consolidated profit after tax (including minority interests) of EUR 310,029,123 for the 2023 financial year, compared with EUR 254,445,123 for the previous financial year. The Company's result here is driven by developments in the underlying Bank Pool and Insurance Pool.

The Company's Bank Pool (including Bvg) achieved a profit (including minority interests) of EUR 241,254,228 for 2023, compared to EUR 193,479,813 for the previous financial year. This increase reflects an improvement in the result at Argenta Spaarbank (EUR +43.3 million) and an increase in the result of the management company Argenta Asset Management (EUR +3.2 million).

The Company's Insurance Pool achieved a profit of EUR 68,774,896 for the 2023 financial year, compared with EUR 60,965,309 for the 2022 financial year. The improvement in net result is the result of higher investment results (there having been a significant negative market value development on shares in 2022) and increased net income from commission and fees connected with the branch 23 contracts, partly offset by a lower insurance result.

The interest result as the main driver of the recurring operating result is supplemented to a significant degree by the net income from commissions and fees related to the offering and management of investment funds and branch 23 insurance contracts and a solid insurance result.

Net interest income rose in 2023. The interest income grew as a result of the combination of the increase in the return on the liquid assets, derivatives, the securities portfolio and a growing mortgage and investment portfolio, where the return on recent production is higher. The level of early redemptions on mortgages dropped back further, with the reinvestment fees falling from EUR 20.3 million in 2022 to EUR 2.0 million in 2023.

The funding costs (excluding derivatives) rose as a result of the increased interest payments on both retail and non-retail funding. The interest cost of the RMBS bonds increased relatively sharply (variable interest payment) and the issues of Covered Bonds and EMTN bonds in 2022 and 2023 bear a relatively higher interest cost, as a result of the general increase in the interest rate curve. The interest cost on term accounts increased by EUR 101.1 million, which is largely related to the issue of the one-year term deposit. The interest cost on savings accounts increased by EUR 145.5 million. The interest cost on the cash collateral received increased by EUR 60.5 million.

There was a positive change in the net interest result of hedging derivatives. As a result of higher Euribor interest rates the net interest costs on the derivatives were EUR 278.6 million lower (and the cost-of-carry of the payer swaps derivatives portfolio fell). In 2022 the increase in the interest rate curve had a very negative effect on the time value cost of the swaptions, which stabilised again in 2023. This represents a fall in the hedging cost of EUR 34.1 million.

Net fee and commission income increased by EUR 6.5 million from EUR 81.3 million to EUR 87.8 million for the 2023 financial year. The net management fees received (after acquisition costs) on assets under management and custody in the Investment pillar increased further as a result of the rise in assets under management. The entry fees on investments however fell back as a result of the fall in the net production figures compared to 2022. Loan activity recoveries also fell back slightly as a result of the fall in mortgage loans advanced compared to 2022.

The realised profit from financial assets not measured at fair value through profit or loss amounts to EUR -0.3 million for 2023.

Gains or losses from financial assets and liabilities held for trading and gains or losses from hedge accounting together amounted to EUR -11.3 million for 2023, falling by EUR 47.0 million compared to the previous financial year and reflect the evolution of the fair value of the hedging derivatives and the increase of the difference (basis spread) between the interest rate curves used for valuing the derivatives and the hedged positions.

The gains or losses on financial assets (mandatorily) measured at fair value through profit or loss amounts to EUR 5.1 million, which is an increase of EUR 25.5 million. In 2022 the negative market value development on shares in the Insurance Pool was processed in this item, with the market value of the shares recovering (and therefore being positive) in 2023.

The insurance result on insurance and reinsurance contracts fell by EUR 24.7 million. The non-life result had a positive development. Among the products, Fire and Family showed a lower cost of claims leading to a better result. This was partly offset by a higher cost of claims in Motor and Legal Assistance. The life result experienced a fall, mainly due to a negative adjustment of the cash flows under future services (in part due to an increase in the expected profit sharing and change in the estimates of the volume of additional premiums).

Net other operating income amounts to EUR 15.5 million and includes recovery of administrative costs from customers, and of rent and IT infrastructure-related recoveries from the independent branch managers.

Staff expenses amounted to EUR 119.9 million for 2023 compared to EUR 104.4 million for the previous financial year and mainly reflect the increase in FTE and the inflation cost on salaries. This heading contains the salaries, social security charges and costs of pension schemes for Company employees.

Other administrative expenses increased from EUR 306.3 million in 2022 to EUR 336.6 million in 2023. Expenses for complying with various legal requirements and bank levies have increased by EUR 10.9 million. Global IT expenses increased by EUR 19.9 million. Depreciation has reduced by EUR 3.7 million compared to the previous financial year.

In 2023 EUR 16.0 million in impairments were recognised, EUR 12.8 million of which on debt securities and 3.2 on loans. The impairments on loans in part reflects the growing outstanding retail portfolio and in particular for retail positions the effect of the inflationary pressure (which leads to an increase in the credit risk for inflation-sensitive clients) and the possible downward pressure on house prices. The increase in the impairments on debt securities was mainly attributable to the rating downgrades to and within stage 2 of the real estate bond portfolio.

Tax expense in 2023 amounted to EUR 120.3 million. Deferred taxes are also included under this heading. In 2022 the impairments recognised on transferred losses and tax deductions of EUR 13.3 million were counter-booked, so the effective tax rate in 2022 was at the low level of 22.6%. In 2023 this effective tax rate was again normalised to 28.0%.

Climate risk

The Company wants to contribute to the greater good by treating the planet sensibly, sustainably and as a thing of value. We do this by committing ourselves fully to the three pillars or ESG dimensions of sustainability:

- Ecology (E);
- Society (S);
- Good governance (G).

Our sustainability ambitions, set out in the Sustainability Charter, are the foundation of our sustainability policy. The concrete steps with which we aim to make a targeted impact are set out in the Sustainability Action Plan. The 2020-2023 sustainability action plan ended in 2023. The new 2024-2027 sustainability action plan is in preparation and will be presented to the Board of Directors for validation in the first half of 2024.

The Company has opted for a centralised, company-wide operation because sustainability is something that affects every department and every employee.

The sustainability policy is laid down by the Executive Committee and approved by the Board of Directors. The Executive Committee has appointed the CEO as Chief Sustainability Officer (CSO). His mission is to give sustainability a prominent place in all of the Company's departments, through the strategic business objectives, the sustainability action plan, the risk policy, the annual budgets and the business plans, etc. The CSO has the support within the Marketing & Sustainability department of the sustainability manager, who shares responsibility for implementing the policy and the sustainability plan across the different departments.

The Company aims to manage brand, climate and sustainability (ESG) risks appropriately and proactively within the associated risks and activities with a view to achieving the business objectives of the various business lines responsibly, in accordance with the Company's sustainability policy and corporate purpose.

Brand and sustainability risk is defined as the possible negative impact as a direct or indirect consequence of how the Company positions itself (reputationally) as a brand (with the emphasis on 'simple' and 'close by') and in relation to sustainability, the activities it carries out for this purpose and how the steps it takes to implement the strategy are perceived. It is a non-financial risk.

Climate and sustainability risk is defined as the possible negative impact of ecological (E), social (S) and governance (G) aspects on the financial performance (e.g. value, liquidity) of assets and liabilities. It is a financial risk that is also seen as an associated risk that interacts with other financial risks.

To align the strategy with the climate challenges, all the relevant climate risks and opportunities must be assessed in order to understand the impact on the Company's business model in general and within the different operating activities. An extensive materiality analysis of climate and sustainability risks was carried out at Company level. The materiality analysis assesses the impact of climate and sustainability risk on the risk profile of the banking, insurance and asset management activities from the perspective of both the financial risks, such as credit risk, underwriting risk, market and liquidity risk, business risk and the non-financial risks, such as compliance risk, sourcing risk, business continuity risk or data management risk. The impact on the risk profile was assessed on the basis of different climate scenarios and for different time horizons, i.e. short, medium and long term. Apart from climate-related impact (E), the materiality of social and governance risks was also included in the exercise.

The analyses show that the greatest impact can be expected for the mortgage portfolios, which are exposed in particular to transition-related risks and to a lesser degree physical climate risk. The mortgage portfolios represent the greatest part of the Company's balance sheet. The impact is therefore material. The non-retail investment and insurance portfolios may potentially also be affected by climate-related risks. The physical climate risk also has a great impact on the non-life insurance portfolio; this impact is assessed slightly lower than the impact on the mortgage portfolios. The materiality was assessed on the basis of current observations, i.e. the floods (Berndt) in 2021 and the storms Eunice and Franklin in 2022. The reinsurance contract does provide for a mitigating effect in this regard.

The Company has supplemented its existing stress test scenarios with climate-specific scenarios. On the basis of publicly available information (e.g. Network for Greening the Financial System, NFGS) and its own internal analyses an internal climate stress test scenario was developed and applied. In 2022 the Company took part in the ECB's climate risk stress test. The bank achieved a generally good score with its climate stress test framework being qualified as intermediate advanced. Both the vulnerability of its business model to the realisation of the transition risk and the impact of the stress tests for the physical and transition risk were assessed as 'green', which means a generally good performance. Both the internal and the regulatory stress tests reveal a limited impact of unfavourable climate risk scenarios on the financial performance of the Company.

In past years the Company rolled out a climate action plan as a result of the publication of the ECB climate and environmental risk guidelines. The regulator monitors the implementation of the action plan closely by evaluating the implementation at regular intervals.

In 2023 the status of the implementation of this climate action plan was reported, both internally on a three-monthly basis to the competent bodies within Argenta and externally to the regulator, with regular status updates.

An important milestone was reached with the approval by the Board of Directors of the climate and climate-related risk policy, which therefore had Group-wide effect. The policy translates the strategic objectives, legislation and regulations on climate and sustainability risks into a policy framework that controls the daily operation of the business activities.
Progress was also made as part of the climate plan regarding the development and identification of decarbonisation pathways, or 'target processes', to reduce the financed emissions of our loans to private individuals systematically by 2050. Such transition pathways were modelled in accordance with scientifically based scenarios determined by the IEA

(International Energy Agency) and having regard to the SBTi or Science Based Targets Initiative. This is an important step that enables the Company to formulate the strategic ambitions in line with the 1.5°C scenario in a well-founded manner.

Over the past two years new risk indicators have been identified, as regards both the key performance indicators (KPI) and the key risk indicators (KRI) for the retail mortgage portfolios in Belgium and the Netherlands and the non-retail investment portfolios of the bank and the insurer. These climate risk indicators are defined in the relevant policy documents, discussed by the responsible committees and reported on dashboards, including the quarterly RAF dashboard to the Board's Risk Committee. In 2024 the climate risk monitoring dashboard will be further extended in the area of metrics on the physical climate risk, with a focus on identifying the flood risk.

The Company has therefore made significant steps to give its strategy greater direction in the area of sustainability. In 2023 and at the beginning of 2024 Argenta took a further initiative to put strategic climate ambitions at the forefront and translate them into KPIs at group, business line and product level and to do this within the general framework of the 2024-2027 sustainability action plan.

With strong governance and adequate risk management we believe we are making the right progress towards achieving our objectives. The excellent ESG risk rating from Sustainalytics is recognition that our policy and work are judged to be effective.

We refer to the 2023 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 climate change and energy prices are placed in stage 2 in this regard.

In the Belgian mortgage portfolio this happens on the basis of the EPC label in combination with a high DSTI (debt service to income ratio, an indicator of the share of income spent on repaying debts). In total EUR 384 million of outstanding receivables were moved to stage 2 with an ECL impact of EUR 0.2 million. For the Dutch mortgage portfolio this happens on the basis of the EPC label in combination with a high LTI (loan to income ratio, a measure by which the amount loaned is plotted against income). At year end EUR 835 million of outstanding receivables were moved to stage 2 with an ECL impact of EUR 0.9 million.

Changes in the area of supervision

Impact on Argenta Spaarbank

Argenta has a Supervisory Office coordination function to ensure contacts with the prudential supervisors are as smooth as possible. Efficient and structured interaction benefits both Argenta and the supervisors.

A Joint Supervisory Team (hereinafter JST) has organised thematic reviews, inspections, workshops and interviews and has requested various reports on a structural basis since 2014. The JST is, in Argenta's case, an internationally assembled team, with staff from the ECB, the National Bank of Belgium (hereinafter NBB) and De Nederlandsche Bank (hereinafter DNB). For the purposes of its supervision it has regular contacts with the various supervisory bodies and management layers of the bank.

The Pillar I capital requirements stipulated by law impose a minimum solvency ratio of 4.5% of the Common Equity Tier 1 (CET1), 6% for the total Tier 1 ratio and 8% for the total capital ratio. The supervisors have the option to impose a number of additional buffers:

- A capital conservation buffer: an additional CET1 requirement of 2.5%;
- A countercyclical capital buffer: the Belgian supervisor has currently set the percentage at 0%; from 1 April 2024 it is rising to 0.5% and from 1 October 2024 to 1%; the Dutch supervisor has currently set the percentage at 1% and will raise it to 2% on 31 May 2024;
- A buffer for systemically important institutions: the Belgian supervisor has designated Argenta Spaarbank as O-SII or 'other system-relevant institution', as a result of which Argenta Spaarbank is subject to an additional CET1 requirement of 0.75%;

- On 1 May 2022 the NBB introduced a systemic risk buffer (SyRB), a new macroprudential measure aimed at credit institutions with positions in the Belgian real estate market applying the internal rating approach (IRB). This requirement was 1.07% as of 31 December 2023 at the consolidated Argenta Bank- en Verzekeringsgroep level. This buffer will fall from the introduction of the CCyB for Belgium from 1 April 2024.

In the absence of additional Tier 1 capital and Tier 2 capital, this requirement of 1.50% and 2.00% respectively will be met via CET1.

In the framework of the SREP (Supervisory Review and Evaluation Process), the competent supervisor (in this case the ECB) can impose (Pillar 2 requirement) and recommend ((Pillar 2 recommendation) higher minimum ratios as a result of assessing the robustness of the business model, the adequacy of risk governance and the adequacy of the capital and liquidity situation. For 2023 the ECB imposed a Pillar 2 requirement (P2Requirement) of 1.50% and a Pillar 2 recommendation (P2Guidance).

In the framework of the SREP, an ICAAP (Internal Capital Adequacy Assessment Process)/ILAAP (Internal Liquidity Adequacy Assessment Process) was therefore carried out, resulting in a CAS (Capital Adequacy Statement) and an LAS (Liquidity Adequacy Statement), endorsed by the Board of Directors.

The Risk function shares responsibility for risk governance with the RAF (Risk Appetite Framework), ICAAP, recovery plan and stress testing, various policy documents and internal risk reporting.

As in previous years there was cooperation with the different supervisors on the elaboration of specific action plans. We also drew up the annual recovery plan in which we simulate crisis scenarios and then evaluate the feasibility and effectiveness of recovery options.

As part of settlement planning, the necessary data, analyses, plans and contingency plans were transferred to the Internal Resolution Team (IRT) with staff from the Single Resolution Board (SRB) and the NBB with a view to drawing up the so-called “settlement plan” for Argenta Spaarbank.

The settlement plan prepares the supervisors and Argenta for the hypothetical scenario in which Argenta Spaarbank would remain in default or there would be a prospect of this. The plan, with both a preferred and an alternative settlement strategy, is credible and feasible within a suitable time frame and would lead to achievement of the settlement objectives, such as guaranteeing the general interest without intervention by public authorities, in an effective manner. Plans and contingency plans were also tested in dry runs. For the purposes of its supervision, the IRT has regular contacts with the various management layers of the bank.

As part of the Bail-in settlement strategy (Bail-in ensures that the losses and recapitalisation costs of a failing credit institution where possible end up with the shareholders and subordinated and other creditors), from 1 January 2022 the Argenta Spaarbank bank pool has been subject to a binding interim MREL (Minimum Requirement of own funds and Eligible Liabilities for bail-in) target of 19.04% of the Total Risk Exposure Amount (TREA; risk-weighted) and 7.16% of the Leverage Risk Exposure (LRE; non-risk-weighted) (with a subordinate target level of 19.04% of TREA and 6.41% of LRE).

From 1 January 2024 Argenta Spaarbank must meet the requirement of 19.47% of TREA and 7.78% of LRE (by means of fully subordinated liabilities). The targets are driven by a minimum imposed requirement of 8% of Total Liabilities and Own Funds.

Impact on Argenta Assuranties

The prudential supervision of Argenta Assuranties is carried out by the National Bank of Belgium. Argenta Assuranties comfortably met all the solvency requirements in 2023.

The figures calculated in accordance with the Solvency II principles form the basis of the internal monitoring. Continuing compliance with new requirements is the responsibility of several departments, including Credit & Insurance Risk Management Support - Actuarial, Risk & Validation and Accounting & Reporting.

The Actuarial department calculates a Solvency II capital ratio under pillar 1 on the basis of the standard specifications and contributes to further improvement of the processes in preparation for required Solvency II reports.

Risk shares responsibility for risk governance with the RAF (Risk Appetite Framework), ORSA (Own Risk & Solvency Assessment) Pillar 2, the various policy documents and internal risk reporting.

For the purposes of ORSA, all the risks within Argenta Assuranties were identified and assessed. This involved going through all the steps of the ORSA process, including the FLAOR forward-looking assessment of own risks) and assessment of the material risks.

Solid capital base and liquidity position

In the second quarter of 2023 a dividend of EUR 105.1 million was paid to shareholders, followed by a capital increase of EUR 49.2 million. In the fourth quarter of 2023 an interim dividend of EUR 24.1 million was then paid. By adding the profit to the reserves, shareholders' equity continued to grow and capital ratios remained healthy, as a result of which all solvency requirements were comfortably met. The liquidity ratios remained comfortable.

The Common Equity Tier 1 (CET1) ratio amounted to 22.4% as of 31 December 2023 compared with 22.0% as of 31 December 2022. The FICOD capital ratio amounted to 21.1% as of 31 December 2023 compared to 21.0% as of 31 December 2022. The Insurance Pool has an SII ratio of 230% compared to 241% as of 31 December 2022.

Detailed disclosures on solvency and capital management can be found in Note 6.

Liquidity remains comfortable with an LCR (Liquidity Coverage Ratio) of 219% and an NSFR (Net Stable Funding Ratio) of 141% as of 31 December 2023 compared to 186% and 143% respectively as of 31 December 2022. Liquidity is further explained in Note 5.2.

Consolidated balance sheet statement (before profit distribution)

Assets	Note	31/12/2022 restated	31/12/2023
Cash and cash equivalents	11	55,189,178	62,600,333
Cash balances at central banks and other demand deposits	11	3,177,357,910	2,153,523,163
Financial assets held for trading	12,29	107,585,916	63,051,701
Assets related to unit linked contracts (branch 23)	13	2,754,692,170	2,995,790,474
Non-trading financial assets mandatorily at fair value through profit or loss	14	97,337,817	106,229,924
Financial assets at fair value through other comprehensive income	15,27	4,636,008,677	4,906,197,653
Financial assets at amortised cost	16	48,015,774,059	49,259,236,248
Derivatives used for hedge accounting	17,29	2,067,781,000	1,425,057,322
Fair value changes of the hedged items in portfolio hedge of interest rate risk	17	-2,004,019,978	-1,245,442,292
Investments in subsidaries, joint ventures and associates	18	4,488,846	4,523,865
Tangible assets	19,27	75,639,172	64,333,143
Property, plant and equipment		74,773,462	63,482,377
Investment property		865,710	850,767
Intangible assets	20	129,306,496	121,539,717
Goodwill		98,150,460	98,150,460
Other intangible assets		31,156,036	23,389,257
Tax assets	21	99,744,842	101,957,932
Current tax assets		54,804,955	87,742,446
Deferred tax assets		44,939,887	14,215,485
Assets under insurance contracts	22	0	0
Assets under reinsurance contracts	22	21,206,263	27,259,304
Other assets	23	263,629,243	277,439,515
Total assets		**59,501,721,612**	**60,323,298,001**

Liabilities and equity	Note	31/12/2022 restated	31/12/2023
Financial liabilities held for trading	12,29	91,549,794	52,642,345
Liabilities related to unit linked contracts (branch 23)	13	2,754,692,170	2,995,790,474
Financial liabilities at amortised cost	24,27	50,078,333,805	50,364,982,170
Deposits from central banks		0	0
Deposits from credit institutions		1,786,200,219	1,130,294,811
Deposits from other than central banks and credit institutions		41,814,573,100	42,421,463,560
Senior debt securities issued, including saving certificates		6,379,999,074	6,727,324,493
Subordinated debt securities issued		0	0
Other financial liabilities		97,561,412	85,899,307
Derivatives used for hedge accounting	17,29	128,467,450	242,563,369
Fair value changes of the hedged items in portfolio hedge of interest rate risk	17	0	0
Provisions	25	10,171,408	12,631,215
Tax liabilities	21	86,780,253	49,757,779
Current tax liabilities		3,056,183	4,189,420
Deferred tax liabilities		83,724,070	45,568,359
Liabilities under insurance contracts	22	2,546,563,874	2,683,342,397
Liabilities under reinsurance contracts	22	13,952,083	15,637,315
Other liabilities	26	294,717,680	247,762,880
Total liabilities		**56,005,228,517**	**56,665,109,944**
Equity attributable to owners of the parent	3	3,496,205,616	3,657,881,107
Equity attributable to minority interests	4	287,478	306,949
Total equity		**3,496,493,095**	**3,658,188,057**
Total liabilities and equity		**59,501,721,612**	**60,323,298,001**

Consolidated statement of profit or loss

	Note	31/12/2022 restated	31/12/2023
Total operating income		**791,499,281**	**927,961,613**
Net interest income	30	646,672,707	823,932,569
Interest income		898,298,601	1,405,022,416
Interest expenses		-251,625,894	-581,089,847
Dividend income	31	7,909,585	8,249,479
Net fee and commission income	32	81,324,518	87,792,559
Fee and commission income		267,923,010	276,265,913
Fee and commission expenses		-186,598,492	-188,473,355
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	33	356,472	-300,617
Financial assets at fair value through other comprehensive income		-184,932	-213,677
Financial assets and liabilities at amortised cost		541,405	-86,940
Gains or losses on financial assets and liabilities held for trading	34	13,986,344	-5,626,767
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	35	-20,456,544	5,070,350
Gains or losses from hedge accounting	36	21,757,775	-5,634,523
Gains or losses on derecognition of non-financial assets	37	283,710	-363,084
Insurance service result	22	45,626,224	25,283,426
Reinsurance sercvice result	22	3,072,463	-1,321,353
Insurance finance result	22	-24,001,437	-24,656,283
Reinsurance finance result	22	829	16,870
Net other operating income	38	14,966,635	15,518,988
Other operating income		15,560,640	17,502,878
Other operating expenses		-594,005	-1,983,890
Administrative expenses	39	**-410,729,552**	**-456,476,560**
Staff expenses		-104,439,373	-119,918,329
Other administrative expenses		-306,290,179	-336,558,231
Depreciation	19,20,27	**-28,832,638**	**-25,116,570**
Property, plant and equipment		-12,934,878	-13,174,731
Investment properties		-10,969	-9,545
Other intangible assets		-15,886,791	-11,932,295

	Note	31/12/2022 restated	31/12/2023
Modification gains or losses		**0**	**0**
Provisions or reversal of provisions		**28,984**	**-91,581**
Impairments or reversal of impairments	40	**-22,407,527**	**-16,023,084**
Financial assets (debt securities) at fair value through other comprehensive income		-3,017,907	-2,734,914
Financial assets at amortised cost		-19,389,621	-13,288,170
Goodwill		0	0
Property, plant and equipment		0	0
Share in results of associated companies and joint ventures		**-752,259**	**35,019**
Profit or loss before tax		**328,806,289**	**430,288,837**
Tax expense	41	-74,361,167	-120,259,714
Profit or loss after tax		**254,445,123**	**310,029,123**
Profit or loss attributable to owners of the parent		254,262,798	309,845,524
Profit or loss attributable to minority interests		182,324	183,599

Consolidated statement of comprehensive income

Overview of the comprehensive income	Note	31/12/2022 restated	31/12/2023
Profit or loss		**254,445,123**	**310,029,123**
Profit or loss attributable to owners of the parent		254,262,798	309,845,524
Profit or loss attributable to minority interests		182,324	183,599
Items that will not be reclassified to profit or loss		**-60,480,735**	**3,289,529**
Equity instruments measured at fair value through other comprehensive income	15	-58,041,952	7,629,201
Valuation gains or losses taken to equity		-63,848,340	8,093,746
Deferred taxes		5,806,388	-464,546
Actuarial gains or losses on defined benefit pension plans	25	-2,438,783	-4,339,672
Gross actuarial gains or losses on liabilities defined benefit pension plans		-3,243,755	-5,792,246
Deferred taxes		804,972	1,452,574
Items that may be reclassified to profit or loss		**227,529,003**	**-34,820,787**
Debt securities at fair value through other comprehensive income	15	-192,025,371	97,425,912
Valuation gains or losses taken to equity		-259,236,652	126,952,853
Transferred to profit or loss		3,202,821	2,948,361
Deferred taxes		64,008,460	-32,475,303
Valuation of insurance contracts	22	418,845,461	-132,308,707
Valuation gains or losses taken to equity		558,460,615	-176,411,609
Deferred taxes		-139,615,154	44,102,902
Valuation of reinsurance contracts	22	708,913	62,008
Valuation gains or losses taken to equity		945,218	82,677
Deferred taxes		-236,304	-20,669
Total other comprehensive income		**167,048,268**	**-31,531,259**
Total comprehensive income		**421,493,390**	**278,497,865**
Profit or loss attributable to owners of the parent		421,310,806	278,314,219
Profit or loss attributable to minority interests		182,585	183,646

Note 3 provides further information on all changes to the various equity positions in the above table.

Consolidated statement of changes in equity

			Accumulated other comprehensive income									
	Paid up capital	Share premium	Fair value changes of debt securities measered at fair value through other comprehensive income	Fair value changes of equity instruments measured at fair value through other comprehensive income	(Re)insurance reserve	Actuarial gains or losses on defined benefit pension plans	Retained earnings	Profit or loss attributable to owners of the parent	Interim dividend	Equity attributable to owners of the parent	Minority interests	Total Equity
Equity position 01/01/2022 restated	**704,898,900**	**409,263,543**	**65,316,238**	**72,634,990**	**-20,056,816**	**573,039**	**1,708,426,967**	**185,649,211**	**0**	**3,126,706,071**	**288,199**	**3,126,994,270**
Capital increase	12,985,800	38,486,015	0	0	0	0	0	0	0	51,471,815	0	51,471,815
Profit or loss of the year	0	0	0	0	0	0	0	254,262,798	0	254,262,798	182,325	254,445,123
Dividends	0	0	0	0	0	0	-103,197,199	0	0	-103,197,199	-182,436	-103,379,635
Fair value gains or losses taken to equity	0	0	-259,235,753	-63,848,266	559,405,486	-3,243,214	0	0	0	233,078,253	-1,167	233,077,086
Fair value gains or losses transferred to profit or loss	0	0	3,202,813	0	0	0	0	0	0	3,202,813	8	3,202,821
Deferred taxes on fair value gains or losses	0	0	64,008,237	5,806,382	-139,851,371	804,837	0	0	0	-69,231,915	277	-69,231,638
Total other comprehensive income	**0**	**0**	**-192,024,703**	**-58,041,884**	**419,554,115**	**-2,438,377**	**0**	**0**	**0**	**167,049,151**	**-882**	**167,048,269**
Other changes	0	0	0	0	0	0	-87,017	0	0	-87,017	273	-86,744
Transfer to retained earnings	0	0	0	-265,395	0	0	185,914,606	-185,649,211	0	0	0	0
Equity position 31/12/2022 restated	**717,884,700**	**447,749,558**	**-126,708,465**	**14,327,711**	**399,497,299**	**-1,865,338**	**1,791,057,356**	**254,262,798**	**0**	**3,496,205,619**	**287,479**	**3,496,493,098**
Change in classification following initial adoption of IFRS17	0	0	-36,681,677	0	0	0	0	0	0	-36,681,677	-23	**-36,681,701**
Capital increase	11,929,900	37,295,253	0	0	0	0	0	0	0	49,225,153	0	49,225,153
Profit or loss of the year	0	0	0	0	0	0	0	309,845,524	0	309,845,524	183,599	310,029,123
Dividends	0	0	0	0	0	0	-105,098,320	0	-24,083,882	-129,182,202	-164,602	-129,346,804
Fair value gains or losses taken to equity	0	0	126,952,503	8,093,742	-176,328,823	-5,792,061	0	0	0	-47,074,639	60	-47,074,579
Fair value gains or losses transferred to profit or loss	0	0	2,948,360	0	0	0	0	0	0	2,948,360	1	2,948,361
Deferred taxes on fair value gains or losses	0	0	-32,475,215	-464,545	44,082,206	1,452,528	0	0	0	12,594,973	-14	12,594,958
Total other comprehensive income	**0**	**0**	**97,425,648**	**7,629,197**	**-132,246,617**	**-4,339,534**	**0**	**0**	**0**	**-31,531,306**	**47**	**-31,531,260**
Other changes	0	0	0	0	0	0	0	0	0	0	449	449
Transfer to retained earnings	0	0	0	-6,014,830	0	0	260,277,628	-254,262,798	0	0	0	0
Equity position 31/12/2023	**729,814,600**	**485,044,811**	**-65,964,495**	**15,942,077**	**267,250,682**	**-6,204,872**	**1,946,236,665**	**309,845,524**	**-24,083,882**	**3,657,881,111**	**306,949**	**3,658,188,060**

Notes 3, 4, 25 and 33 provide further information on all changes to the various equity positions in the above table.

The Company has decided to use the option provided under the IFRS 17 transition to manage securities under a different business model (from ‘hold-to-collect’ to ‘hold-to collect-and-sell’). For this assessment the Company has only taken the securities into account that have been used in Argenta Assuranties and more specifically in the Life insurance activity. On 1 January 2023 this reclassification had a negative impact on the accumulated fair value changes of debt securities measured at fair value through other comprehensive income of EUR -36,681,701, which is recognised under ‘change in the classification as a result of the initial application of IFRS 17’. Further information can be found in Note 2.2.

Consolidated cash flow statement

	31/12/2022 restated	31/12/2023
Cash and cash equivalents at the start of the period	**3,914,778,807**	**3,290,309,755**
Operating activities		
Profit or loss before tax	328,806,289	430,288,837
Adjustments for:		
Depreciation	21,014,224	17,789,943
Provisions or reversal of provisions	-28,984	91,581
Gains or losses on derecognition of non-financial assets	-283,710	363,084
Impairments or reversal of impairments	22,407,527	16,023,084
Changes in assets and liabilities from hedging derivatives and hedged item	-106,710,538	61,340,654
Other adjustments (among which interest expenses financing activities)	59,510,984	156,332,832
Cash flows from operating profits before changes in operating assets and liabilities	**324,715,793**	**682,230,015**
Changes in operating assets (excluding cash and cash equivalents)		
Financial assets held for trading	-88,990,573	44,534,216
Financial assets related to unit-linked insurance contracts (branch 23)	265,049,954	-241,098,304
Financial assets at amortised cost	-5,605,182,933	-1,188,472,820
Financial assets at fair value through other comprehensive income	126,317,322	-204,550,454
Non-trading financial assets mandatorily at fair value through profit or loss	31,386,290	-8,892,107
Assets under insurance contracts	23,155,013	0
Assets under reinsurance contracts	-2,701,308	-6,053,041
Other assets	901,279	16,914,130
Changes in operating liabilities (excluding cash and cash equivalents)		
Deposits from central banks	0	0
Deposits from credit institutions	1,736,931,778	-655,905,408
Deposits from other than central banks and credit institutions	1,836,032,149	606,890,460
Debt securities issued, retail	0	0
Financial liabilities held for trading	75,004,229	-38,907,449
Financial liabilities related to unit-linked insurance contracts (branch 23)	-265,049,954	241,098,304
Liabilities under insurance contracts	-374,639,557	4,469,815
Liabilities under reinsurance contracts	1,866,540	1,685,231
Other liabilities	94,167,597	-87,081,956
(Paid) refunded income taxes	-94,444,681	-152,063,968
Net cash flow from operating activities	**-1,915,481,062**	**-985,203,334**

	31/12/2022 restated	31/12/2023
Investing activities		
Cash payments to acquire property, plant and equipment	-8,675,948	-3,828,711
Cash proceeds from disposal of property, plant and equipment	661,906	107,495
Cash payments to acquire intangible assets	-7,501,513	-4,526,517
Cash proceeds from disposal of intangible assets	0	313,096
Changes concerning consolidated companies	0	0
Net cash flow from investing activities	**-15,515,556**	**-7,934,638**
Financing activities		
Paid dividends	-103,379,240	-129,347,288
Cash proceeds from a capital increase	51,471,815	49,225,153
Cash proceeds from the issue of non-subordinated debt securities	2,082,065,400	498,555,000
Cash payments from non-subordinated debt securities	-436,166,450	-233,708,450
Cash proceeds from TLTRO-III ECB	-261,130,000	0
Interest paid	-26,333,959	-137,292,762
Net cash flow from financing activities	**1,306,527,567**	**47,431,653**
Cash and cash equivalents at the end of the period	**3,290,309,756**	**2,344,603,437**
Components of cash and cash equivalents		
Cash	55,189,178	62,600,333
Cash balances with central banks	2,915,413,110	1,950,858,245
Cash balances with other credit institutions	319,707,467	331,144,859
Other advances	0	0
Total cash and cash equivalents at the end of the period	**3,290,309,756**	**2,344,603,437**
Cash flow from operating activities:		
Received interest income	898,298,601	1,405,022,416
Dividends received	7,909,585	8,249,479
Paid interest expenses	-251,625,894	-581,089,847
Cash payments for the principal portion of lease liabilities	-8,079,219	-7,635,839
Payments for lease contracts that fall under the valuation exemptions for lease contracts (low value and short term)	-266,408	-312,929
Cash flow from financing activities:		
Paid interest expenses	-26,333,959	-137,292,762

For the preparation of the consolidated cash flow statement the indirect method is applied.

Components of cash and cash equivalents

The cash in hand, cash balances at central banks and assets at other credit institutions can be found under the balance sheet item ‘cash, cash balances at central banks and other demand deposits’.

The amount of the ‘other advances’ is included in the ‘financial assets at amortised cost’. This relates to collateral paid in cash to financial institutions.

Cash flows from operating and financing activities

Further details can be found in Note 30 on interest amounts received and paid, and in Note 31 on dividends received.

Notes

1. General information

The Company is registered in Belgium under Belgian law. Its legal form is that of a public limited liability company (naamloze vennootschap). The Company has been established for an unlimited term. The Company's registered office is at Belgiëlei 49- 53, 2018 Antwerp.

The Company has the status of a mixed financial holding company, a parent company which is not a regulated company and which is at the head of a financial conglomerate pursuant to Art. 3, 39 of the Banking Act.

The Company consolidates and is responsible for the joint control of its subsidiaries Argenta Spaarbank (hereinafter Aspa), a Belgian credit institution, and Argenta Assuranties (hereinafter Aras), a Belgian insurance company.

Aspa, together with its branch office in the Netherlands and the management subsidiaries Argenta Asset Management (AAM) and Arvestar Asset Management, forms the 'Bank Pool'. The Insurance Pool consists of Aras. The Bank Pool, Insurance Pool and BVg are collectively referred to as the Argenta Group.

The Company is the holding company of the Argenta Group. Its activities encompass Internal Audit, Compliance, Risk & Validation, Non-Financial Risk Management & Supervisory Office, Legal Affairs, Organisation & Talent and General Secretariat. These activities are organised centrally for all Argenta Group companies.

The Bank Pool mainly focuses on: attracting funds in the retail market and the institutional market in various forms, providing payment transactions and reinvesting the collected funds in loans and securities. Units of Argenta funds, Argenta pension funds and Argenta DP funds managed by Arvestar are also provided.

The activities of the Insurance Pool comprise both life insurance, with branch 21 and branch 23 products, and non-life (i.e. casualty, property and health) insurance, and in particular motor insurance, fire insurance, private civil liability, legal assistance insurance and also hospitalisation insurance.

All consolidated shareholdings in the Argenta Group are (quasi) 100% shareholdings, so that no (other than purely formal) minority interests are reported. The only exception is the management company Arvestar, in which AAM holds a 74.99% majority stake.

The subsidiaries and branch offices of the Company

Aspa and Aras are the subsidiaries of the Company.

AAM is a management company that specialises in the management of the collective investment funds of the Argenta Group. AAM itself also has a subsidiary, namely Arvestar.

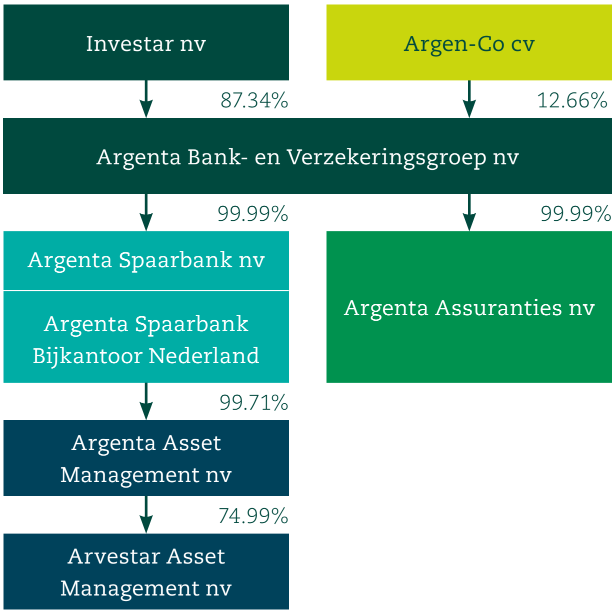
The Company's banking activities in the Netherlands are organised in a branch office of the Company, rather than in a subsidiary. This branch is responsible for mortgage production in the Netherlands, offering its mortgages through independent advisers and online. The branch office also offers savings and term accounts online. Management of the Dutch mortgage portfolio has been outsourced to service provider Quion.

Aspa also has a participating interest in Jofico cv to which the equity method is applied. This is a joint venture between Aspa, Axa Bank, Crelan, VDK Bank and Bpost that jointly manages the ATMs of these institutions.

Securitisation transactions were carried out in 2017, 2018, 2019 and 2021 In these transactions, Dutch loans were sold to separate, companies (independent 'SPVs' - 'Special Purpose Vehicles'), all under the Green Apple name, which then issued debt securities to finance these purchases. Despite the absence of any capital link with the Company, the Green Apple companies are consolidated, given that the management of the relevant activities is regulated by contractual agreements and the powers of the voting rights are limited to making administrative decisions. The determination of control over structured undertakings takes into account the purpose and design of the undertaking, the ability to direct the relevant activities and the extent to which the Company is exposed to the variability of the risks and rewards of the undertaking. In this way, the loans transferred return onto the balance sheet of the Bank Pool.

Aspa and Aras have a participating interest in Epico, a Benelux infrastructure fund, which is an associated company at consolidated level.

The presentation below gives an overview of the global structure of the Argenta Group.



In accordance with IFRS rules, the entities below are included in the Company's consolidated financial reporting.

	%	31/12/2022	31/12/2023
Argenta Bank- en Verzekeringsgroep nv		consolidating entity	consolidating entity
Bank Pool			
Argenta Spaarbank nv	99.99%	full consolidation	full consolidation
Argenta Asset Management nv	99.99%	full consolidation	full consolidation
Arvestar Asset Management	74.99%	full consolidation	full consolidation
Green Apple 2017 bv (SPV)	0.00%	full consolidation	full consolidation
Green Apple 2018 bv (SPV)	0.00%	full consolidation	full consolidation
Green Apple 2019 bv (SPV)	0.00%	full consolidation	full consolidation
Green Apple 2021 bv (SPV)	0.00%	full consolidation	full consolidation
Epico nv	27.46%	equity method	equity method
Jofico cv	20.00%	equity method	equity method
Insurance Pool			
Argenta Assuranties nv	99.99%	full consolidation	full consolidation

Note on the number of personnel

In 2023 there were 1,204 contracted staff in the global Group. At Argenta Spaarbank (incl. Argenta Asset Management and Arvestar Asset Management and the Dutch branch office there were 995 staff (an increase of 95 compared to 2022), at Argenta Assuranties there were 73 staff (an increase of four compared to 2022).

In 2023, the average number of FTE (full-time equivalent) employees in the Company and its subsidiaries was 1,103.60 (1,025.50 in 2022). A breakdown of personnel expenses for the year can be found in Note 39.

2 Financial reporting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including these interpretations issued by the IFRS Interpretation Committee (IFRIC), which have been adopted by the European Union. As such, the rules on hedging transactions are still accounted for in accordance with IAS 39 ('carve out'). The consolidated financial statements are prepared on a going concern basis.

2.1. Changes in accounting policies

The financial reporting principles used for preparing these 2023 consolidated financial statements are consistent with those applied as of 31 December 2022.

The following standards and interpretations became applicable for the annual period as from 1 January 2023:

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts: initial application of IFRS 17 and IFRS 9 – Comparative information;
- Amendments to IAS 1 Presentation of the financial statements and IFRS Practice Statement 2: provision of information on financial reporting principles, 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, 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, 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 entering deferred taxes when they enter 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 enter 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;
- Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules.

The consequences of applying IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts: initial application of IFRS 17 and IFRS 9 are explained further in this report.
The other new provisions had no material impact on the Company's results for 2023 or on equity as of 31 December 2023 or on the presentation of its financial statements.

The Company has applied Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. While the changes have not led to changes in the financial reporting principles themselves, they have had an impact on the information about the financial reporting principles in the financial statements. The changes require the mention of "material" instead of "important" financial reporting principles. The changes also provide guidelines for applying materiality to the notes on financial reporting principles and help entities to provide useful, entity-specific information on the financial reporting principles that users need to understand other information in the financial statements. Management has revised the valuation principles and updated the information in Note 2.

The required note for Pillar 2 in accordance with the amendment to IAS 12 Income Taxes is included in Note 41.

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2023. The Company has not early adopted any of the forthcoming new or amended accounting standards in preparing these consolidated financial statements:

- 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: (i) specify that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarify how lending conditions affect classification; and (iv) clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
  - Classification of Liabilities as Current or Non-current, issued on 15 July 2020, deferring the effective date of the January 2020 amendments with one year.
  - Non-current liabilities with Covenants, issued on 31 October 2022, 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: (i) include estimated variable lease payments when it initially measures a lease liability arising from a sale-and-leaseback transaction; and (ii) 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 for annual periods beginning on or after 1 January 2024 with early application permitted. These amendments have 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.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, issued on 15 august 2023, clarify when a currency is exchangeable into another currency (and when it is not). When a currency is not exchangeable, a company needs to estimate a spot rate. The company's objective when estimating a spot rate is that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2025 with early adoption permitted. These amendments have not yet been endorsed by the EU.

The Company is also not planning on early adopting the new or amended accounting standards, and will apply all of the foregoing standards, amendments to standards and interpretations upon their entry into force and these amendments are not expected to have a material impact on the Company's consolidated financial statements.

2.2. Implementation and impact of changes in accounting policies and estimates for financial reporting

IFRS 17 Insurance contracts

In this financial report, the Company has applied IFRS 17 "Insurance Contracts" standard for the first time. The first application of the standard resulted in significant changes in the accounting policies previously applied. The Company has recognized the impact of the first-time adoption of IFRS17 in equity at transition date. Because IFRS 17 requires the Company to restate information for the reporting period 2022 in the financial statements for the reporting period ending December 31, 2023, the transition date is January 1, 2022.

The IFRS 17 standard gives the possibility to, simultaneously with the first application of IFRS 17, redesignate the asset portfolios. The Company decided to make use of this possibility and to redesignate securities to a different business model (from hold-to-collect to hold-to collect-and-sell). Given that the Company is not required to restate previous periods for this redesignation, this was applied as from January 1, 2023.

Changes in classification, measurement, and presentation of insurance contracts

Under IFRS 17, insurance contracts are combined into groups for measurement purposes. Contract groups are determined by first identifying portfolios of contracts, each consisting of contracts with similar risks and managed together.

The Company groups portfolios into eighteen segments. The portfolios are classified on the basis of product. Each portfolio is then divided into cohorts (per trimester of underwriting).

Under the general measurement model, a group of contracts is valued as the sum of:
- The present value of estimated future cash flows;
- A risk adjustment for non-financial risk; and
- The amount of unearned profit (contractual service margin) in the group of contracts, unless the group of contracts is onerous.

The liability from remaining coverage of a group of contracts measured using the premium allocation approach is based on earned premiums.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities and portfolios of reinsurance contracts that are assets and those that are liabilities will be presented separately in the balance sheet. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables under (re)insurance contracts will no longer be presented separately.

In the income statement and the other parts of the total result insurance and reinsurance contracts are presented separately and broken down into:
- insurance service result, consisting of insurance revenues and expenses for insurance services; and
- insurance financing result.

Profit on a group of contracts are recognized in the future accounting periods according to the term of the insurance contract. If a group of contracts is onerous, the loss is recognized immediately in the income statement. Investment components are not part of the insurance service result.

Transition

The table below shows the impact of the first application of IFRS 17 on 1 January 2022, only the line items impacted are presented.

Balance sheet under IFRS 4	Balance sheet under IFRS 17 restated	01/01/2022	Transfers	Adjustments due to the adoption of IFRS 17	Restated 01/01/2022
Tax assets	Tax assets	38,230,020	43,866,081	0	82,096,101
Assets under reinsurance and insurance contracts	/	18,797,766	0	-18,797,766	0
/	Assets under insurance contracts		0	23,736,092	23,736,092
/	Assets under reinsurance contracts		0	17,762,316	17,762,316
Other assets	Other assets	266,613,986	0	-2,550,838	264,063,148
Total assets	**Total assets**	**55,451,484,264**	**43,866,081**	**20,149,804**	**55,515,500,148**
Tax liabilities	Tax liabilities	30,066,500	43,866,081	-56,514,186	17,418,395
Liabilities under reinsurance and insurance contracts	/	3,072,471,702	0	-3,072,471,702	0
/	Liabilities under insurance contracts		15,918,920	3,307,754,325	3,323,673,245
/	Liabilities under reinsurance contracts		11,878,421	173,396	12,051,817
Other liabilities	Other liabilities	286,487,371	-27,797,341	10,750,528	269,440,558
Total liabilities	**Total liabilities**	**52,154,947,437**	**43,866,081**	**189,692,362**	**52,388,505,879**
Capital, share premium, retained earnings and profit or loss	Capital, share premium, retained earnings and profit or loss	3,157,724,257	0	-149,485,638	3,008,238,619
Other comprehensive income	Other comprehensive income	138,524,267	0	-20,056,815	118,467,452
Equity attributable to minority interests	Equity attributable to minority interests	288,304	0	-105	288,199
Total equity	**Total equity**	**3,296,536,828**	**0**	**-169,542,558**	**3,126,994,270**
Total liabilities and equity	**Total liabilities and equity**	**55,451,484,265**	**43,866,081**	**20,149,804**	**55,515,500,150**

The changes in accounting policies resulting from the adoption of IFRS 17 have been applied, to the extent practicable, with full retrospective application, except as described below.

If it is was not deemed practically feasible to apply the full retrospective approach to a group of contracts, the Company had to choose between the modified retrospective approach and the fair value approach. For the contracts for which no full retrospective approach could be applied however the Company deems it does not have sufficient reasonable and supporting information available to apply the modified retrospective approach, and therefore applies the fair value approach.

a. Insurance contracts and reinsurance contracts

The Company has applied the following transition approaches on adoption of IFRS 17 based on the first effective date of the contract.

- Life contracts up to and including 2016 and product Argenta Life Plan - fair value approach
- Life contracts between 2017 and 2021, excluding product Argenta Life Plan - full retrospective approach
- Health insurance policies - fair value approach
- Non-Life contracts - full retrospective approach
- Reinsurance Life - full retrospective approach

The Company considers the full retrospective approach impracticable if the effects of retrospective application cannot be determined because the required information has not been collected (or has not been collected with sufficient granularity) or is not available due to system migrations, data retention requirements or other reasons.

b. Fair value approach

The fair value of an insurance liability is the price a market participant would be willing to receive at transition date to assume the obligation and risk of the related insurance contracts at that date. Under the fair value approach the CSM (or the loss component) on 1 January 2022 will be determined as the difference between the fair value of a group of contracts on that date and the fulfilment cash flows on that date. The Company measured the fair value of the contracts as the sum of:

- the present value of the net cash flows that are expected to be generated by the contracts, determined using a discounted cash flow technique; and
- an extra margin, determined using a reliability level technique.

The cash flows that are taken into account in determining the fair value will be consistent with those within the contractual limits. While the Company's own non-performance risk will be taken into account in determining the fair value of the liabilities, but not in determining the fulfilment cash flows, the effect is expected to be insignificant.

Differences in the Company's approach to measuring fair value compared to the requirements of IFRS 17 for measuring fulfilment cash flows give rise to a CSM on January 1, 2022. Specifically, in determining fair value, the Company will include a margin consisting of a risk premium reflecting what market participants would charge to compensate for the uncertainty inherent in the cash flows and a profit margin reflecting what market participants would charge to fulfil the obligations for the insurance contracts.

For all contracts measured under the fair value approach, the Company has used reasonable and supportable information available on January 1, 2022 to determine:

- how to identify groups of contracts;
- how to determine discretionary cash flows for contracts without direct participation features.

Certain groups of contracts measured under the fair value approach will include contracts issued more than one year apart.

The Company has elected not to disaggregate insurance financing income or expense between amounts recognized in the income statement and amounts recognized in other components of equity.

Reclassification under IFRS 9 as a result of IFRS 17 transition

The Company has decided to use the option to manage securities under a different business model (from 'hold-to-collect' to 'hold-to collect-and-sell'). For this assessment the Company has only taken the securities into account that have been used in Argenta Assuranties and more specifically in the Life insurance activity.

As a result of the application of IFRS 17 the technical provisions are revalued in accordance with the current interest rate curve compared to historical interest rate curves in the underwriting of the insurance contract. Under IFRS 17 the Company has opted to recognise the revaluation of the insurance contracts in the 'other parts' of equity. The volatility in the valuation of the technical provisions will mainly occur within the branch 21 insurance products, against which fixed-income investments are held. These insurance products are also largely managed in accordance with the assets (and returns against which investment is possible). The Company must manage its investments more flexibly in this regard, and if necessary adjust or rebalance them in accordance with changes in the interest rate curves, in order to control this volatility.

Consequently, the Company would manage the assets under a different business model if IFRS 17 had applied at the time the asset was acquired. There is therefore a need to rebalance and reclassify the fixed income business models (BM), with a greater share having to be held in a 'hold-to-collect-and-sell' business model. At the same time the accounting mismatch that has occurred can be reduced in this way. The instruments concerned are fixed-income bonds (which are SPPI compliant) with a carrying amount of EUR 773 million.

The table below shows the impact of the reclassification:

	01/01/2023	Adjustments due to the adoption of IFRS 17 w.r.t. IFRS 9	Restated 01/01/2023
Financial assets at fair value through other comprehensive income	4,636,008,677	+724,355,342	5,360,364,019
Financial assets at amortised cost	48,015,774,059	-773,264,276	47,242,509,783
Tax assets	99,744,842	+12,227,234	111,972,075
Capital, share premium, retained earnings and profit or loss	3,210,954,411		3,210,954,411
Other comprehensive income	285,251,205	-36,681,678	248,569,527
Equity attributable to minority interests	287,479	-23	287,456
Total equity	**3,496,493,092**	**-36,681,701**	**3,459,811,394**

2.3. Financial reporting principles - valuation rules

Judgements and estimates

Preparing the consolidated financial statements requires management to make judgements and estimates that affect the measurement of assets and liabilities in the balance sheet, of income and expenses in the statement of profit or loss and also the information included in the notes. For making these judgements and estimates, management uses the information available at the time of preparing the consolidated financial statements. The actual outcomes can differ from these judgements and estimates. This can have a material impact on the consolidated financial statements.

Judgements relate mainly to the following areas:
- Assessing the existence of control in structured entities (where there is no capital link with the Company);
- Assessing the business model and, consequently, classifying the financial instrument (see section 'financial assets and liabilities - classification and measurement after initial recognition of financial assets');
- Judging whether the contractual cash flows of the financial instrument involve only payments of principal and interest (see section 'financial assets and liabilities - classification and measurement after initial recognition of financial assets');
- Determining whether a market is active or inactive and the resulting hierarchical level to which the financial instrument is allocated (see section 'financial assets and liabilities - fair value of financial instruments');
- Assessing whether a significant increase in credit risk has taken place since the initial recognition based on which the financial instrument is allocated to a particular stage (see section 'financial assets and liabilities - impairment of financial assets - general model');
- The models and assumptions used to determine expected credit losses and to determine different economic scenarios and their respective weightings (see section 'financial assets and liabilities - impairments of financial assets - general model');

- For (re)insurance contract the evaluation of the actuarial assumptions used (mortality, morbidity, maturity, Etc.), directly attributable cash flows and risk additions. Further information can be found in Note 22.

Estimates are mainly made in the following areas:
- Determining the expected useful life and residual value of tangible and intangible non-current assets (see section 'tangible and intangible non-current assets');
- Estimating the recoverable amount of financial assets in default for determining the impairment losses (see section 'financial assets and liabilities - impairments of financial assets - general model');
- Estimating future taxable profit for the measurement of deferred tax assets (see section: 'income taxes');
- Estimating the recoverable amount of the cash flow-generating units for goodwill impairments (see section 'goodwill');
- Calculating the fair value of financial instruments measured at fair value that are not listed or are not listed on an active market (see section 'financial assets and liabilities - fair value of financial instruments');
- Actuarial estimates when measuring provisions for insurance contracts, reinsurance contracts and employee pension liabilities (see section 'employee benefits - long-term benefits') (see section 'Technical provisions for (re)insurance contracts').

These judgements and estimates are disclosed in the corresponding sections of the valuation rules. However, the Company is of the opinion that the above judgements and estimates do not pose a significant risk of material adjustment in the measurement of the relevant assets or liabilities for the upcoming financial year.

The current economic climate and the successive events (geopolitical tensions and conflicts, inflation upsurge and rising interest rate environment, climate risk) have given rise to greater estimation uncertainties.

The Company's methodology for modelling the expected credit losses is sensitive to the inherent level of estimation uncertainty with regard to the modelling of macroeconomic forecasts. Note 38 gives further explanation of the amendments to the selection and the probability weighting of macroeconomic forecasts. Sensitivity analyses relating to credit loss provisions are also presented below.

Operating segments

An operating segment is part of the Company:
- That conducts business activities that generate revenue and that generate costs;
- The results of which are regularly assessed separately by management;
- For which separate financial information is available.

The management of the Company is considered to be the chief operating decision maker that makes important operational decisions.

The operating segments derive from the operating activities and the economic environments in which the Company operates and are best represented by the following segments:
- Business activities consisting of the Bank Pool and Insurance Pool;
- Economic activities in Belgium, the Netherlands and Luxembourg.

This segmentation follows the internal reporting. Transactions or transfers between segments take place on the basis of the usual commercial conditions that also apply to unrelated parties ('arm's length basis').

Consolidation

Scope of consolidation

The consolidated financial statements include all companies over which the Company exercises exclusive or joint control or over which the Company exercises significant influence.

All companies included in the consolidated financial statements of the Company end their financial year on 31 December. This closing date corresponds to the closing date for the preparation of the consolidated financial statements.

Subsidiaries

Subsidiaries are companies in which the Company has direct or indirect exclusive control. Control exists when the Company is exposed to, or has rights to, variable returns from the participating interest and it has the ability to influence those returns through its control over the participating interest.

The Company exercises control if it directly or indirectly holds a majority of the voting rights (and there are no contractual provisions modifying those rights) or if by contractual agreement the Company has the power to direct the relevant activities, and when these rights are material. A right is material if the holder has the practical possibility to exercise that right. The existence of control is reassessed if changes occur in elements that determine control.

Subsidiaries are fully consolidated as from the date on which effective control is obtained and are no longer consolidated as from the date on which such control ceases. Intra-group transactions and balances, and results from transactions between the companies included in the consolidation, are eliminated. Before proceeding to consolidate the subsidiaries, the measurement rules of the subsidiaries have been adjusted to align them with the measurement rules applicable in the Company.

In the event of loss of control of a subsidiary, the gain or loss on the disposal is determined as the difference between:
- The sum of the fair value of the consideration received and the fair value of the remaining investment held by the Company;
- The carrying amount of the assets (including goodwill) and the liabilities of the subsidiary and minority interests.

Structured undertakings

Structured undertakings are undertakings that are set up in such a way that they are not managed by voting rights. The management of the relevant activities is regulated by contractual agreements and the powers of the voting rights are limited to making administrative decisions.

The determination of control over structured undertakings takes into account the purpose and design of the undertaking, the ability to direct the relevant activities and the extent to which the Company is exposed to the variability of the risks and rewards of the undertaking.

Financial assets and liabilities

Recognition and initial measurement

Financial assets or liabilities are recognised in the balance sheet as soon as the Company becomes party to the contractual terms of the instrument. Purchases of financial assets settled according to standard market conventions are recognised in the balance sheet at settlement date.

Financial assets and liabilities are initially measured at fair value adjusted for any transaction directly attributable to the acquisition or issue of the financial instrument. Transaction costs for financial assets and liabilities measured at fair value through profit or loss are immediately recognised in the statement of profit or loss.

Classification and measurement of financial assets subsequent to initial recognition.

The classification and measurement of the financial assets depends on the type of financial instrument and is based on both the business model and on the characteristics of the contractual cash flows of the financial assets (so-called ‘solely payments of principal and interest test’ or ‘SPPI test’). For debt instruments, an irrevocable option exists to designate these as measured at fair value through profit or loss in the event of an accounting mismatch.

The categories for the measurement of financial assets are:
- Measured at amortised cost;
- Measured at fair value through other comprehensive income;
- Measured at fair value through profit or loss.

Business model

The possible business models for the control of financial assets are:
- The business model aimed at holding financial assets to receive the contractual cash flows ('hold-to-collect' or 'HTC');
- The business model aimed at holding financial assets to receive the contractual cash flows and to sell financial assets ('hold-to-collect-and-sell' or 'HTC & S');
- Other business models, such as holding financial assets for trading purposes and management based on fair value.

The financial assets are allocated internally within the Company to similar portfolios which are each assigned to a particular business model. Assignment to a business model takes into account how the performance and risks of the financial asset are tracked, assessed and reported, and experience and expectations with regard to selling. At the Company, there is no relationship between the business models and the remuneration of the managers and dividend policy. Any exceptional change in business model and subsequent reclassification of financial assets is handled and validated by the Asset Liability Committee (Alco).

Contractual cash flows test

The contractual cash flows test determines whether the cash flows of the financial asset consist solely of redemptions and interest payments on the principal amount outstanding, in accordance with the terms of a basic credit agreement. The interest payments contain compensation for the time value of money, the credit risk and any other risks and costs, and a commercial margin.

For financial assets that are contractually linked to cash flows from an underlying pool of financial instruments, and where the financial instrument is divided into tranches, a look-through approach is applied. In this case, the contract terms of the financial asset (tranche) and the characteristics of the underlying pool are subject to the contractual cash flows test and the credit risk of the tranche must be less than or equal to the credit risk associated with the underlying pool of financial instruments.

In applying this test, the Company takes into account, inter alia:
- Contract terms that change the timing or amount of contractual cash flows, including options for early redemption (taking into account early termination penalties) and extension, interest rate adjustments and variable interest rate features;
- The analysis of the magnitude of the difference between the frequency of the interest rate review and the fixed interest period of variable-rate financial assets when these do not match;
- Conditions that limit the Company's recourse to the cash flows of the specific underlying assets ('non recourse' characteristics).

Financial liabilities measured at amortised cost

Debt instruments held in a business model that is designed to receive contractual cash flows and where the contractual cash flows consist solely of repayments and interest payments on the principal outstanding, and where the Company has not opted for designation as measured at fair value through profit or loss, are measured, after initial recognition, at amortised cost.

Debt instruments that are sold to a securitisation vehicle included in the Company's consolidation may continue to be classified under a business model designed to receive contractual cash flows.

Sales can be compatible with the hold-to-collect business model if:
- The sales take place shortly before maturity in an amount that approximates the remaining contractual cash flows;
- The sales are made as a result of an increase in credit risk;
- The sales relate to the investment policy (e.g. sustainability criteria);
- The sales are not significant in value or infrequent.

Amortised cost is the amount at which the instrument is recognised at initial measurement, less principal payments and adjusted for cumulative amortisation, using the effective interest method, of the difference between the initial measurement amount and the repayment amount. From initial recognition onwards, expected credit losses are recognised in the statement of profit or loss. The interest is included in the statement of profit or loss on the basis of the effective interest rate determined at the start of the contract.

Financial instruments measured at fair value through other comprehensive income

Debt instruments held in a business model that is intended both for receiving contractual cash flows and selling debt instruments and where the contractual cash flows consist exclusively of redemptions and interest payments on the outstanding principal, are measured at fair value through other comprehensive income. This applies provided that the Company has not opted to designate them as measured at fair value through profit or loss.

After recognition, these debt instruments are measured at fair value, with adjustments in fair value included in a specific heading in other comprehensive income in equity. The interest is taken into profit or loss on the basis of the effective interest rate in the same way as for financial assets measured at amortised cost. The expected credit losses are recognised in the other components of comprehensive income via the statement of profit or loss. Upon sale, the cumulative fair value changes previously recognised in other comprehensive income are transferred to the statement of profit or loss.

For equity instruments in the form of shares not held for trading, it is possible to opt irrevocably to measure these on initial recognition at fair value on an individual basis, with value adjustments recognised in (a specific heading of) the other comprehensive income. Upon sale of the shares, the cumulative fair value adjustments previously recognised in other comprehensive income are transferred, not to the statement of profit or loss, but to the results carried forward. Dividends are recognised in the statement of profit or loss where they form consideration for this investment. No impairment losses should be recognised on these instruments.

Financial assets measured at fair value through profit or loss include:

Financial assets measured, after initial recognition, at fair value through profit or loss include debt instruments, equity instruments and derivatives that are not designated as hedging instruments. Derivatives are treated in section 'financial assets and liabilities - derivatives'.

Debt instruments held for trading are part of a business model that focuses on short-term profit taking (including from exchange rate fluctuations).

Debt instruments designated as measured at fair value through profit or loss are debt instruments for which the Company has made the irrevocable choice to designate these as measured at fair value through profit or loss. These are debt instruments that meet the criteria of the business model intended to receive and/or sell contractual cash flows and also pass the cash flows test. The Company may apply this option whenever, for these instruments, the other measurement methods give rise to inconsistencies in the measurement (accounting mismatch).

Debt instruments required to be measured at fair value through profit or loss include debt instruments that do not meet the contractual cash flow test.

After initial recognition, these debt instruments are measured at fair value and changes in fair value and realised results are recognised in a specific statement of profit or loss heading. The interest is recognised in net interest income on the basis of the effective interest rate.

Equity instruments measured at fair value through profit or loss consist of investments in equity instruments in respect of which it was not irrevocably opted upon initial recognition to measure them at fair value though other comprehensive income. Realised and unrealised results through revaluation to fair value are included in a specific statement of profit or loss heading. Dividends are recognised in the statement of profit or loss where they form consideration for the investment.

Classification and measurement of financial liabilities subsequent to initial recognition.

The categories for the measurement of financial liabilities are:
- Measured at amortised cost;
- Measured at fair value through profit or loss.

Financial liabilities measured at amortised cost

After initial recognition, these obligations are measured at amortised cost, with the difference between the initial measurement and the repayment amount periodically recognised in net interest income using the effective interest method.

Financial liabilities measured at fair value through profit or loss

Financial liabilities held for trading are intended to generate short-term profit, and also include derivatives that are not designated as hedging instruments. Derivatives are treated in the section 'financial assets and liabilities - derivatives'.

For financial liabilities designated as measured at fair value through profit or loss for which the Company has made the irrevocable choice to designate these as measured at fair value through profit or loss, this irrevocable choice can be applied whenever:
- The use of the option eliminates or significantly reduces an inconsistency in the measurement (accounting mismatch);
- The financial liability contains one or more embedded derivatives and it is permitted to designate the entire financial instrument as measured at fair value through profit or loss.

After initial recognition, these financial liabilities are measured at fair value and changes in fair value and realised results are recognised in a specific statement of profit or loss heading. The interest is recognised in net interest income on the basis of the effective interest rate.

Derecognition of financial assets and liabilities

Derecognition of financial assets

Financial assets are no longer recognised when the contractual rights to cash flows from the financial asset expire or when the contractual rights to cash flows and substantially all risks and rewards of ownership are transferred. Where these conditions are not met, the financial asset is retained on the balance sheet and a liability is recognised to account for the ensuing liability. Sales of financial assets settled according to standard market conventions are derecognised from the balance sheet at settlement date.

Derecognition of financial liabilities

Financial liabilities are no longer recognised when the liability has been extinguished (when the contractual obligation has been fulfilled, the contract is terminated or expires).

Contract modifications

In the event of a change in the contractual terms of the cash flows of a financial asset that does not lead to the derecognition of the financial asset, a revision gain or loss is recognised in the results. When there is a significant change in the contractual terms for financial liabilities, being a difference of more than 10% between the present value of the original cash flows and the present value of the modified cash flows, discounted at the original effective interest rate, then the financial liability is written off. If the terms change during the term of a financial asset, the new terms are examined to see if they differ significantly from the original terms or if the change means that the original rights to the receipt of the cash flows from the instrument have elapsed. If one of the two terms is met, the financial asset is written off.

Sales and repurchase agreements and securities lending

Securities (debt instruments and equity instruments) subject to a linked repurchase agreement (repo) remain on the Company's balance sheet. The corresponding liability resulting from the commitment to repurchase the securities is recorded in financial liabilities measured at amortised cost – deposits. The asset value of the securities is recognised off-balance sheet as collateral.

Securities sold under a linked sales agreement ('reverse repo') are recognised off-balance sheet as securities received as collateral. The corresponding receivable is recorded under financial assets measured at amortised cost – loans and advances.

The difference between the sale and repurchase price is recorded in the interest result over the term of the agreement using the effective interest method.

Securities that are lent out remain on the balance sheet. Borrowed securities are not included in the balance sheet. Securities lending commissions are included under fee and commission income and expenses.

Impairment losses on financial assets

The impairment model is based on expected credit losses and is applied to debt instruments measured at amortised cost or debt instruments measured at fair value through other comprehensive income. Impairment losses are also recognised on loan commitments and financial guarantee contracts that are not measured at fair value through profit or loss, with a provision recorded for expected losses. No impairment losses are recorded on investments in equity instruments.

General model

Calculation of impairment losses is based on a two-step model:
- Step 1 consists of allocating the financial asset to the appropriate 'stage', corresponding to a specific situation with respect to the evolution of the counterparty's credit risk since initial recognition of the instrument;
- Step 2 consists of calculating the expected credit losses per instrument.

The allocation to the appropriate stage is determined by comparing the evolution with respect to the previous reporting period. A financial asset can change stage in both directions.

The different stages and the resulting calculation method for impairments are:
- Performing financial assets (performing – stage 1): these are financial assets not classified in stages 2 and 3, on which expected credit losses within 12 months are recognised (expected credit losses from potential defaults within 12 months of reporting date);
- Performing financial assets with reduced creditworthiness (underperforming - stage 2): these are financial assets, the credit risk of which has significantly increased since creation or purchase and on which expected credit losses are recognised for the entire term (expected credit losses arising from defaults over the entire remaining expected term after reporting date);
- Non-performing financial assets with reduced creditworthiness (non-performing – stage 3): these are financial assets for which objective evidence exists that they are in default and on which impairment losses are recognised equal to expected credit losses over the term of the asset.

A significant increase in credit risk is based on both quantitative and qualitative factors.

The expected credit losses for stage 1 and stage 2 are calculated on the basis of a probability-weighted average of a number of scenarios, which take into account information about past events, current circumstances and estimates of future economic conditions. This forward-looking information uses the macroeconomic budget projections. Management overlays may also be added to cover the model risk and uncertainties inherent in budget projections and estimates of forward-looking information.

The expected credit losses for stage 1 and stage 2 are calculated as the difference between the gross carrying amount of the financial asset and the value of the (discounted) estimated future cash flows. The calculated expected credit losses are recognised as impairment losses in the statement of profit or loss. The estimated future cash flows take into account the contractual cash flows and contract terms that may change the cash flows (such prepayment or extension options) and expected cash flow shortfalls, taking into account collateral values and other forms of credit protection.

Further detail can be found in chapter 5.3 credit risk - expected credit losses (ECL) (stage 1 and stage 2).

Definition of default

The definition of default is aligned with the definition applied for internal credit risk management and meets the requirements of the CRR default definition. In doing so, the Company treats 'non-performing' and 'default' in an identical manner.

Default status is assigned to financial assets that meet at least one of the following criteria:
- The financial asset is in arrears of more than 90 consecutive days;
- The Company has knowledge of factors indicating that repayment is unlikely.

The arrears include outstanding capital, past due interest and related costs (such as late payment interest, fines, fees). The day count of arrears takes into account the materiality thresholds from the CRR regulations.

UTP (unlikely to pay) indicators showing that payment in unlikely are recorded at individual debtor level. Here the Company makes a distinction between:
- Indicators that immediately give rise to a recording of default;
- Indicators that give rise to a manual assessment by a credit manager with a possible recording as a default.

The granting of forbearance measures gives rise to the registration of default in the cases provided for in the CRR regulation, in particular:
- If the ratio of the difference between the present value of the contractual cash flows before and after forbearance measures, discounted at the original effective interest rate, is greater than 1%;
- When granting a second forbearance measure;
- In the event of an arrears of more than 30 consecutive days for a performing financial asset to which a forbearance measure is applicable.

When a significant portion (more than 20%) of the debtor's total outstanding debt is considered in default, the Company considers it unlikely that the debtor's other obligations will be fully discharged and the entire amount of this debtor's financial assets are also classified as in default ("pull through effect").

If the criteria for recognising the financial asset under default status no longer apply, the financial asset can be remediated if no new criteria for recognising the financial asset under default status are established during the probation period of at least 3 months.

If the conditions for remediation are violated during the probation period, a new period of at least 3 months will start. For financial assets in default due to forbearance measures, the probation period is 12 months.

Further detail can be found in chapter 5.3 credit risk - default, non-performing and credit-impaired (stage 3).

Recognition of impairment losses

For financial assets measured at amortised cost, the impairment losses are recognised in the balance sheet as corrections to be deducted from the gross carrying amount. For financial assets measured at fair value through other comprehensive income, the impairment losses are recognised in other components of comprehensive income and are not deducted from the gross carrying amount on the asset side of the balance sheet. Additions, reversals and applications of impairment losses are included in the statement of profit or loss under a separate heading.

Impairment losses on loan commitments and financial guarantee contracts that are not measured at fair value through profit or loss are recognised in the balance sheet as a provision and movements are recognised in the statement of profit or loss under recognition and reversal of provisions.

Write-offs

Debt instruments are written off when they meet certain conditions. The Company always writes off the entire financial asset (and does not use partial write-off). For this the financial asset must be in stage 3. The write-off of the financial asset and the application of the already-recognised impairment loss are recognised in the statement of profit or loss in impairment losses.

As a general rule, debt instruments are written off when all reasonable recourse options have been exhausted and no significant recovery is expected.

More specifically, for Belgian mortgage receivables, the following conditions are followed for write-off:
- The mortgage receivable has been called, and the real estate collateral has already been sold. The proceeds from this sale have been collected for the most part or no proceeds have been collected from the sale because the Company's receivable is subordinated to that of other creditors;
- The borrower is in a state of bankruptcy or the property serving as collateral for the receivable was sold as part of collective debt restructuring procedures and the greater part of the funds from the sale were received;
- The procedural costs involved in enforcing the guarantee are out of proportion with the possible benefits, as a result of which the guarantee cannot be sold.

For the Dutch portfolio, mortgage receivables are written off if, after enforcement of all the guarantees present, a residual debt remains and no further recovery options are expected.

For writing off a mortgage without collateral or instalment loans the following criteria apply:
- The loan has been called and for not more than two years action has been taken to recover the outstanding amount the loan being written off no later than two years after this date, or;
- The borrower has been admitted to collective debt restructuring procedures or is in a state of bankruptcy or fraud has been found.

Cash credits, overdrafts on current accounts and loans and debt securities without collateral are written off when an individual assessment (case-by-case) provides no further reasonable expectation of recovery of the outstanding receivable.

If, for loans that have been written off according to the above criteria, payments or recoveries are received by the Company at a later date, these are recognised as income in the statement of profit or loss in the impairment losses heading.

Derivatives

Recognition and Measurement

Derivatives are, at initial recognition and thereafter, measured at fair value through profit or loss. The fair value is determined on the basis of quoted market prices where an active market exists. Where no active market exists for the financial instrument, the fair value is measured using valuation techniques.

Derivatives are recognised as financial assets when their fair value is positive and as liabilities when their fair value is negative. Interest received and paid is included in the interest result.

Derivatives held for trading

Derivatives that are not designated as hedging instruments are recognised as held for trading.

For a hybrid contract that is a financial liability, a lease receivable, an insurance contract or other non-financial contract, it is necessary to assess whether the elements contained in the contract should be separated from the basic contract. This is the case when:
- The features and risks of the elements contained in a contract do not closely match those of the basic contract;
- The hybrid contract as a whole is not measured at fair value through profit or loss;
- A separate instrument with the same conditions and characteristics as the element embedded in the contract would meet the definition of a derivative.

The separated-out derivatives embedded in the contract are recognised as held-for-trading derivatives. Derivatives held for trading are included under financial assets or liabilities held for trading, and changes in fair value and realised gains and losses are recognised in gains and losses on financial assets and liabilities held for trading.

Hedging derivatives

The Company uses the option to continue to apply the requirements and conditions of IAS 39 on hedging transactions, as endorsed by the European Union (the so-called 'carve out').

Derivatives entered into as part of a hedging relationship are classified according to the purpose of the hedging:
- Fair value hedges serve to hedge of the risk of changes in the fair value of a financial asset or liability, or in the interest rate risk of a portfolio;
- Cash flow hedges serve to hedge the possible variability in cash flows of a financial asset or liability.

The conditions to qualify as a hedging instrument are:
- The presence of formal documentation of the hedging relationship (with identification of hedging instrument, hedged item and the hedging objective) at the outset of the hedge;
- The expectation that the hedge will be highly effective and the ability to measure the hedging effectiveness in a reliable way;
- Continuous measurement during the reported period in which the hedge can be designated as effective.

Fair value hedges

In fair value hedges, the derivatives are recognised under hedging derivatives as assets or liabilities, with changes in fair value recognised in gains and losses from the recognition of hedging transactions together with the corresponding change in the fair value of the hedged risk of the hedged assets or liabilities.

The Company applies the carve-out version of IAS 39. In this way no ineffectiveness arises owing to unexpected levels of prepayments, as long as under-hedging exists.

Termination of hedging transaction

If the hedging transaction no longer meets the conditions or if the hedging is terminated, the hedging instrument is transferred to derivatives held for trading.

In the case of a fair value hedge of an identified fixed-income financial instrument (micro fair value hedge), the revaluation adjustment of the hedged instrument is amortised over the remaining life of the instrument based on the effective interest rate. In the case of the fair value hedge of a portfolio of fixed-income instruments (macro fair value hedge), the revaluation adjustment is amortised on a straight-line basis over the remaining term of the original hedge. When the hedging instrument is no longer recorded in the balance sheet (owing to prepayment or sale), the revaluation adjustment is immediately recognised in the statement of profit or loss.

In the case of a cash flow hedge, the revaluation adjustment remains in other comprehensive income until the originally hedged instrument impacts the statement of profit or loss or until it is clear that the transaction will not take place. At that time, the revaluation adjustment is recognised in the statement of profit or loss.

Fair value of financial instruments

The fair value is 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 Company uses the following hierarchy for determining the fair value of financial instruments:
- Quoted prices in an active market;
- The use of valuation techniques.

The fair value of a financial instrument is measured on the basis of quoted prices in active markets. Where there is no active market available for the financial instrument, the fair value is measured using valuation techniques.

These valuation techniques make maximum possible use of market inputs, but are affected by the assumptions used, such as risk spreads and accounting estimates of future cash flows.

In the rare case where it is not possible to determine the fair value of an unlisted equity instrument, it is recognised at cost.

Interest income and expenses

Interest income and interest expenses are recognised in the statement of profit or loss on a pro rata basis based on the effective interest method.

The effective interest rate is the interest rate that precisely discounts to net carrying value the expected future cash flows (taking into account contractual payments and including transaction costs and commissions and fees paid and received and other forms of compensation that form an integral part of the effective interest rate) over the expected life of the financial instrument or, if more appropriate, over a shorter period. Commissions and fees that form an integral part of the effective interest rate include, inter alia, commissions received for the creation or acquisition of a financial asset, or commissions paid for the issue of financial liabilities.

In this way, transaction costs, commissions and fees are treated as an additional interest component included in the effective interest rate and are recognised in net interest income.

For derivatives and debt instruments held for trading, the Company opts for the recognition of the interest received and paid under net interest income.

Goodwill

Goodwill represents the difference between the cost of acquiring a business combination and the acquiree's share in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. It is determined as of the date of acquisition.

Where this difference is negative (badwill), it is immediately recognised as income in the statement of profit or loss. Where the difference is positive, it is recognised as an asset and measured at cost less any impairment losses. Goodwill is not amortised, but is tested at least once a year for impairment.

The Company allocates the goodwill to cash-generating units or groups. Impairment losses are recognised on goodwill whenever the carrying amount of the cash-generating unit to which the goodwill belongs exceeds its realisable value. The recoverable amount is the higher of (i) the fair value minus sales costs and (ii) its value in use. The value in use is the present value of estimated future cash flows that are expected to arise from the cash-generating unit. Impairment losses on goodwill cannot be reversed.

Leases

For each contract that is entered into, the Company assesses whether the contract is or contains a lease. A contract is or contains a lease whenever the contract provides, in exchange for a consideration, the right to control the use of an identified asset for a period of time.

The Company acts as a lessee in lease contracts for the rental of equipment or real estate and as a lessor in subleases of real estate to its tied agents ('branch managers').

Lessee

On the commencement date of the contract, the Company recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost on initial recognition. The cost price consists of:
- The amount of the initial measurement of the lease liability;
- The amount of the lease payments made before the commencement date (which are not included in the lease liability);
- The initial direct costs;
- The estimated costs of dismantling, removal and repair (if applicable).

The lease liability is measured at the present value of the lease payments (not yet made). The lease payments are discounted based on the implicit interest rate of the lease, provided it can be easily determined. Where it cannot be easily determined, the marginal interest rate is used.

The right-of-use asset is recognised and measured correspondingly in property, plant and equipment.

After initial recognition the lease liability is recognised as borrowings, with the interest payments recognised using the effective interest method. Revisions or reassessments of the lease liability are recognised when determined. These result in the revaluation of the lease liability and the adjustment of the right-of-use asset. Where the right-of-use asset no longer has a carrying amount and the revaluation concerns a decrease in the lease liability, the revaluation is recognised in the statement of income or loss.

Lessor

In a finance lease, the lessor transfers substantially all of the risks and rewards associated with ownership of an asset to the lessee. An operating lease is any lease that is not classified as a finance lease.

The income from an operating lease is recognised in the statement of profit or loss on a straight-line basis over the lease term. The underlying asset is recorded using the measurement rules applicable to the underlying property, plant and equipment.

For finance leases, a lease receivable is recorded, corresponding to the net investment in the lease. Interest income is recognised over the lease term using the implied interest rate of the lease. Where, in a sublease, the implied interest rate of the sublease cannot be easily determined, the discount rate used for the main lease may be used for measuring the net investment in the sublease.

Commissions and fees received and paid

Commissions and fees received for services (excluding commissions that form part of effective interest) are recognised using the following five basic principles:
- Identification of the contract;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations;
- Recognition of the income to the extent that the performance obligation is met.

The performance obligation is met when control of the good or service is transferred.

The Company accounts for commissions and fees received for services:
- Progressively over the period, pro rata as the services are provided in the case of continuous services;
- When the service was performed.

Commissions and fees paid consist mainly of commissions to agents and are based on turnover volumes and production figures. Turnover commissions are included in the statement of profit or loss progressively over the period. Production commissions are included in the effective interest rate of the financial instrument.

Employee benefits

Post-employment benefits

The Company has both pension obligations for occupational pension schemes with fixed contributions (the so-called ‘fixed contribution schemes’) and pension schemes with targets to be achieved (the so-called ‘fixed performance schemes’). The Company financed the pension schemes through group insurance, whereby the insurer guarantees a return.

Fixed contribution schemes

The Company's contributions to defined contribution pension schemes are charged to the statement of profit or loss in the year to which they relate.

Given their legally imposed minimum guaranteed return, Belgian defined contribution schemes are considered as defined performance schemes and the obligation is measured based on the methodology used for defined performance schemes (the Projected Unit Credit method).

Defined performance schemes

For determining the gross pension obligation, the Company determines the expected benefit at retirement date for each employee, taking into account the expected evolution of the salary and the likelihood of the employee leaving the scheme. The expected benefit at retirement date is then allocated on a linear basis to past service.

The present value of the gross liability is determined by discounting the gross pension obligation based on the market return of high-quality corporate bonds.

The fair value of the insurance contracts is determined by the projection of the accumulated reserves, using the actual yields offered by the insurer, discounted on the basis of the market return of high-quality corporate bonds.

The amount recognised in the balance sheet in respect of the pension schemes is the difference between the present value of the gross liability and the fair value of the insurance contracts. If this difference results in an asset value, this is limited to the asset ceiling, which is equal to the present value of the economic benefits available to Argenta Group in the form of repayments or reduction of future contributions.

Revaluations of the net pension liability are included in the other components of comprehensive income and are never transferred to the statement of profit or loss. Revaluations are the result of changes in actuarial assumptions, experience adjustments, return on scheme assets and changes in the asset ceiling.

Tax expense

Taxes on the profit of the financial year include both the current and deferred taxes. These taxes are calculated in accordance with the tax laws that apply in each country where the enterprise operates.

Current taxes consist of those payable in respect of the current period on the taxable income of the year, on the basis of the applicable tax rates at balance sheet date, as well as any revision of the taxes payable or refundable for previous periods.

Deferred taxes are calculated for all taxable temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the financial statements, along with unused tax loss carryforwards.

These taxes are measured using the tax rates expected to be in effect at the time of the realisation of the assets or settlement of the liabilities to which they relate.

Deferred tax assets are recognised only to the extent that it is probable that sufficient future taxable profits will be available against which the temporary differences and fiscal losses can be offset.

Deferred tax assets and liabilities are compensated and presented netted solely and exclusively if they are taxes levied by the same tax authorities on the same taxable entity. Current and deferred taxes are recognised in the statement of profit or loss with the exception of those related to instruments, transactions or events that are measured directly in (comprehensive income in) equity. These are booked directly to equity.

Levies

Levies are outflows of economic benefits imposed by governments. The Company immediately recognises the levy in the statement of profit or loss as soon as the obligation arises.

Credit institutions are subject to various Belgian and European levies, such as the deposit and guarantee fund and the subscription tax. These contributions are established on 1 January of the calendar year and are therefore fully recognised in the statement of profit or loss on that date.

(Re)insurance contracts

Classification

An issued contract is classified as an insurance contract where the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

A reinsurance contracts held is a contract under which the Company transfers significant insurance risk related to underlying insurance contracts to a reinsurer, to mitigate the risk exposure.

Investment contracts without discretionary profit-sharing elements (such as unit-linked branch-23 contracts issued by the Company) and other contracts, which have the legal form of an insurance contract but do not transfer significant insurance risk, are classified, and measured as financial instruments. Investment contracts with discretionary profit sharing (such as branch-21 contracts issued by the Company) are measured in accordance with IFRS 17.

Combination and separating components of insurance contracts

The Company assesses before recognising and measuring whether:
- A set or series of (legal) contracts must be combined and recognised together for accounting purposes; and/or
- Component(s) of the (legal) contract or of the combined (legal) contracts must be separated and accounted for separately.

The Company has not issued (set or series of) contracts which must be combined and treated as one insurance contract for accounting purposes.

Components that may require separation are:
- Not closely related embedded derivatives;
- Distinct investment components; and
- Promises to transfer distinct goods or services other than insurance contract services to a policyholder.

The contracts issued by the Company do not include embedded derivatives, nor any promises to transfer distinct goods or services to the policyholder.

Separate investment components are defined as amounts payable by the Company under the insurance contract to a policyholder in all circumstances, regardless of whether an insured event occurs. The Branch 44 contracts underwritten by the Company are separated into two separate contracts because of the elements below, being a Branch 21 component valued under IFRS 17, and a Branch 23 component valued under IFRS 9:
- Knowledge about the investment component, if any, is not necessary to perform a valuation of the insurance component;
- The investment component and the insurance component are not strongly interdependent. This is the case when the policyholder can benefit from one component regardless of whether the other component is also present. The volume of switches between the two components is limited and expected to remain limited. In addition, for the Branch 44 contracts, the contractual terms for each component are independently changeable. For example, the Company can change the applicable charges on the investment component without impacting the insurance component; and;
- A contract with terms like those of the investment component is sold separately or can be sold separately.

Aggregation of insurance contracts

For presentation and measurement purposes insurance contracts are combined into portfolios and groups.

A portfolio of insurance contracts includes contracts that are subject to similar risk and that are managed together (that is assessed by considering how information is reported to the management of the Company). The Company identifies eighteen different portfolios, classified based on product.

Each portfolio is then divided into cohorts (per trimester of underwriting) and each cohort into three groups:
- Contracts that are onerous at initial recognition;
- Contracts that are not onerous at initial recognition.

When a contract is underwritten, it is added to an existing group of contracts or, if the contract is not eligible for inclusion in an existing group, a new group is created to which future contracts can be added.

Insurance contracts that would fall into distinct groups solely because laws or regulations limit the Company's practical ability to set different price levels or provide differences in benefits for policyholders with distinctive characteristics are included in the same group.

The reinsurance contracts are grouped based on the risk of the underlying insurance contracts.

Contract boundaries

The measurement of a group of contracts includes all the future cash flows within the contract boundary of each contract in the group.

In determining the contract boundaries of (re)insurance contracts, the contractual terms, law or regulation and customary business practices are considered. Likewise, renewal options and/or riders are considered.

Insurance contracts

Cash flows for insurance contracts fall within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or in which the Company has a substantive obligation to provide services to the policyholder. A substantive obligation to provide services ends when:
- The Company can reassess the risks of the specific policyholder and as a result can set a price or level of benefits that fully reflects the risks of that policyholder; or
- The Company can reassess the risks of the portfolio containing the contract and as a result can set a price or level of benefits that fully reflect the risks of that portfolio. The pricing of premiums up to this reassessment date does not reflect the risks that relate to periods after the reassessment date.

Reinsurance contracts

Cash flows for reinsurance contracts fall within the contractual boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is obliged to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:
- The reinsurer can reassess the risks transferred to him, and can set a price or level of benefits that fully reflects those reassessed risks; or
- The reinsurer has a substantive right to terminate the coverage.

Acquisition cash flows

Acquisition cash flows are costs that arise from the activities of selling, underwriting and starting a group of insurance contracts and that that are directly attributable to the portfolio of insurance contracts to which the group belongs. These costs are allocated to groups of insurance contracts on a systematic and rational basis.

Acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to are allocated to that group. Insurance acquisition cash flows that are not directly attributable to a group of contracts are allocated to groups of contracts in the portfolio or to groups of contracts that are expected to be in the portfolio. Once no more contracts will be added to a group of insurance contracts, the amounts allocated to that group are not revised anymore.

The Company has not identified any acquisition costs that arise before the related group of insurance contracts is recognized on the balance sheet. Therefore, no asset for pre-recognition insurance acquisition cash flows is recorded.

Acquisition cash flows for insurance contracts valued using the premium recognition approach are expensed as incurred (in accordance with the option provided under the premium recognition approach for insurance contracts with a coverage period not exceeding one year).

Risk adjustments for non-financial risks as observed by the Company

Risk adjustments for non-financial risks are determined to reflect the compensation the Company would require for bearing non-financial risks and its degree of risk aversion. They are determined separately for the Life and Non-life contracts and are allocated to groups of contracts based on an analysis of the risk profiles of the groups.

The risk adjustments for non-financial risks are determined based on the following techniques.
- Liabilities for remaining coverage based on a capital cost technique;
- Liabilities for losses suffered of property insurance and reinsurance based on a value at risk technique.

To determine the risk adjustments for non-financial risks in reinsurance contracts, the Company will apply these techniques both gross and net and derive the amount of the risk transferred to the reinsurer as the difference between the two results.

When applying a cost of capital method, the Company will determine the risk adjustment for non-financial risks by applying a cost of capital percentage to the amount of capital required for each future annual reporting date. The calculations are made on an ultimate basis and the required capital will be determined using the Solvency II capital requirement for underwriting risks of the relevant insurance contracts. The cost of capital represents the additional reward investors would charge for exposure to the non-financial risk. The applied cost of capital is 6%. The applied cost of capital is that as also applied for the calculation of the Solvency II risk margin (statutory).

Recognition

The Company recognizes groups of insurance contracts from the earliest of:
- The beginning of their coverage period, which is the beginning of the period during which insurance contract services in respect of any premiums within the boundary of the contracts;
- The date when the first payment from a policyholder in the group becomes due, or when there is no due date, when the first payment from the policyholder is received; and
- When facts and circumstances indicate that the group of insurance contracts becomes onerous.

The Company recognizes groups of reinsurance contracts held at the date that the coverage period of the group of reinsurance contracts purchased begins. The Company has loss-occurring type reinsurance contracts. A ‘loss-occurring’ contract covers all claims on underlying insurance contracts that have occurred during the term of the reinsurance contract.

Measurement – approaches used

The Company measures groups of insurance contracts applying the following measurement approaches:
- The General Measurement Model (GMM), and
- The Premium Allocation Approach (PAA).

The Company uses the general valuation model to measure the carrying amount of the liability or assets under remaining coverage of groups of insurance and reinsurance contracts within the life business (incl. hospitalization insurance).

The Company also applies the general measurement model to measure the carrying amount of the liability for incurred claims.

The PAA is an optional measurement approach that may be applied to measure the carrying amount of the asset or liability for remaining coverage for insurance and reinsurance contracts that fulfil the admissibility criteria. The Company applies the PAA to all insurance and reinsurance contracts in the non-life activity, as the coverage period of each contract in the group is one year or less.

Measurement – Life insurance contracts and health insurance

Insurance contracts

At the date of initial recognition, the Company values a group of contracts as the aggregate of:
- The fulfilment cash flows ('fulfilment cash flows'), which are the probability-weighted average cash flows required to meet the obligations under the insurance contract, and which consist of estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk ('risk adjustment for non-financial risk'); and
- Contractual service margin ('contractual service margin'), which is the positive difference between the present value of cash inflows and outflows, and reflects the unearned profit included in an insurance contract that is gradually taken through the income statement.

The fulfilment cash flows of a group of contracts do not reflect the non-performance risk of the Company.

If a group of insurance contracts is non-profitable, the group of insurance contracts is considered as onerous and a contractual service margin of zero is recognised.

Cash flows within the limits of a contract are those related to the performance of the contract. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs incurred in the execution of contracts. Cash flows will be allocated to acquisition activities, other execution activities and other activities at the local entity level using cost allocation techniques. Cash flows attributable to acquisition and other execution activities are allocated to groups of contracts using systematic and rational methods applied consistently to all costs with similar characteristics. The Company will generally allocate insurance acquisition cash flows to groups of contracts based on total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of current contracts in each group.

The main characteristics of estimates of future cash flows are:
- They are current. When estimating future cash flows, the Company takes account the current expectations of future events that could affect these cash flows;
- In estimating future cash flows the company will use all reasonable and supporting information available (without excessive costs or efforts) on the report date. This information includes both internal and external historical information on claims and other experiences, updated to the current expectations to reflect future events;
- They reflect a probability-weighted average of multiple scenarios that are reasonably expected to occur during the coverage period of the group of contracts; and
- They reflect the perspective of the Company.

Estimates for future cash flows are subject to modelling by group of contracts. For the savings insurance contracts, an investment component ("investment component") is considered. This is equated to the accumulated reserve of the insurance contract in question.

The mortality/lifetime, morbidity and percentage of lapse assumptions used are developed based on a mix of national mortality tables, industry trends and recent experience within the Company.

Cash flows are discounted using the risk-free yield curve (euro-swap curve) adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the contracts (bottom-up approach), without applying convergence to an ultimate forward rate.

The Company has elected to split insurance financing income or expense between amounts recognized in the income statement and amounts recognized in other comprehensive income. Insurance financing income recognized in the income statement is done on a discount rate basis. Next discount rate is applied to future valuation dates:
- For products for which the future guaranteed rate is not fixed, the projected crediting rate method is used;
- For all other products, the fixed discount rate at the date of initial recognition is used.

The risk adjustment for non-financial risks for a group of contracts, which is determined separately from the other estimates, is the fee the Company would require for bearing uncertainty about the amount and the time of the cash flows arising from non-financial risks. The risk adjustment for the obligations for remaining cover is calculated based on the Cost of Capital method (without operational, counterparty or financial risk).

The CSM of a group of contracts represents the unearned profit that the Company will take as it provides services under these contracts. On initial recognition of a group of contracts, the group is not onerous if the total of (a) the fulfilment cash flows and (b) the current cash flows is a net inflow. In this case the CSM is valued as the equal and opposite amount of the net inflow, so no gains or losses arise on initial recognition. If the total is a net outflow, then the group is onerous and the net outflow is recognised as a loss in the statement of profit or loss and a loss component is created to reflect the amount of the net outflow of cash, which represents the amounts that are then recycled in the statement of profit or loss as reversals of losses on onerous contracts and which are not recognised in the insurance income.

Subsequent, after initial recognition, the carrying amount of a group of contracts on each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

The liability for remaining coverage includes (a) the fulfilment cash flows connected to services that will be provided under the contracts in future periods and (b) any remaining CSM on that date.

The fulfilment cash flows of groups of contracts are valued on the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustments for non-financial risks. Changes in the fulfilment cash flows are recognised as follows:
- Changes regarding future services adjust the contractual service margin or, for onerous contracts, as an adjustment of the loss component of the liability for remaining coverage; and
- Changes regarding current or past services are recognized in the insurance service result in the income statement;
- Changes in fulfillment cash flows arising from the effect of time value of money, and financial risk are included in insurance finance result and then disaggregated to the income statement and OCI.

The CSM is therefore only adjusted for changes in the fulfilment cash flows relating to future services and is recognized in the statement of profit or loss as the services are provided. The CSM on each reporting date represents the profit in the group of contracts that has not yet been recognised in the statement of profit or loss because it relates to future services. The CSM of a group of contracts is recognised in the statement of profit or loss to reflect the services provided in each year by
- Determining the coverage units in the group;
- Allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit that has been provided in the year and that is expected to be provided in the coming years, and
- Recognising the amount of the CSM allocated to the coverage units provided in the year in the statement of profit or loss.

The number of coverage units is the amount of services provided by the contracts in the group, determined by considering for each contract the amount of benefits provided and the expected period of coverage. The unit of coverage used depends on what coverage is provided by the specific product. Coverage units will be reviewed and updated at each reporting date.

The liability for claims incurred includes fulfilment cash flows for claims incurred and expenses not yet paid, including claims incurred but not yet reported. For life insurance policies, outstanding liabilities are assumed at the individual case level.

For hospitalization insurance, future cash flows, in the context of liabilities for already incurred claims, are determined via so-called triangle extrapolations (chain ladder and variants) both for indemnities and anticipated claims costs. The main assumption underlying these techniques is that the Company uses past experience of claims development for the projection of claims development in future reporting periods, and consequently the final claims cost. Qualitative judgments are used in evaluating the extent to which past trends may not continue into the future.

Reinsurance contracts

The Company will apply the same accounting reporting principles for the measurement of a group of reinsurance contracts, with the following changes.

The carrying amount of a group of reinsurance contracts on each report date is the sum of the asset for remaining coverage and the asset for incurred claims.

The asset for remaining coverage includes (a) the fulfilment cash flows relating to services that will be provided under the contracts in future periods and (b) any remaining contractual service margin on that reporting date.

The Company measures estimates of the present value of the future cash flows based on assumptions that are consistent with those used to measure the estimates of the present value of the future cash flows for the underlying insurance contracts, with an adjustment for the non-performance risk of the reinsurer. The effect of the reinsurer's non-performance risk is assessed on each reporting date and the effect of changes are recognised in the insurance service result in the income statement.

The risk adjustment for non-financial risks represents the amount of the risk transferred by the Company to the reinsurer. The risk adjustment is determined through a Cost of Capital calculation. For this the difference is considered of required capital (without operational, counterparty or financial risk), before and after reinsurance respectively.

The contractual service margin of a group of reinsurance contracts represents a net cost or net gain from concluding the reinsurance coverage. It is valued such that no gains or losses arise on initial recognition, except for:

- The immediate recognition in the statement of profit or loss of any net costs on concluding the reinsurance coverage if they relate to insured events that have occurred before the conclusion of the reinsurance coverage; and
- The immediate recognition of the gains associated with a reinsurance contract, when the Company recognises a loss on initial recognition of onerous underlying contracts if the reinsurance contract is concluded before or at the same time as the onerous underlying contracts. A loss recovery component is created, which represents the amounts that are then presented in the statement of profit or loss as reversals of recoveries of losses on the reinsurance contracts.

The CSM is recognised in the statement of profit or loss when services are received. CSM is allocated to a reporting period based on outstanding risk capital.

Valuation - Non-life insurance contracts

Insurance contracts

Upon initial recognition of each group of non-life insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received. The Company elects to recognize insurance acquisition cash flows (acquisition commissions) immediately in earnings.

The Company expects that a group of insurance contracts valued using the premium recognition approach will not be on a loss basis unless facts and circumstances indicate otherwise. Periodically a verification will be made of whether it is loss-making, if any, based on a combined ratio calculation.

If the above evaluation indicates that a group of insurance contracts could be onerous, the Company will recognize a loss in the income statement and increase the liability for remaining coverage to the extent that current estimates of the fulfillment cash flows associated with the remaining coverage exceed the carrying value of the liability.

Then, after initial recognition, the carrying amount of the liability for the remaining coverage is increased by any further premiums received and decreased by the amount recognized as insurance proceeds for services rendered. The Company expects that the time between the provision of each component of services and the relevant premium maturity date will not exceed one year. Accordingly, the Company does not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

The Company will recognize the liability for incurred claims (“incurred claims”) of a group of contracts at the amount of fulfillment cash flows related to incurred claims. For incurred claims, estimates of future cash flows are determined via so-called triangle extrapolations (chain ladder and variants) both for indemnities and anticipated claims costs. The future cash flows will be discounted (at the current discount curve).

For claims, a risk adjustment for non-financial risks will be determined via a value at risk approach.

Reinsurance contracts

The Company will apply the same accounting policies to a group of reinsurance contracts, adjusted as necessary to reflect characteristics different from those of the insurance contracts.

Modifications and derecognition

The Company derecognizes an insurance contract when the insurance contract is terminated because the obligation in the insurance contract has expired, been fulfilled, cancelled, or transferred.

When an insurance contract is no longer included in a group of insurance contracts, which are not valued using the premium allocation approach, the following elements are adjusted:
- The fulfillment cash flows allocated to the group of insurance contracts, to eliminate the present value of future cash flows and the risk adjustment related to the rights and obligations that are no longer included in the group of insurance contracts;
- The contractual service margin of the insurance contracts group, unless the decrease in fulfillment cash flows is attributed to a loss component; and
- The number of coverage units for expected remaining services under the insurance contract, reflecting the number of coverage units of the group of insurance contracts that are no longer included.

The Company does not allow revision of contractual provisions.

Measurement and disclosures

Portfolios of insurance contracts that are assets and those that are liabilities and portfolios of reinsurance contracts that are assets and those that are liabilities are presented separately in the balance sheet. All rights and obligations arising from a portfolio of contracts are presented on a net basis.

In the income statement and OCI, amounts are broken down into
- An insurance service result, consisting of insurance revenues and expenses for insurance services; and
- Insurance financing result.

Insurance service result

For contracts not valued in accordance with the PAA, insurance service revenue for each year represents the reduction of the remaining coverage obligation related to the provision of services arising from the group of insurance contracts for which the Company expects to receive compensation. Insurance service revenues include the following:
- Claims and other charges from insurance services incurred by the Company during the reporting period, which are valued at the amounts expected at the beginning of the reporting period;
- Changes in risk adjustment related to services in the current reporting period;
- The release of contractual service margin;
- Experience adjustments;
- The systematic allocation of the recovery of acquisition cash flows.

For contracts valued under the PAA, insurance service income is recognized based on an allocation of expected premium receipts to each coverage period based on the passage of time.

Expenses related to the performance of contracts are recognized in the income statement as insurance service costs, as incurred. Expenses not related to the execution of contracts are presented outside the insurance service result.

Investment components are not included in insurance service result. The Company will determine the investment component of a contract by determining the amount it would be required to reimburse the policyholder under all scenarios. These include circumstances in which an insured event occurs, or the contract expires or is terminated without an insured event occurring. The Company has determined that its savings insurance contracts contain an investment component, determined as the accumulated reserve.

Amounts received from reinsurers and reinsurance costs are presented on a net basis as “net cost from reinsurance contracts” in insurance service result.

The Company elects not to disaggregate the changes in risk adjustment for non-financial risks between insurance service result and, insurance finance result. All changes in the risk adjustment for non-financial risks recognized in the income statement will be included in the insurance service result.

Insurance finance result

Changes in the carrying amount of groups of contracts arising from the effects of the time value of money, the financial risk, and changes in it are presented as insurance financing revenue and costs.

The Company chooses to break down the insurance financing result between profit or loss and other parts of equity (OCI).

The amount recognized in the income statement arising from the residual coverage obligation will be determined by a systematic allocation of the expected total insurance financing income or expense over the life of the group of contracts.

3. Equity attributable to the owners of the parent

The Company is the consolidating company. 87.34% of its shares are owned by Investeringsmaatschappij Argenta (hereinafter Investar) and 12.66% Argenta Coöperatieve (hereinafter Argen-Co). Equity including equity attributable to minority interests amounts as of 31 December 2023 to EUR 3,658,188,057 compared to EUR 3,496,493,095 as of 31 December 2022. The minority interests amount to EUR 306,950 as of 31 December 2023. Further explanation can be found in Note 4.

Overview of equity	31/12/2022 restated	31/12/2023
Paid up capital	717,884,700	729,814,600
Share premium	447,749,557	485,044,811
Accumulated fair value changes of debt securities measured at fair value through other comprehensive income	-126,708,466	-65,964,496
Accumulated fair value changes of equity instruments measured at fair value through other comprehensive income	14,327,711	15,942,077
Accumulated (re)insurance reserve	399,497,299	267,250,682
Accumulated actuarial gains or losses on defined benefit pension plans	-1,865,339	-6,204,872
Reserves	1,791,057,356	1,946,236,664
Profit or loss attributable to owners of the parent	254,262,798	309,845,523
Interim dividends	0	-24,083,882
Minority interests	287,479	306,950
Total equity	**3,496,493,095**	**3,658,188,057**

The increase in equity in 2023 is the combined result of several factors. The individual elements of equity are further discussed in the text below.

Paid-up capital and share premium

The paid-in capital, represented by 7,298,146 shares, is EUR 729,814,600, and the issue premium is EUR 485,044,811 as of 31 December 2023.

Capital increases in the Company

On 10 May 2023, a capital increase of EUR 49,225,153.38 took place at the Company, whereby 119,299 new shares were issued. This capital increase explains the increase in paid-up capital and share premium in 2023.

Capital increases at the Argenta Group

In October 2023, after a dividend payment of EUR 92,936,250, a capital increase of EUR 76,038,750 took place at Argenta Spaarbank.

Acquisition of own shares

Neither the Company, nor a direct subsidiary, nor any person acting in their own name but on behalf of the Company or the direct subsidiary, acquired shares of the Company during the 2023 financial year.

Accumulated other components of comprehensive income

Accumulated fair value changes of debt and equity instruments measured at fair value through other comprehensive income

The financial instruments measured at fair value through other comprehensive income are measured at fair value, with all fluctuations in the fair value recognised in a separate line in equity until realisation of the assets or until an impairment loss occurs, with the exception of equity instruments in respect of which no impairment losses are recognised and realised results are transferred directly to the reserves.

The above-mentioned fluctuations in fair value are found in shareholders' equity under 'accumulated other comprehensive income'. This component (which arises after offsetting of deferred taxes and the changes in fair value of hedged positions with micro fair value hedging) evolved from EUR -112,381,187 as of 31 December 2022 to EUR -50,022,610 as of 31 December 2023.

	31/12/2022 restated	Change in classification following initial adoption of IFRS17	to profit or loss	to reserves	to other comprehensive income	taxes	31/12/2023
Debt securities at fair value through other comprehensive income							
Accumulated valuation gains or losses	-168,945,177	-48,908,934	2,948,361		126,952,853		-87,952,896
Deferred taxes	42,236,294	12,227,233				-32,475,303	21,988,225
Equity instruments at fair value through other comprehensive income							
Accumulated valuation gains or losses	17,281,160			-6,014,834	8,093,746		19,360,072
Deferred taxes	-2,953,465					-464,546	-3,418,011
Accumulated other comprehensive income for debt securities and equity instruments	**-112,381,187**	**-36,681,701**	**2,948,361**	**-6,014,834**	**135,046,599**	**-32,939,848**	**-50,022,610**

In the 2023 financial year a total of EUR 2,948,361 was recycled to profit or loss. Note 17 gives further information on the processing of the micro hedges.

Accumulated reserve for (re)insurance contracts

The insurance and reinsurance contracts are valued using the risk-free yield curve (euro-swap curve) that has been adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the contracts. The Company has elected to split the insurance funding income or expenditure between amounts recognised in the statement of profit or loss and amounts recognised in the unrealised results.

	31/12/2022 restated	to profit or loss	to other comprehensive income	taxes	31/12/2023
Valuation of insurance contracts					
Accumulated valuation gains or losses taken to equity	531,710,427	0	-176,411,610		355,298,817
Deferred taxes	-132,927,607			44,102,903	-88,824,705
Accumulated other comprehensive income for insurance contracts	**398,782,820**	**0**	**-176,411,610**	**44,102,903**	**266,474,113**
Valuation of reinsurance contracts					
Accumulated valuation gains or losses taken to equity	952,969	0	82,677		1,035,647
Deferred taxes	-238,242			-20,669	-258,912
Accumulated other comprehensive income for reinsurance contracts	**714,727**	**0**	**82,677**	**-20,669**	**776,735**
Total	**399,497,547**	**0**	**-176,328,933**	**44,082,233**	**267,250,847**

This component (which arises after offsetting deferred taxes) developed from EUR 399,497,299 as of 31 December 2022 to EUR 267,250,682 as of 31 December 2023.

Accumulated actuarial gains or losses on defined benefit pension plans

Revaluations of the net pension liability for defined benefit pension obligations are recognised under a separate line in equity and are never transferred to the statement of profit or loss. Revaluations are the result of changes in actuarial assumptions, experience adjustments, return on scheme assets and changes in the asset ceiling.

Reserves

The reserves position (EUR 1,946,236,664 as of 31 December 2023) contains the statutory reserves (legal reserves, available reserves and retained earnings) and the consolidated reserves of the Company. The legal reserve is the reserve fund as referred to in Articles 7:211 of the Belgian Companies and Associations Code, which requires the formation of a legal reserve amounting to at least one tenth of the share capital. The available reserves are the reserves that are eligible for distribution. The retained earnings are the sum of profits or losses that have not been added to the available reserves during the appropriation of the result and which it has nevertheless been decided to keep in the Company.

Profit or loss attributable to owners of the parent

The consolidated result (excluding minority interests) for the year ending on 31 December 2023 was EUR 309,845,523, compared to EUR 254,262,798 for the year ending on 31 December 2022.

Dividends

In the second quarter of 2023, a dividend of EUR 105,098,320 (EUR 14.64 per share) was paid to shareholders. Subsequently, a capital increase of EUR 49,225,153 took place at the Company. In the fourth quarter of 2023, an interim dividend of EUR 24,083,882 was then paid.

A proposal for a declaration of dividend will be made by the Company's Board of Directors to the General Meeting of shareholders. This is a dividend of EUR 82,760,976 (EUR 11.34 per share) for financial year 2023 through the profit appropriation.

4. Minority interests

In 2022, EUR 287,479 was attributable to the minority interests, and EUR 306,950 in 2023. The change of the minority interest in the Company relates to the result attributable to minority interests from the company Arvestar, 25.01% of the shares in which are held by Degroof Petercam.

5. Risk management

Introduction

The Company operates as a bank-insurer and asset manager. As such it is exposed to various risks. The Company's risk management distinguishes here between financial risks and non-financial risks.

The Company's risk management policy and attendant organisational structuring are designed to ensure that the identified risks are always properly identified, analysed, measured, monitored and managed. The risk management framework is dynamically managed and consequently updated and adapted to reflect new regulations, daily experience and changes in the Company's activities.

Professional, comprehensive risk management is an essential prerequisite for achieving sustainable growth. Demonstrating that adequate risk management procedures are in place is a key condition for acquiring and retaining the trust of all stakeholders: customers, branch managers, investors managers, supervisory authorities and rating agencies, as well as directors, management and employees.

The risk management function at Argenta is organised centrally at Argenta Bank- en Verzekeringsgroep level, with the exception of the risk management function of the asset managers, which is organised on a decentralised basis in the relevant management companies and the local aspects within Argenta Nederland.

In general, it can be stated that the risk management function contributes to Company strategy by developing and applying an appropriate framework for risk management, by facilitating risk awareness within the organisation and by supporting and advising the organisation in the implementing and monitoring of risk management (supported risk culture). The risk management function ensures that all significant risks are demonstrably under control, both now and in the future, and reports on this. This allows the Company to develop in a healthy manner in terms of risk profile as a bank and insurer within the risk appetite and strategy as laid down by the Board of Directors ('offering assurance').

The risk management system

The Company's risk management system is based on:
- A risk management strategy that is consistent with the overall corporate strategy of the Company. The objectives and fundamentals of that strategy, the approved risk tolerance limits and the division of responsibilities between all the activities of the Company are laid down in policy documents. These include the Governance Memorandum and the Charters of the independent control functions;
- Rules for the decision-making process and risk policy;
- Policies and standards that effectively describe and classify by category the material risks to which the Company is exposed, and which specify the approved risk tolerance/risk capacity limits for each risk category. Overarching this is the Integrated Risk Management policy, which defines the most important components and processes on the basis

of which Argenta has set up its risk management policy. These policies implement the risk strategy of the Company, provide for control mechanisms and take into account the nature and scope of the business activities, as well as the associated risks;
- Reporting procedures and processes that ensure that the information on the material risks to which the Company is exposed are actively monitored and analysed, and that appropriate changes are made to the system if necessary;
- Coordination and planning between the independent control functions Compliance, Risk Management, Actuarial Function and Internal Audit.

2nd line risk management monitors the embedding of risk awareness in the 1st line and the control of the risk management exercised at headquarters, and in the entities and the branch network. This management takes the form of risk-based monitoring and of testing risk identification, risk analysis and risk response in the 1st line, with the aim of ensuring that the main risks are identified, measured, managed and monitored.

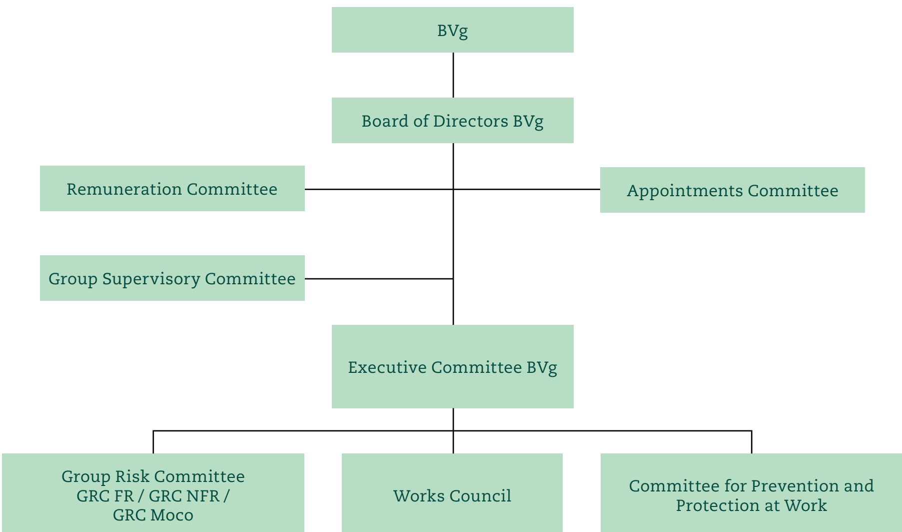
Risk policy

The main components of the risk policy model are:
- The Board of Directors that, with the support of the Risk Committee, establishes and oversees the risk appetite and general risk tolerance of the Company. The Board of Directors also approves the main risk management strategies and policies.
- The Risk Committee of the Board of Directors, which supervises the adequacy of the risk management system and advises the Board of Directors on this.
- The Executive Committee, that implements the risk management system and links together the risk appetite, strategy and definition of the company purpose. In its decision-making process, the Executive Committee takes into account the information reported in the context of the risk management system.
- The Group Risk Committee and the activity-related Risk Committees of the Executive Committee in which the discussion, follow-up and management of the various risks take place;
- The 1st line employees who bear the final responsibility and consequences of the risks specific to the processes, supported by expertise from 1st line risk support.
- The 2nd line independent control functions that monitor the embedding of risk awareness in the 1st line and which control the risk management by the 1st line.
- The 3rd line independent control function that oversees the quality and effectiveness of internal control, risk management and the governance systems and processes.

Governance of risk management

The table below shows the committee and consultation structure competent for risk management within the Argenta Bank- en Verzekeringsgroep on 31 December 2023. The powers and composition of the governing bodies is evaluated annually and if necessary updated to remain fully effective and compliant.

Also in 2023, the existing committees, their composition and frequency were evaluated as part of the new organisational structure. The starting point in this regard was the implementation of clearly assigned E2E responsibility and maximum effectiveness through quick decisions within short lines. This led to a reduced set of committees from 1 October 2023. They are described in further detail below the diagram.



The Remuneration Committee, the Appointments Committee and the Group Supervisory Committee are specialised advisory committees at BVg level serving the boards of BVg, Aspa and Aras.

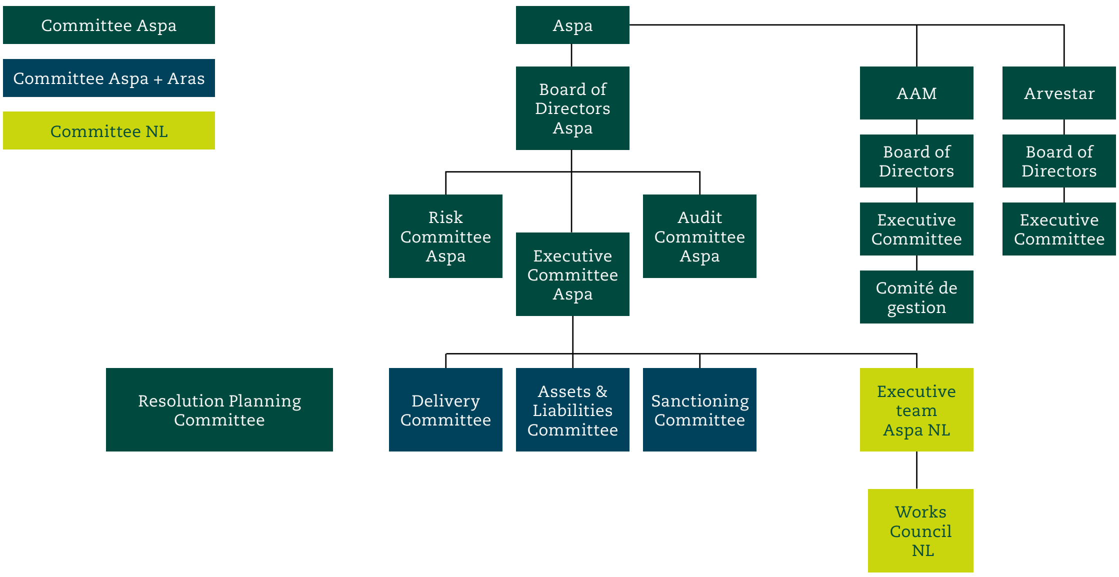
The Audit Committee and Risk Committee are specialised advisory committees of the Aspa and Aras boards.

Relevant risk management bodies and control functions reporting to the Board of Directors or the Executive Committee:

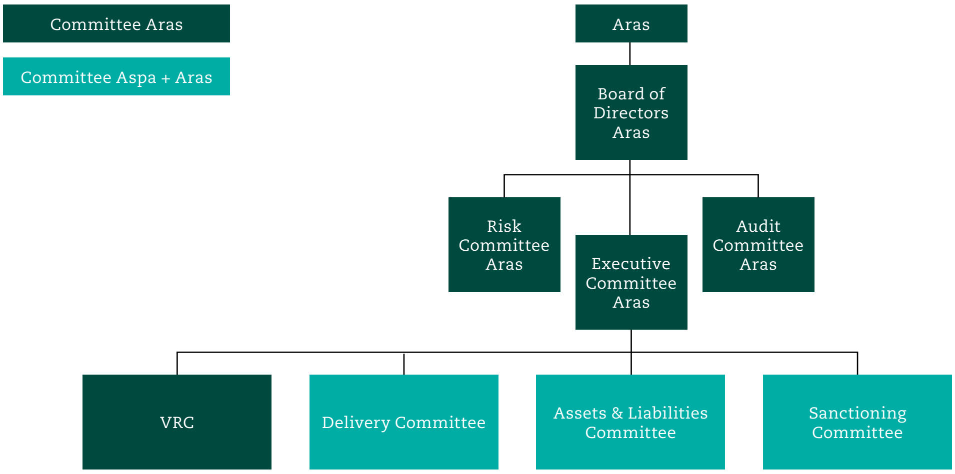
- The Appointments Committee advises the Board of Directors on the composition and functioning of the Board of Directors and the Executive Committees of the 3 main Argenta Group entities: Argenta Bank- en Verzekeringsgroep, Argenta Spaarbank and Argenta Assuranties.
- The Remuneration Committee advises the Board of Directors on establishing and maintaining the remuneration policy of all entities of the Argenta group, for supervising its implementation, for approving changes to the remuneration policy and for monitoring the impact of the remuneration policy.
- The Group Supervisory Committee has a specific advisory task at group level in order to ensure, on a limited number of topics and with a view to potential conflicts of interest, that:
  - The Board of Directors has at all times a view at a consolidated level of the activities of the various Argenta entities;
  - The agreements between and the processes of the various Group entities are consistently organised and operate in an integrated fashion;
  - The impact on the Group is always taken into account in the decisions of individual entities.

  Meetings are held as often as the chair of the committee considers it desirable, and at least twice a year with the half-year and annual results.

The table below shows the committee and consultation structure competent for risk management within the Bank Pool.



The committee and consultation structure competent for risk management in the Insurance Pool is shown in the overview below.



The Group Risk Committee is organised at Bvg level. The other committees are organised in Aspa and Aras.

- The Group Risk Committee (GRC) is responsible for discussing, monitoring and managing the various identified risks. The Group Risk Committee deals with a number of themes to achieve better coordination, monitoring, follow-up, awareness-raising, adjustment and policy preparation at the various risk levels.
- The Group Risk Committee has the following tasks:
  - Advising on the risk strategy and risk appetite for approval by the Board;
  - Defining a company-wide risk management framework (risk mapping, risk appetite statements, Risk Appetite Framework (RAF), policies and procedures);
  - Company-wide reporting and analysis of risks;
  - Managing the lifecycle risk management at the level of model risks and non-financial risks.

  The GRC meets every month and ad hoc. It focuses specifically on financial risks, model overview and non-financial risks once every three months.
  - The GRC Financial Risk Committee (GRC FR) addresses all financial risks (including the expected credit losses – ECL) in a broad sense, including all aspects of Pillar 2 capital management, discusses the financial RAF reporting (actual, forward looking and proactive) and RAM (Risk Asset Management) reporting and manages the stress test policy and programme;
  - The GRC/Model Overview Committee (GRC/ MOCO) is responsible for monitoring governance in respect of model risk management, managing the model risk profile and for the development and monitoring of all models in the model management framework in order to maintain a central overview and ensure consistency in the model choices across all model types within the Company; the Validation Committee, as part of the GRC MOCO, discusses and validates the activities of the validation unit regarding the internal models;
  - The GRC Non-financial risks (GRC NFR) is organised at Group level and is the designated body for handling the non-financial risks company-wide and advising on policy and methodology in relation to non-financial risk management. The entities are permanently represented here. The GRC NFR also manages specific consultative bodies, monitors the decisions and risk responses, can formulate recommendations and takes the necessary decisions in the event of escalation. A fixed agenda item on a quarterly basis is the discussion of the NFR risk profiles within RAF (Risk Appetite Framework) for the whole Group, including the branch network.

- The Asset & Liability Committee (Alco) is responsible for ensuring:
  - The optimal balance sheet equilibrium by evaluating, following up and proposing actions aimed at minimising the value and result shocks caused by assets and liabilities mismatches;
  - The liquidity position, the interest rate and spread risk and the solvency position, including leverage and MREL (Minimum Requirement for Own Funds and Eligible Liabilities);
  - The diversification and the risk profile of the investment portfolio;
  - Providing information on risks that impact the current and future profits and capital position of the Company, with the exception of the insurance risks that are monitored in the Insurance Risk Committee.

- The optimal funding diversification including potential wholesale issuances, among these the Covered bond framework;
- The PARP (Product Approval and Review Process) for non-retail products.

Alco is organised on a monthly basis or on demand, if required.

- The Insurance Risk Committee ('VRC') is responsible for discussing, monitoring and managing the technical insurance risk risks. The following themes are discussed in this committee:
  - Adequacy (LAT) and reservation;
  - Value new business (VNB);
  - Reporting on returns and actuarial follow-up reports;
  - Recommendations from the Actuarial function;
  - Subscription risk and hedging insurance risks including reinsurance;
  - Hypotheses for determining technical provisions;
  - Solvency with regard to underwriting and reinsurance risks;
  - Advice over profit sharing.

  The VRC is organised on a monthly basis or on demand, if required.

Separate audit and risk committees have been set up within the Boards of Directors of Argenta Spaarbank and Argenta Assuranties. The (limited) specific activities of Argenta Bank- en Verzekeringsgroep are overseen by the Audit Committee and the Risk Committee set up within the Board of Directors of Argenta Spaarbank.

Risk appetite

The Company has formalised its risk appetite in a Risk Appetite Framework (RAF). All significant risks to which the Company is exposed are included in the risk mapping and tested against the risk appetite.

The Integrated Risk Management policy defines the most important components and processes on the basis of which Argenta has established its risk management policy. Central to it is the end-to-end Integrated risk management process. This end-to-end integrated risk management universe was further rolled out and completed with procedures and working instructions.

The risk cartography and risk appetite statements for all risk types (financial and non-financial) were reviewed and aligned with the current monitoring, policy and governance framework, discussed by the risk committees and approved by the Board of Directors.

The updating of the risk cartography, which includes the financial and non-financial risks, is part of the annual process whereby (i) the identification and classification of the risks is assessed, (ii) the risk appetite statements are formulated (iii) the monitoring and capitalisation of the risks within the RAF is updated, and (iv) the monitoring of these risks within the 3 Lines of Defence framework is confirmed. The priority risks ('hot spot risks'), which will therefore be the focus for the following year, are defined annually.

The Company establishes the desired risk appetite for each of the risk types. This risk appetite and the RAF then form the reference point against which risks are assessed in the risk management cycle (identifying and assessing risks, defining responses, monitoring and reporting).

The RAF has evolved as an important part of management and provides a connection between business strategies (commercial and financial) and risk appetite. The RAF is embedded as an active steering tool in the organisation and:

- Forms the core of the risk monitoring and the escalation framework;
- Translates the risk appetite into measurable criteria and objectives (indicators);
- Provides senior management and Board Members/the Risk Committee with a practical tool for communicating, measuring and monitoring risk targets;
- Is embedded in the multi-year business cycle;
- Establishes the limits against which the impact of ICAAP and ILAAP scenarios are evaluated;
- Is fleshed out further in the operational policy documents that include a wide set of operational limits and flashing lights;
- Paves the way for action in the event of varying measurements.

The RAF indicators themselves are assessed annually as to their appropriateness and replaced or adjusted if necessary, with discussion in the Risk Committees and approval by the Boards of Directors. The quantitative and qualitative RAF on financial and non-financial risks, the forward-looking RAF and the Risk Asset Management (RAM) reporting is reported on a quarterly basis to the Risk Committees, with feedback to the Board.

The RAF provides the basis for the risk-escalation framework. It forms the set of highest limits and indicators, which are further fleshed out into the policy documents, with the setting of operational limits, operational flashing lights and early warning indicators.

Type of limit	Decision-making authority	Description
RAF-limits	Board of directors	■ RAF limits are highest in the limit hierarchy. They establish the risk appetite and business development objectives at the level of the most important financial and non-financial risk policy areas. ■ RAF limits are limited in number and are defined only for core indicators. ■ RAF limits are strictly normative. Excesses must be reported and decided on according to a fixed escalation framework.
RAF- flashing lights	GRC	■ RAF flashing lights are indicators on a sub-portfolio or component level of the RAF limit. These can have a material impact on the development of the RAF limit. ■ RAF indicators are more informative than normative, indicating a deterioration of a specific indicator.
Operational limits	Business	■ RAF limits are translated into and complemented by operational limits in the policy. These are complementary to the RAF limits and are major factors in determining the permitted risk appetite. ■ These limits have a guiding and prescriptive character and must be strictly adhered to.
Operational flashing lights and Early Warning Indicators	Business	■ RAF and operational limits are complemented by operational flashing lights. These are derived from and complementary to the RAF and operational limits and provide additional information and guidance. ■ Operational flashing lights are informative rather than prescriptive, indicating deterioration in a specific indicator.

Reporting and business plan process

The risk profile of the Bank Pool and the Insurance Pool is mapped out every quarter/year-end. A number of RAF indicators also apply at Group level and the NFR RAF indicators are consolidated. The risk profile is determined by assigning a colour to each risk indicator and by calculating an average risk score. A limitative number of RAF limits are linked to these risk parameters.

The eight financial risk types are subdivided into the following categories/risks: market risk, credit risk, liquidity risk, business risk, capital risk, underwriting risk (insurance), model risk and climate & sustainability risk.

The 12 non-financial risk types are subdivided into the following categories/risks: sourcing risk, Human Resources risk, information security & cyber risk, legal (& regulatory) risk, fraud risk, data management risk, strategic & change risk, business continuity risk, brand & sustainability risk, IT risk, process risk and compliance risk.

In addition, a pro RAF-active (in preparation for the new business plan) and a budgeted RAF (for evaluating the current business plan) are being drawn up. In this way the RAF is reported from 3 perspectives and is strongly embedded in the business plan.

Interaction of ICAAP, ORSA, ILAAP with Business Plan and Recovery Plan

In this way the risk mapping as identified in the RAF provides an overview of the risks identified within the Company, together with a uniform definition of these risks.

In the Internal Capital Adequacy Assessment Process (ICAAP), which consolidates the ICAAP of the Bank Pool and the ORSA - Own Risk and Solvency Assessment - of the Insurance Pool, and the Internal Liquidity Assessment Process (ILAAP) under Pillar 2, the Company evaluates its capital and liquidity adequacy in various base case and adverse scenarios, taking into account all risks identified by the Company. Attention is therefore also paid to climate risk. ICAAP analyses are calculated from a normative perspective and from an economic perspective, which are complementary to each other. The normative perspective evaluates the ability to continue to comply with the legal and prudential requirements in a crisis scenario. The economic scenario evaluates whether the Company has sufficient qualitative internal capital to cover the material economic risks present. The RAF risk cartography forms the basis for this risk assessment. The ICAAP and ORSA process is also embedded in the business plan cycle, giving it the necessary impact on decision-making.

This shows, among other things, that the Company is subject to a number of financial and non-financial risks that are not included in Pillar 1. For these risks, either additional capital is provided in Pillar 2 or no additional capital is provided for these risks because these are already implicitly included in the risks in Pillar 1 or because there are processes in place that strongly mitigate these risks.

Calculating the recovery plan examines whether the Company can recover from a near-to-default scenario by activating feasible and effective recovery options. It is important that the risk monitoring framework be able to detect a deterioration of the risk and financial situation in sufficient time to ensure that recovery options can be successfully activated.

The above scenario and stress test analyses together form the stress testing programme, and are implemented making maximum use of consistent processes, models and tools. In this way the conclusions are robust and consistent and can be included in the managing of capital and liquidity planning and in calibrating the RAF limits.

In line with the FR hot spot risks - as determined by the Executive Committee members - in 2023 the priorities were focused on climate risk, market risk and credit risk.

The group risk management function with a focus on financial risks is performed by the Risk & Validation department.

5.1. Market risk

Market risk is the risk of a negative change in financial situation caused by the volatility of market prices of financial instruments. Within this market risk the following 4 risks are relevant: interest rate risk, spread-widening risk, equities risk and real estate risk. The Company does not accept foreign currency for its own risk. Assets and liabilities are denominated only in euros. Exchange rate risk only exists for branch 23 insurance products, but this risk is borne by the policyholder. The Company has no trading portfolio (‘trading book’).

Interest rate risk

Exposure

The main market risk to which the Company is exposed is the interest rate risk in the banking book. The Company has no Trading Book. This risk arises from changes in market interest rates and their possible negative impact on the interest result and the market value of the interest-bearing assets and liabilities.

The Company’s profit and equity position are sensitive to such interest rate changes because the business model fundamentally consists of raising funds in the short to medium term and investing them in retail loans. This mainly concerns retail funding through current, savings and term account deposits, which are supplemented secondly by wholesale funding for diversification. These funds are then mainly reinvested in long-term retail loans, supplemented by a liquid investment portfolio. The mismatch between the various interest terms generates an interest result that is subject to interest rate risk and that is managed according to an internal risk acceptance framework and in line with statutory regulations.

Risk management

Alco is responsible for monitoring the interest rate and liquidity risk. It optimises the financial risks and reports on this to the Executive Committee. Its remit includes responsibility to manage both the interest rate sensitivity of the interest result and the interest rate sensitivity of equity in accordance with defined RAF limits.

In its interest rate risk management, account is taken of the sub-types of interest rate risk to which the bank is potentially subject. They include gap risk (risk from interest rate mismatch between assets and liabilities), the option risk (risk from the embedded options within the assets and liabilities) and the basis risk (risk from a difference in the reference indexes used for repricing the asset and liabilities products). Business risk (including the risk that the price elasticity of products without contractual interest maturity dates will evolve differently from what is anticipated and modelled) is managed separately.

In order to keep the risks within the risk appetite framework (RAF) determined by the Board of Directors and within legal limits, the balance sheet is managed both endogenously and exogenously. To this end, under an Alco mandate, a monthly Hedging Committee meeting takes exogenous hedging action by means of plain vanilla interest rate derivatives (mainly payer and receiver swaps and swaptions) and reports on this to Alco. Endogenous management refers to managing the balance mix between assets and liabilities products gradually.

More information on the applied fair value hedges can be found in Notes 17 and 29.

Sensitivity analysis - interest rate risk in the Bank Pool

The following table shows the interest rate sensitivity of the result over 12 months and of the equity of Aspa in the event of a parallel interest rate shock of +/- 100 bp.

In the absence of a trading book, the interest rate risk in the banking book therefore represents the entire interest rate risk.

	31/12/2022		31/12/2023	
	+100bp	-100bp	+100bp	-100bp
Impact on earnings (over 12 months)	50,810,831	-53,339,573	32,095,454	-32,550,823
Impact on equity	-84,774,264	84,983,470	-57,564,616	-49,362,878

Such sensitivity is monitored using the following internal method, which is largely in line with the prevailing EBA's IRRBB guidelines that came into effect on 30 June 2023:

- The repricing behaviour for savings accounts without contractual maturity dates is modelled on the basis of business-economic replicating models. There are specific models for the Belgium retail savings, Belgium savings by professionals, Netherlands retail savings and Belgium retail current accounts portfolios;
- Loan repayment behaviour is taken into account based on interest rate dynamic Conditional Prepayment Rate (CPR) models, which reflect the actual prepayment behaviour in the Belgian and Dutch mortgage portfolios;
- Results sensitivity is calculated on the assumption of a flat balance sheet (the balance sheet total and the balance mix are kept constant);
- To determine the interest result impact over 12 months, the interest rate shock is assumed to take place in four 25bp steps (25bp immediately, 25bp after three months, 25bp after six months, and 25bp after nine months).
- The intention in the income impact over 12 months is to capture the structural result, as a result of which the income from prepayment penalties is not taken into account;
- Possible income impact as a consequence of business risk and basis risk is analysed separately and is no longer included in the above income impact over 12 months;
- For determining the impact on equity, the full interest rate shock is calculated immediately;
- Expected draw-downs of the not yet fully drawn-down credit facilities at position date are calculated in;
- Interest rate caps and floors on variable interest rate loans are taken into account;
- Call options in the securities portfolio are taken into account;
- The prevailing EBA floor, if in force, serves as the interest rate floor in -100bp sensitivity analyses;
- A negative market value impact by the interest rate floor on regulated savings is taken into account in capital simulations.

The negative impact of an interest rate rise of +100bp on the equity improved in 2023 through the positive effect of the existing and newly concluded exogenous hedges on the global interest rate risk. A longer assumed interest term on deposits with no final maturity date, partly as a result of a recalibration of the replicating model for Belgian savings accounts, also contributed to this. The exogenous hedges concluded in 2023 largely served as a counterweight to the negative impact that arose through a material shift in the balance sheet from savings and current accounts to term deposits in response to the one-year government bond issued by the authorities. These exogenous hedges also mitigated the impact of the growth of the mortgage portfolio and its increased term, which is also partly the result of a new model for estimating the prepayment behaviour in the Dutch mortgage portfolio being put into use.

In contrast to the previous year, an interest rate fall of -100bp again resulted in a negative impact on equity in 2023. This is due to the fall in long-term interest rates and their influence on the increase in portfolio payer swaps in combination with their higher average term. The increase in short-term interest rates also cause the positive equity effect on some assets such as fixed-income investment securities to reduce, so this effect is further reinforced. The longer assumed interest term on deposits with no final maturity date referred to above, partly as a result of a recalibration of the replicating model for Belgian savings accounts, also contributed to this. These negative effects are significantly tempered by a positive contribution from the mortgage portfolio.

The hedging strategy continues to focus on keeping the interest rate risk under active control. To this end, not only are the sensitivities under parallel up and down shocks considered, but also each time the possible impacts under at least the six defined EBA interest rate shocks. In each case a capital and a result perspective are taken into account.

The exogenous hedging instruments used fall under the application of hedge accounting. The qualification criteria are monitored monthly and continued to be respected in 2023.

Sensitivity analysis - interest rate risk in the Insurance Pool

The following equity and income sensitivity analysis shows the impact on the result for 12 months and on equity at Aras in the event of parallel interest rate shocks.

	31/12/2022		31/12/2023	
	+100bp	-100bp	+100bp	-100bp
Impact on earnings (over 12 months)	1,567,656	-1,208,708	1,880,650	-3,559,461
Impact on equity	-1,407,791	592,370	1,877,096	-15,549,045

The calculation of income sensitivity is based on:
- Balance sheet position with production as foreseen in the business plan;
- Flat rates;
- The interest result on the Life portfolio.

The calculation of equity sensitivity is based on:
- The methodology applied under Solvency II, Pillar 1;
- Interest rate sensitivity over the entire balance sheet.

A 100 basis points increase or decrease in interest rates over the first year has hardly any impact on Life insurance income. This is similar to the last year's position and it is expected to remain limited until the end of 2023 owing to good cash flow matching.

At the end of 2023 an increase in interest rates would, according to the Solvency up scenario, have a positive impact of EUR 1.8 million on the market value of equity. A fall in interest rates under the Solvency down scenario has a negative impact on equity of EUR 15.5 million.

The impact of the down scenario, both in the area of income sensitivity and impact on equity, is slightly greater than last year but remains limited because of good cash flow matching.

Spread widening risk

Exposure

The return on the investment portfolio is largely determined by the credit spread earned on the investments made. The evolution and fluctuations of the credit spread are often market driven and determined also by other factors than those that can directly or indirectly influence the issuer's creditworthiness.

These market risk factors induce spread widening risk. Alongside the pure interest rate, they are the main driver of asset returns and the economic value of the investment portfolio.

Risk management

The pursuit of a cautious investment policy, frequent monitoring of the fluctuations in the economic value of the investment portfolio and measuring the sensitivity of changes in credit spreads in the area of income and market value perspective within the risk appetite (RAF) specified by the Board of Directors are important pillars of healthy portfolio management.

The investment policy is governed by a strict investment framework, as defined in Aspa's and Aras's financial policies, which determines the permitted investment envelope and maximum duration depending on the creditworthiness of the issuer. This investment policy is shaped by a thorough analysis of the credit sectors and investment files and an active screening of market opportunities.

The evolution of the market value of the investment portfolio is monitored in Alco and in the Investment Consultation (IO). Credit spread sensitivity is calculated and monitored within the RAF framework with both the sensitivity of the result and the equity and within the ICAAP and ORSA framework, where it is calculated together with credit risk.

Sensitivity analysis - spread widening risk

The Company calculates the spread risk on the totality of the investment portfolio. The spread sensitivity is calculated according to a modified duration (no convexity).

As of 31 December 2023, the impact for Aspa of a 1 basis point increase in the credit spread was EUR -3,074,720 (of which EUR -607,877 on equity, EUR -115,575 on result and EUR -2,351,269 has no direct impact on equity and result since the instruments concerned have been valued at amortised cost) compared to EUR -3,562,956 at the end of 2022.

Aras had a spread sensitivity of EUR -774,011 (of which EUR -653,319 on equity, EUR -10,937 on result and EUR -109,755 has no direct impact on equity and result since the instruments concerned have been valued at amortised cost) as of 31 December 2023 compared to EUR -773,333 as of 31 December 2022. The decrease for both is mainly due to a decrease in portfolio volume, intensified by a decrease in the average duration.

40% of both portfolios are measured at fair value through other comprehensive income, whereby a decrease in the fair value due to an increase in the credit spread is recognised in other comprehensive income. Another 59% is measured at amortised cost. In this way a decrease in fair value has no direct impact on income or equity. Less than 1% is measured at fair value through profit or loss.

Equity risk

Exposure

From a strategic allocation perspective, equities can complement the existing bond and loan portfolios and are intended to optimise the risk return profile of the portfolio. Within the investment framework and subject to compliance with strict investment criteria, the Company has the possibility to take equity positions into its investment portfolio. Aspa has in its portfolio a limited number of shares in counterparties involved in real estate operation. Aras' equity portfolio contains corporates and real estate counterparties.

Risk management

The portfolio of individual shares is very limited and is managed within a rigorous risk management framework, including limits on size, permitted sectors, market capitalisation and concentration.

The price risk is controlled by subjecting the equity investments to a thorough analysis of underlying fundamentals and by framing the investment policy within the approved risk appetite and assigned limits.

Sensitivity analysis - equity risk

The sensitivity analysis below shows the impact on the Company of a 10% fall in the market value of equity instruments.

	31/12/2022	31/12/2023
	-10%	-10%
Impact on earnings	-5,310,225	-6,134,426
Impact on equity	-14,575,875	-14,696,773

Equity instruments at fair value through other comprehensive income amount to EUR 146,967,729 (market value) as of 31 December 2023. If the markets fall by 10%, the amount in equity will decrease by EUR 14,696,773 and no impairments will be recorded in IFRS. Equity instruments at fair value through profit or loss amount to EUR 61,344,261 as of 31 December 2023. A 10% decrease will be immediately recognised in the statement of profit or loss.

The Insurance Pool sells and distributes branch 23 insurance contracts. These insurance contracts invest, on behalf of the customer, in various funds that invest primarily in shares and bonds. The equity risk related to these insurance contracts is borne by the policyholder.

Property risk

Exposure

The evolution of real estate prices influences retail lending and also influences the credit risk through the giving of property as collateral. One of the Company's core activities is mortgage lending to private individuals in Belgium and the Netherlands. This makes the Company dependent, among other things, on developments in the housing market. In the context of the foreclosure policy, in exceptional circumstances properties are temporarily purchased by the Company with a view to subsequent realisation.

At the same time, the investment framework allows a portfolio of indirect investment properties to be maintained. This takes the form, not of direct investments in real estate, but of loans to or purchasing equity instruments of counterparties operating in real estate.

Risk management

The indirect real estate investments are managed within a rigorous risk management framework, including limits on investment type, geography and concentration (see under 'credit risk' below).

Direct real estate investments are accounted for using the cost price model. The latent capital gains and gains on these direct real estate investments are not recorded in equity.

Sensitivity analysis - property risk

For mortgage lending an adjustment of the value of the underlying property will have a consequence for the level of the expected credit losses recognised. The sensitivity is included in chapter 42 impairments.

The expected sensitivity is limited for the direct investment properties. At 2023 year end the direct investment properties portfolio has a carrying value of EUR 850,767. As of end-2022, the carrying value was EUR 865,710. A 10% decrease in market value will - as long as there is no permanent impairment - have no impact on the result. The maximum risk of loss is EUR 850,767.

5.2. Liquidity risk

Exposure

Liquidity risk is the risk of an adverse change in the financial situation, as a direct or indirect consequence of insufficient liquidity being available to meet financial obligations.

The Company's strategy is to raise mainly short or medium term funds and to reinvest these through various types of mainly longer-term loans and investments.

Liquidity sources of the Bank Pool

Aspa's financing model and liquidity profile are mainly characterised by:
- A substantial base of customer deposits;
- Being widely present across the Belgian and Dutch markets;
- Diversification towards wholesale funding consisting of RMBS, Covered bonds, senior bonds including green bonds;
- A liquid securities portfolio.

Funding policy is directed first and foremost at obtaining funding from retail customers in Belgium and the Netherlands through payments and savings accounts and term deposits. Customer deposits constitute the largest and most important primary funding source of the Company's banking activities.

Aspa also goes to the interbank or professional market to fund itself. This it does to diversify its sources of financing and to meet new legal requirements or support the S&P rating (EMTN programme with the possibility to issue Tier 2, Senior Non Preferred (SNP) or Senior Preferred (SP) instruments). Since 2021, Argenta may, after first obtaining a licence from the regulator, issue Belgian Covered Bonds (Pandbrieven). Periodically, repos can also be concluded in the context of liquidity management.

The deposits by retail customers can be considered as both sources of liquidity and sources of liquidity risk. Amounts held in private individuals' current and savings accounts can be withdrawn on demand or at short notice, but nevertheless provide an important contribution to the stability of the long-term funding base. This stability therefore depends on maintaining the account holders' confidence in the Company's solvency, profitability and risk management. The table below presents the funding sources at Aspa conso level, the intragroup positions in relation to the other group entities not being eliminated since they are not significant.

Funding sources	31/12/2022	31/12/2023
Deposits from central banks	0.00%	0.00%
Deposits from credit institutions	3.51%	2.21%
Deposits from other than central banks and credit institutions	82.84%	83.38%
Other debt securities issued to institutional investors	12.58%	13.21%
Other liabilities	1.07%	1.20%
Total liabilities	100.00%	100.00%
Total liabilities in EUR	**50,922,005,914**	**51,111,441,542**

Risk management in the Bank Pool

Aspa has a continuous internal risk-based assessment of both current and future funding and liquidity requirements to ensure that sufficient liquidity and funding resources are available to cover the risks arising from the business strategy. All this is contained in the Internal Liquidity Adequacy Assessment Process (ILAAP). The ILAAP Policy, which has been approved by the Board of Directors, provides an overview and description of the key elements of ILAAP and their interaction, and explains how ILAAP is integrated into the Company's operations and how its findings are used.

Alco monitors the liquidity indicators on a systematic basis. First line responsibility for the measuring, monitoring, checking and reporting of the liquidity risk lies with the ALM department. The liquidity risk is monitored both from a market liquidity risk perspective (liquidation value of assets) and from a refinancing risk perspective (funding stability). The second-line responsibility lies with the Risk department. Management of the liquidity position falls under the authority of the Treasury and Investment Management department.

For measuring, monitoring, checking and reporting on the liquidity risk, Aspa has a specially adapted management information system, including a contingency plan, in order to be able to adequately manage its liquidity in both normal and exceptional circumstances. In addition to the extensive regulatory reporting, extensive internal reporting has also been developed. In this way, management and stakeholders are permanently aware of the evolving situation. Daily financing reports are distributed to a broad target group within the Company.

The daily liquidity management, the definition of additional Early Warning Indicators (EWIs), operational limits or flashing lights, and the organisation of stress tests are included in the Liquidity Framework.

The risk appetite is managed in the Bank Pool's RAF by limit and flashing light levels on the following risk indicators:
- The LCR (Liquidity Coverage Ratio) tests the liquidity buffer against a pre-defined outflow of financial liabilities over a 30 day period;
- The NSFR (Net Stable Funding Ratio) compares available liquidity against required liquidity over an at least one-year period,
- The AER (Asset Encumbrance Ratio) compares the amount of unencumbered assets with the volume of protected deposits;
- Loans/balance ratio: this ratio monitors the illiquid portion of the assets within set limits; and
- Wholesale funding ratios: these ratios track the proportion of institutional funding and refinancing risk within set limits.

In addition to the aforementioned RAF indicators, further EWIs, operational limits and flashing lights have been defined internally.

The overview of the ratios (unaudited) and legal limits can be found in the following table:

	Legal limits	31/12/2022	31/12/2023
LCR	100%	184%	216%
NSFR	100%	147%	145%
AER strict (RAF limit)	95%	113.8%	112.2%
AER wide (RAF flashing light)	110%	119.5%	117.3%

The flashing light threshold and the recovery plan threshold for the AER depend on the category in which the Company is located. This category is determined as a function of the eligible deposits as defined in Article 389 of the Banking Act in relation to the total assets of the institution. In 2023, Aspa was in category 2.

The immediately available liquidity sources consist of high-quality assets. These consist mainly of a diversified portfolio of central bank reserves, government bonds, securitisations and corporate bonds. In addition to the liquid assets eligible for the LCR, Aspa also has a portfolio of ECB-eligible and other saleable securities.

All liabilities and assets are denominated in euros, so that there is no currency mismatch between the liquidity and financing sources.

Aspa maintains a derivatives portfolio with a view to hedging the interest rate risk. The value of this portfolio is hedged with collateral. The assets used as collateral are excluded from the LCR (Liquidity Coverage Ratio) liquid buffer. The LCR also takes into account potential collateral outflows due to fluctuations in the valuation of the portfolio and a negative evolution of Aspa's rating. The evolution of the collateral is closely monitored.

Risk management in the Insurance Pool

The future liquidity position is monitored by comparing the cash flow profile of the assets and liabilities against each other on a quarterly basis and taking action to adjust the balance sheet if needed.

The existing gap between the portfolio and the opposing insurance contracts is monitored systematically. This monitoring is part of the periodic maturity gap analysis. These management measures include adjusting the balance sheet through proactive initiatives to keep the funds released from insurance contracts at end date invested with Aras, repos and setting up credit lines with financial institutions.

The most important RAF risk indicator in the management of liquidity risk in the Insurance Pool is the ratio of cumulative maturity gap to free repo capacity, along with the ratio of ECB securities to Life coverage values, which serves to monitor the desired level of repo capacity.

	31/12/2022	31/12/2023
Cumulative maturity liquidity gap/repo capacity	-27.5%	-17.1%
ECB eligible assets/covering assets Life	29.0%	32.7%

Maturity analysis Bank Pool

Notes 14, 15 and 16 contain additional information on the remaining terms of the financial assets rat fair value through other comprehensive income and on the financial assets at amortised cost. The table below shows a maturity analysis for the financial liabilities held for trading, the financial liabilities measured at amortised cost, derivatives used for hedging purposes and other liabilities. The tables below present the maturity analysis at Aspa conso level, the intragroup positions in relation to the other group entities not being eliminated since they are not significant.

2022	< 3 months	< 12 months	1-5 years	> 5 years
Financial liabilities held for trading	0	0	0	0
Financial liabilities at amortised cost				
Deposits from central banks	0	0	0	0
Deposits from credit institutions	1,786,184,848	0	15,371	0
Deposits from other - on demand	41,204,349,486	0	0	0
Deposits from other - on term	175,350,504	229,727,752	555,501,674	18,718,345
Debt securities issued	54,592,401	201,552,235	3,743,813,951	2,405,223,358
Other financial liabilities	3,646,053	10,938,158	46,786,688	35,548,986
Derivatives used for hedge accounting	25,884,924	142,692,614	482,100,184	752,239,378
Total financial liabilities	**43,250,008,215**	**584,910,758**	**4,828,217,868**	**3,211,730,067**

2023	< 3 months	< 12 months	1-5 years	> 5 years
Financial liabilities held for trading	9,868,909	21,918,121	52,815,023	22,703,905
Financial liabilities at amortised cost				
Deposits from central banks	0	0	0	0
Deposits from credit institutions	1,130,294,811	0	0	0
Deposits from other - on demand	34,197,992,091	0	0	0
Deposits from other - on term	383,554,609	6,212,739,949	1,820,093,014	834,173
Debt securities issued	910,971,811	146,797,341	4,177,688,635	1,517,066,160
Other financial liabilities	3,280,277	9,840,830	44,070,232	28,486,008
Derivatives used for hedge accounting	79,852,446	283,198,116	785,193,074	1,324,288,184
Total financial liabilities	**36,715,814,953**	**6,674,494,356**	**6,879,859,977**	**2,893,378,429**

Financial liabilities held for trading consist of the derivatives (caps) entered into for economic interest rate risk hedging, but for which no formal hedge accounting could be applied.

For 'derivatives for hedging purposes' the interest flows can be found in the interest rate swaps for the categories in question. This interest is calculated using the fixed and variable rates as of 31 December 2023 for the respective fixed and variable parts of the interest rate swaps concerned.

For this table, demand deposits, special deposits and regulated savings deposits have been classified in the < 3 months bracket. The increase in deposits from others - with a fixed term and a maturity date within 12 months and less, is the result of the production of EUR 7.85 billion in term investments. This was largely a shift from current and savings accounts. The debt securities issued - bonds follow the contractual maturity dates, the SP EMTN of EUR 500 million maturing on 6 February 2024 and the GA 2017 bond arriving at its call date on 17 March 2024.

The other financial liabilities relate to lease debts.

Maturity analysis Insurance Pool

The Insurance Pool does not use derivatives. The maturity analysis of the liabilities is shown by category in the table below.

31/12/2022 restated	< 12 months	1-5 years	> 5 years
Financial liabilities related to unit-linked insurance contracts (branch 23)	164,009,952	617,450,035	1,973,232,184
Financial liabilities measured at amortised cost			
Deposits from credit institutions	0	0	0
Deposits from other - on demand	0	0	0
Deposits from other - on term	0	0	12,093,820
Other financial liabilities	346,363	10,024	0
Assets under reinsurance and insurance contracts			
Insurance	0	0	0
Reinsurance	22,968,326	188,461	-1,950,524
Liabilities under reinsurance and insurance contracts			
Insurance	206,972,408	316,970,547	2,022,620,919
Reinsurance	14,133,693	927,896	-1,109,505
Total	**408,430,741**	**935,546,963**	**4,004,886,894**

31/12/2023	< 12 months	1-5 years	> 5 years
Financial liabilities related to unit-linked insurance contracts (branch 23)	180,502,391	788,175,112	2,027,112,970
Financial liabilities measured at amortised cost			
Deposits from credit institutions	0	0	0
Deposits from other - on demand	19,795	0	0
Deposits from other - on term	0	0	12,515,442
Other financial liabilities	26,797	14,568	50,998
Assets under reinsurance and insurance contracts			
Insurance	0	0	0
Reinsurance	33,391,275	-1,105,552	-5,026,419
Liabilities under reinsurance and insurance contracts			
Insurance	199,986,303	399,169,040	2,084,187,054
Reinsurance	15,637,315	0	0
Total	**429,563,876**	**1,186,253,169**	**4,118,840,045**

Financial liabilities related to unit-linked insurance contracts (branch 23) relate to investment contracts. The outstanding reserves are classified according to the remaining contractual term.

5.3. Credit risk

Exposure

Credit risk is the risk of an adverse change in the financial situation, as a direct or indirect result of a decline in the creditworthiness of issuers (or guarantors) of securities, of counterparties and of debtors.

For the Company, there are essentially three segments of importance for credit risk: (i) the retail market and in particular the retail mortgage lending market (in both Belgium and the Netherlands), (ii) the investment portfolio together with the portfolio of loans to local and regional authorities and (selectively) to corporates, and (iii) reinsurers. Credit risk management is therefore focused on these three segments.

Risk management

In the retail segment, the Company's target group consists of natural persons having their usual place of residence in Belgium (for the Belgian loan portfolio) or the Netherlands (for the Dutch loan portfolio) and wishing to take out loans for mainly non-professional purposes (the maximum share for the use for professional purposes is 49% of the area). The loan must always be taken out by a natural person.

Argenta only provides loans and advances mainly for professional purposes to its own branch managers.

In addition to the home loans, in Belgium instalment loans (consumer loans) are also offered.

The most important elements of risk management for the retail segment are: the limits and escalation framework from the overarching retail credit risk policy, the Belgian acceptance and authorisation framework and the Dutch mortgage acceptance policy for the granting of the loans and advances with for example the limits set for assessing the creditworthiness of the customers and the default policy. The portfolios are also monitored for credit risk indicators such as default (pd, pit pd, delinquency, default, lgd), concentrations within LTV (loan to value) & DSTI (debt-service-to-income)/LTI (loan-to-income), EPC scores, A-IRB models for mortgage portfolios and targeted analyses.

Since 2022 the emphasis has been placed on implementing the EBA guidelines for the initiation and monitoring of loans, including the proactive detection and monitoring of elevated credit risk in the home loan portfolios (via EWIs), valuing property serving as collateral (physical and desktop valuations), integrating climate risk (more specifically transition risk, but gradually physical risk too) into the risk management framework and for the Netherlands mitigating Interest Only loans.

These different initiatives are monitored by the value stream concerned and supported through the operation of the GRC Financial Risk Committee and the Delivery Committee, with reporting to the Executive Committee and to the Risk Committee of the Board of Directors.

The non-retail investment framework focuses on strong counterparty quality, with a focus on significant diversification into national governments, financial institutions, corporates, indirect real estate, structured products such as RMBS, Covered bonds, and into securities of or loans to local authorities and public-private partnerships (PPS).

The application and practical implementation of the investment policy is also supported by the Investment Consultation (IO), in which representatives of the Executive Committee (in the case of escalation), Treasury and Investment Management (TIM), Treasury & Investment Services (TIS), Legal and the Credit Risk Analysis (CRA) department in the first line, and Risk in the second line, are represented.

The internal investment framework establishes which positions and which ratings may be considered for investment, and in which amounts. The ratings of all interest-bearing securities are then systematically monitored.

There is continuous monitoring of the banking, corporate, PPS and property counterparties, and also the local and regional authorities, by CRA department credit analysis. In addition to an assessment of historical performance, this analysis includes the impact of future market developments, sensitivity analyses and climate risk (more specifically transition risk). This produces an internal rating that reflects the correct creditworthiness, an assessment also being provided of future developments by means of an internal rating outlook. All this forms a crucial part of the credit risk process and the correct analysis of the general creditworthiness of the different portfolios. Special attention is given to flashing lights that may indicate a potential change in creditworthiness, from which any action may result.

CRA gives an explanation at the monthly Rating Committee (RO), which reports to Alco. This meeting ratifies proposed internal ratings or decides on the assignment of internal ratings, following a well-defined governance framework and with two separate decision levels. The internal ratings are relevant in the acceptance framework and are also used for monitoring. The full investment portfolio also undergoes a thorough analysis as a whole on a quarterly basis. This analysis and the individual counterparty analyses form the basis of the regular reporting to, and discussion in, Alco via the first-line report of which credit risk is part, the Executive Committee and the Risk Committee of the Board of Directors.

To manage the reinsurer credit risk, the Company uses the services of a reinsurance broker to place the reinsurance contracts in the market. The contract concluded with reinsurance broker stipulates that all reinsurers are required to maintain a minimum A minus rating. The concentration risk is limited by placing the coverage with multiple re-insurance companies. Further information about reinsurance is included in the notes regarding the insurance risk.

Internal models for credit risk

The capital requirements at Aspa for home loans in Belgium and the Netherlands are determined via A-IRB models and via F-IRB models for the corporate, banking and property counterparties within the investment portfolio. As a result of the implementation of the new definition of default in 2020, the development of these models continued in the course of 2021. The non-retail models, the application file for which was submitted in 2021, were approved in 2022. Approval for the BE retail models, the application file for which was submitted in 2021, was obtained in the course of 2023. This led to an increase in the risk-weighted assets by EUR 445 million. The inspection process for the NL home loan portfolios, the application file for which was submitted in 2022, was concluded and a draft decision was received at the end of 2023. Approval for the NL retail models was obtained in early 2024. This will lead ceteris paribus to an estimated fall in the risk-weighted assets by EUR 1.8 billion.

Maximum credit risk

The total credit risk exposure of the Bank Pool consists of the carrying value of financial assets on the balance sheet (the major part of the asset side of the balance sheet), the calculated exposure to financial derivatives, and specific off-balance-sheet items (including securities purchases in progress, credit commitments and financial guarantees) as specified in the (Basel) equity regulations. The table below shows the outstanding credit risk of the Bank Pool as reported in the prudential COREP tables. For the off-balance sheet exposures, this is the maximum exposure (for the application of the conversion factors, the so-called 'credit conversion factor' or 'CCF' in the Basel regulations). The Pillar 3 Disclosures give further information and interpretation of this total exposure.

	31/12/2022	31/12/2023
Total on-balance sheet	52,962,136,466	53,509,172,171
Total off-balance sheet	3,288,195,106	2,879,439,587
Total derivatives	313,062,937	378,412,720
Total exposure to credit risk	**56,563,394,509**	**56,767,024,478**

The maximum exposure to credit risk in the Insurance Pool consists largely of on-balance sheet positions and amounts to EUR 6,219,036,300 as of 31 December 2023, compared with EUR 5,843,679,847 as of 31 December 2022. More specifically the credit risk in relation to reinsurance contracts on 31 December 2023 is EUR 27.3 million. There is currently no credit risk for insurance contracts. To manage the reinsurer credit risk, the Company uses the services of a reinsurance broker to place the reinsurance contracts in the market. The contract concluded with reinsurance broker stipulates that all reinsurers are required to maintain a minimum A minus rating.

Collateral and other forms of credit improvement

For the home loans in accordance with the acceptance frameworks collateral, i.e. mortgage registrations in the Netherlands and mortgage registrations and/or powers of attorney in Belgium, is established on the homes. These homes are valued on the initiation and during the term of the loan according to the valuation rules contained in the overarching policy for the valuation of collateral, with the guiding principles with which Argenta is required to comply. The guiding principles are based on the Capital Requirements Regulation (CRR), the EBA and ECB guidelines, and the EBA guidance with regard to loan origination and monitoring. Action plans have been drawn up to make improvements in the property valuation processes, including the recording of energy performance certificates and energy labels as part of the collection and reporting of information on the energy efficiency of real estate exposures.

Valuations are made at the time of application for the loan by an expert, supplemented by a desktop and/or other estimate in accordance with the rules defined in the acceptance frameworks for Belgium and the Netherlands. Individual valuations can also be made at the start of a foreclosure procedure. Counterparties with large exposures (above EUR 3,000,000) are monitored annually to determine whether a recent expert estimate has been made on the underlying guarantees and also for loans in default where the exposure is greater than EUR 300,000. Applications are made for these expert valuations and their result processed by (Curative) Management.

In addition, the values of the collateral in the portfolio are regularly indexed to ensure that there is always a current value on file. This indexation is carried out annually within the Belgian portfolio , and on a quarterly basis within the Dutch portfolio, on all the properties accepted as collateral for an active mortgage loan (these are properties with a mortgage registration or power of attorney whose end date has not been reached). The indexation is based on the latest voluntary and forced sale value after works estimated by the expert or, in the absence of any physical estimate value, the first voluntary and forced sale value after works at the start of the credit. These values are indexed on the basis of a statistical methodology.

Thanks to this guarantee, the forced sale of the home to obtain repayment of the loan can follow if necessary in the event of default and following judicial intervention.

In addition to the mortgage registration, a portion of the Dutch home loans are guaranteed by insurance policies pledged to Argenta and the National Mortgage Guarantee (NHG) to which recourse can be made in the event of default.

In the case of non-retail securities and loans, collateral or credit protection exists to a limited extent. This only takes the form of guarantees from local, regional or central governments or from the companies affiliated with the counterparty. In the case of guarantees with counterparties, these guarantees are incorporated into the expected credit losses by using the guarantor's rating as final rating of the security or credit in the calculation.

The collateral given does not give rise to the recording of an asset on the Company's balance sheet.

During 2023, no significant negative changes took place in the quality of the collateral present. However, a cooling of the housing market in Belgium and the Netherlands has been observed in terms of transaction volumes and to a lesser degree also in the area of house prices.

Concentration of credit risk

Concentration risk is the risk associated with having a large concentration of loans to or securities of an individual counterparty or a group of related counterparties (counterparty concentration) or as a result of an uneven distribution across markets, sectors or countries/regions (sector concentration). The latter occurs when significant risk positions are taken on counterparties whose probability of default and/or loss in case of default are driven by common underlying factors.

The table below shows, for the retail portfolio, the percentage distribution of the different types of loans and advances within the 'loans and advances' heading.

	31/12/2022		31/12/2023	
	Carrying amount	%	Carrying amount	%
Advances and overdrafts	3,928,875	0.01%	3,059,280	0.01%
Consumer loans	385,141,837	0.98%	427,815,655	1.05%
Mortgage loans Belgium	18,111,302,635	46.07%	18,470,210,535	45.42%
Mortgage loans Netherlands	20,643,400,573	52.51%	21,586,098,892	53.09%
Term loans	169,317,802	0.43%	174,731,922	0.43%
Total	**39,313,091,722**	**100.00%**	**40,661,916,285**	**100.00%**

Possible concentration risks resulting from the presence in only two mortgage markets (Belgium and the Netherlands) are tempered by the granular nature of these portfolios consisting of a very large number of files each individually carrying a very limited credit risk, by the diversification in the age and repayment of the credit, the demographic spread and the regional spread within Belgium and the Netherlands.

The Company's non-retail portfolio consists of investments in fixed-income securities and lending to local and regional authorities and public-private partnerships.

	31/12/2022		31/12/2023	
	Carrying amount	%	Carrying amount	%
Financial assets at fair value through other comprehensive income	**4,490,249,922**	**100%**	**4,759,229,924**	**100%**
Debt securities				
General Governments	1,003,931,764	22.36%	1,329,172,870	27.93%
Credit Institutions	1,047,469,617	23.33%	1,044,923,620	21.96%
Other Financial corporations	700,738,264	15.61%	799,095,085	16.79%
Non Financial corporations	1,738,110,278	38.71%	1,586,038,348	33.33%

	31/12/2022		31/12/2023	
	Carrying amount	%	Carrying amount	%
Financial assets at amortised cost	**8,644,919,669**	**100%**	**8,468,840,022**	**100%**
Debt securities				
General Governments	1,952,758,630	22.59%	1,545,430,547	18.25%
Credit Institutions	1,878,322,745	21.73%	2,260,521,405	26.69%
Other Financial corporations	901,494,331	10.43%	737,674,336	8.71%
Non Financial corporations	2,561,911,227	29.63%	2,574,527,279	30.40%
Term loans	1,307,414,155	15.12%	1,310,244,727	15.47%
Leasing	43,018,581	0.50%	40,441,728	0.48%
Non-trading financial assets mandatorily at fair value through profit or loss	**97,337,817**	**100%**	**106,229,924**	**100%**
Debt securities				
General Governments	0	0.00%	0	0.00%
Credit Institutions	24,073,373	24.73%	24,660,250	23.21%
Other Financial corporations	21,611,600	22.20%	21,384,204	20.13%
Non Financial corporations	51,652,845	53.07%	60,185,470	56.66%

The table below provides a geographical breakdown of the non-retail portfolio. It documents a large exposure to Belgium (Company head office location).

	31/12/2022	31/12/2023		31/12/2022	31/12/2023
Australia	0.04%	0.04%	Luxembourg	4.34%	5.15%
Belgium	27.91%	27.40%	Mexico	0.35%	0.29%
Canada	1.02%	0.30%	The Netherlands	15.60%	16.34%
Denmark	0.96%	1.39%	Austria	2.96%	3.49%
Germany	6.66%	6.90%	Poland	0.98%	1.08%
Finland	2.73%	2.76%	Romania	0.31%	0.31%
France	15.15%	14.93%	Slovenia	1.10%	0.59%
Hungary	0.35%	0.34%	Slovakia	1.07%	0.92%
Ireland	2.51%	2.27%	Spain	5.67%	5.30%
Iceland	1.39%	1.41%	Czech-Republic	0.46%	0.41%
Indonesia	0.31%	0.31%	United Kingdom	0.73%	0.54%
Italia	0.30%	0.10%	United States of America	1.07%	1.10%
Latvia	0.52%	0.35%	Sweden	3.13%	3.42%
Lithuania	0.66%	0.66%	Other	1.72%	1.90%
			Total	**100.00%**	**100.00%**

The Company applies concentration limits per counterparty expressed as % of CET1 regulatory core capital. The size of the limit is a function of the creditworthiness of the issue and of the type of counterparty. The diversification and internal ratings of all fixed-income securities are systematically reported and monitored, at individual and at portfolio level.

Expected credit losses (ECL) (stage 1 and stage 2)

Inputs, assumptions and techniques

Impairments on the financial instruments in the retail portfolio are determined on the basis of a scenario-weighted model in which the ratings are based on current and past information, while the scenarios themselves make forecasts for the future. The ECL are calculated as the sum of the weighted credit losses under three macroeconomic scenarios. Credit 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.

The ECLs are calculated for the relevant period from the reporting date, being 1 year (stage 1) or the entire remaining life of the contract (stage 2).

- The probability of the borrower defaulting ('Probability of Default' - PD) is determined by a PD model (the Company has separate PD models for Belgian and Dutch mortgages, as the characteristics differ between the two mortgage markets) that takes into account the individual characteristics of the instrument (internal rating category, historical performance), based on a 'through-the-cycle' (TTC) component (average macroeconomic conditions) and a 'point-in-time' (PIT) component (forward-looking macroeconomic conditions).
- 'Exposure at Default' (EAD) is calculated on the reporting date and over the life of the instrument and includes both on- and off-balance sheet exposures. The on-balance sheet exposure consists of the sum of the outstanding capital plus any arrears. The projection of the on-balance sheet exposures over the remaining term takes into account the contractual repayments. Off-balance sheet exposures (being the credit pipeline, unused credit lines and building deposits) are included based on the modelled expected conversion and take-down. The EAD for the Dutch portfolio is corrected for the likelihood of partial prepayment. For Dutch mortgages there is an additional assessment for loans with a non-annuity repayment component. For Belgian and Dutch mortgages an additional assessment was made with regard to inflation risk for loans with high DTI/LTI and weak energy labels;
- 'Loss Given Default' (LGD) is a measure of the expected loss on a loan if this counterparty fails. This factors in the likelihood of the customer being to resume his payment obligations over time ('Cure rate'), the expected recovery and realisation value of the collateral involved and the costs related to default or curing. In addition to this, a risk of maturity was assessed for Dutch mortgages with an interest-only component, being where the capital is only repaid at maturity;
- A credit's survival chances are defined as the probability that a credit at the start of a specified period:
  (i) is not fully repaid or
  (ii) is not in default or disappears from the portfolio after default;
- Effective interest is the return on the loan on an annual basis, taking into account all direct costs. Owing to the limited impact of direct costs on the effective interest rate, the contractual interest rate is used as an approximation.
- In view of the uncertainty, management overlays are applied (haircut pledge values, loss given loss - LGL factor), with, specifically for the Belgian portfolio, capping of the cure rate). Further information about the effect of the management overlays can be found in chapter 42 impairments.

Currently, development of the IFRS9 models to align them with the new IRB models continues. We expect a limited impact on the results of approximately EUR 2.5 million

Impairments on the non-retail portfolio are determined by mapping the current value of the cash flows that would be lost if a debtor defaulted at the effective interest rate of the instrument. To this is applied the probability of the debtor defaulting over a certain period.

- Cash flows from a financial instrument are determined based on the prospectus (or equivalent document) of the asset. The Company does not estimate the likelihood of early redemptions and projects cash flows to maturity or the instrument's first call date where applicable;
- The effective interest rate is determined, on initial recognition, at instrument level, as the annual interest rate over the life of the asset, taking into account coupon payments and any difference between the fair value of the instrument when recorded on the balance sheet and its national value;

- The PD is determined on the basis of external 'Standard & Poors' (S&P) information. This is because, to date, no defaults have occurred in Argenta's 'non-retail' portfolio and no in-house data are therefore available. Various adjustments are made to the external data to determine an average long-term migration matrix. After this the long-term PDs from the matrix are converted into expected PIT PDs. A migration matrix sets out the probabilities of the current ratings to migrate at one year to all the other ratings or unchanged rating, including the probability of default;
- The LGD percentages are based on the standard approach Basel percentages (Covered: 11.25%; senior unsecured: 45%; subordinated: 75%).

Incorporation of forward-looking (FL) information

For the retail portfolios, macroeconomic FL information is included both in the ECL calculations and in determining the PIT LT PD (Point-in-time Lifetime Probability of Default). For the ECL and PIT LT PD, three different scenarios (soft landing, hard landing and external shock) are calculated based on macroeconomic expectations, with the scenarios used (including the weighting of each scenario) being the same as those used for the internal budgeting process. The soft landing scenario is based on the macroeconomic projections the central banks (ECB, NBB and DNB) announced in December 2023. In this scenario the economy experiences a soft landing with, according to the ECB, growth being expected to pick up from the beginning of 2024 because real disposable income rises, supported by falling inflation, robust pay growth and resilient employment. With 40% this scenario has the greatest weighting. The external shock scenario and the hard landing scenario are alternative scenarios drawn up internally that each have a weight of 30%, a milder and deeper recession respectively being foreseen in 2024.

The relevant macroeconomic expectations relate to the expected evolution of the unemployment rate (for PD) and the house price index (for LGD). Statistically it is established that the PD parameter is affected at portfolio level by the degree of unemployment. The loss given default is mainly affected by house prices. This is also shown by statistical research. The ECL and PIT LT PD is an average of the three scenarios weighted with their weights.

The inclusion of FL information in the non-retail portfolio is achieved by modelling the historical rating migration matrices and their relationship to macroeconomic factors. These relationships are then used to determine FL rating migration matrices in which the Point In Time (PIT) PDs are present. The economic indicators taken into account are the change in real GDP growth, the change in unemployment level and the change in headline inflation in the eurozone. In calculating the PIT PDs, the same different scenarios are taken into account per system factor per year and with a weighting per scenario. The scenarios and their weightings are determined internally based on the Company's business plan. The final FL PIT PDs are reviewed at least semi-annually and are approved by Alco. The scenarios and their weightings are established every least six months (for Q2 and Q4) and are approved by Alco.

Further information about the weightings used for the scenarios and the FL information is included in Note 40: Impairment losses.

Significant increase in credit risk and low risk exception

Within the retail portfolio, the Company identifies any significant increase in credit risk since initial recognition of the instrument through a quantitative analysis and/or based on qualitative indications. A number of safety net indicators have also been built in which automatically lead to an instrument's migrating to stage 2. The 'staging' models have been adjusted to the specificity of the Company's various retail portfolios.

The quantitative analysis is based on the evolution of the 'lifetime' PD using the so-called 'confidence interval' method. As per the reporting date the remaining 'lifetime' PD (PD_{LT}) is compared with the upper limit of remaining 'lifetime' PD (PD_{bg}) taking into account the characteristics of the instrument as they were present at the time of initial recording of the instrument. The 'staging' model can be summarised as follows:

- Stage 1 – 12-month ECL: $PD_{LT} \leq PD_{bg}$;
- Stage 2 – Lifetime ECL: $PD_{LT} > PD_{bg}$.

In addition, an SICR (Significant Increase in Credit Risk) trigger is used, which states that if the annualised 'lifetime' PD increases by at least a factor of 3, the instrument enters stage 2 in any event.

The qualitative indications and safety net indicators include a number of criteria that were not included in the PD model. The following qualitative elements, among others, give rise to the recording of an instrument in stage 2:
- Attributing of a forbearance measure to an instrument;
- Unlikeliness to pay (UTP) score on an instrument that did not lead to the recording of the instrument as non-performing;
- Recording of the instrument as non-performing in the past 12 months;
- More than 30 days' arrears on contractual payments (backstop).

Apart from the above automatic criteria, the Company assesses whether for certain sub-portfolios an increased risk is estimated that these loans will not be repaid in full and on time, and should be considered in stage 2. To this end loans were identified that run an increased risk because of high energy costs and prices.

The allocation to stage 2 is also applied in the Dutch mortgage portfolio to bullet loans with a loan-to-income ratio above 5. Since the end of 2020 bullet loans with a Loan-To-Foreclosure Value above 100% acquired before 2020 are also allocated to stage 2.

In this way the Company does not avail of the 'Low credit risk' exemption for retail instruments. This means that on every reporting date an analysis of the increase in credit risk is done for all instruments. The assumption that a significant increase in credit risk has occurred with contractual payments that are more than 30 days in arrears is not refuted.

In the non-retail portfolio, the Company identifies a significant increase in credit risk since initial recognition of the instrument via a negative revision of the creditworthiness of the related counterparty or based on an ad hoc internal analysis.

The 'staging' of non-retail securities and loans is based on internal credit ratings or, where these are not available, on external credit ratings, and can be summarised further as follows:
- Stage 1: contains instruments with investment grade counterparties and counterparties that, at the time of recognition, had a non-investment grade rating without negative revision;
- Stage 2: counterparties with an investment grade or non-investment grade rating on initial recognition that have been negatively revised to non-investment grade or (in the event of initial non-investment rating) one credit score lower. Deviations to this rule are permitted only if there is no significant credit deterioration and with the approval of the Rating Consultation (RO).

In addition to the policies listed above, there are a number of triggers that may require an ad hoc analysis of the counterparty's internal rating:
- When a rating agency negatively revises the creditworthiness of a counterparty;
- Regional crisis;
- Negative news about a counterparty;
- Mergers and acquisitions.

If the ad hoc analysis leads to a negative revision of the internal creditworthiness assessment of the counterparty (to non-investment grade or reduction by a grade for non-investment grade), the instrument migrates from stage 1 to stage 2. Counterparties with neither an internal nor an external rating are assessed at instrument level on the basis of expert knowledge. For the staging, overarching country and or sector risks are also taken into consideration. All counterparties falling into such a category are then placed on a watch list for closer monitoring, and migrate to stage 2 based on a decision of the Rating Committee.

The Company uses the 'Low credit risk' exemption for non-retail instruments, whereby an instrument is assumed to be low credit risk if the creditworthiness is investment grade. This corresponds to a minimum S&P credit rating of 'BBB-'.

Grouping of financial instruments

The Company does not use grouping of instruments based on common credit risk characteristics for modelling parameters for ECL.

Changes in inputs, assumptions and techniques

In 2023 the new model for early repayment of Dutch mortgages was implemented. Independence from the macroeconomic scenario has been added in this case. This has led to a fall in commission of EUR 1.0 million.

There were no other changes in valuation techniques or significant assumptions underlying the models used during the reporting period.

The management overlays on the model parameters were not changed in the course of 2023 because the back tests showed that these overlays are necessary and sufficient to estimate adequately the amount of the expected losses.

Default, non-performing and credit-impaired (stage 3)

A loan receivable is considered to be in default once it is 90 consecutive days in arrears in a material amount (more than EUR 100 and 1% of exposure for retail credit portfolios), or where there are a number of signals, other than arrears, that the borrower will be unable to meet its obligations ('unlikely to pay' or 'UTP'). There are UTP indicators that immediately give rise to UTP default on an individual basis (UTP hard), and there are also UTP indicators that in combination give rise to UTP default, but not on an individual basis (UTP soft).

Interest-only loans in the Dutch portfolio were analysed to see whether the customers can repay their loans on the maturity date without enforcement of the underlying collateral. If enforcement would be necessary, then in accordance with the CRR the loan must be regarded as stage 3. As of 31 December 2023 uncertainty remains about whether or not enforcement will prove necessary for a total outstanding amount of EUR 0.9 billion in loans concluded before 2013. This is because there was no or insufficient information available for these loans that the customers were wealthy enough to repay the outstanding balance without enforcement of the collateral. The risk of underestimating the expected credit loss provision is very limited, having regard to the current forced sale value of the properties, the insurances and the guarantees received from the Dutch government. The average LTV on these contracts is actually only 45.04%. In the table above these loans are recorded in stage 1 and stage 2.

The Company applies equal treatment to default, non-performing and credit-impaired situations. Individual impairments are determined based on defaulted receivables based on the difference between the outstanding receivable and the expected recoveries.

The Company uses one scenario and no discounting in calculating stage 3 impairments. The creation of the impairment takes account of a down scenario in which the value of the collateral falls a minimum of 20% in market value. An annual back test is carried out to see whether this haircut is sufficient and whether the impairments created are sufficient to cover the losses in the event of enforcement of the collateral. When we carry out a sensitivity analysis based on best estimate property values, we see that for both the Dutch and the Belgian mortgage portfolios the current impairments created have been assessed sufficiently high.

The table below gives an overview of the stage 1, 2 and 3 receivables per category of financial instruments and the transfers between phases.

	31/12/2022			31/12/2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial assets at amortised cost	**42,124,413,149**	**5,773,676,584**	**170,083,513**	**44,035,610,820**	**5,102,209,267**	**183,182,431**
Debt securities	7,260,759,465	40,591,013	0	7,044,086,318	90,248,021	0
Loans and advances	34,863,653,684	5,733,085,572	170,083,513	36,991,524,502	5,011,961,246	183,182,431
of which leasing receivables	43,018,581	0	0	40,441,728	0	0
Financial assets at fair value through other comprehensive income	**4,467,828,552**	**22,421,371**	**0**	**4,719,088,262**	**40,141,662**	**0**
Debt securities	4,467,828,552	22,421,371	0	4,719,088,262	40,141,662	0
Equity instruments						
Total financial assets	**46,592,241,700**	**5,796,097,955**	**170,083,513**	**48,754,699,082**	**5,142,350,928**	**183,182,431**
Loan commitments, financial guarantees and other commitments given	**3,022,111,484**	**120,388,857**	**0**	**3,022,111,484**	**120,388,857**	**0**
of which purchased credit-impaired financial assets	0	0	0	0	0	0

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 stage3
Financial assets at amortised cost	**2,771,396,015**	**805,653,431**	**43,242,867**	**43,771,853**	**24,823,786**	**754,850**
Debt securities	35,584,656	0	0	0	0	0
Loans and advances	2,735,811,359	805,653,431	43,242,867	43,771,853	24,823,786	754,850
of which leasing receivables	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income	**0**	**25,606,125**	**0**	**0**	**0**	**0**
Debt securities	0	25,606,125	0	0	0	0
Equity instruments						
Total financial assets	**2,771,396,015**	**831,259,556**	**43,242,867**	**43,771,853**	**24,823,786**	**754,850**
Loan commitments, financial guarantees and other commitments given	**34,138,483**	**3,102,284**	**0**	**0**	**0**	**0**

31/12/2023	Transfers between tage 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 1	To stage 1 from stage 2	To stage 3 from stage 2
Financial assets at amortised cost	**928,027,509**	**1,629,606,493**	**48,399,855**	**26,792,007**	**17,827,430**	**1,020,251**
Debt securities	49,453,803	0	0	0	0	0
Loans and advances	878,573,706	1,629,606,493	48,399,855	26,792,007	17,827,430	1,020,251
of which leasing receivables	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income	**15,281,364**	**0**	**0**	**0**	**0**	**0**
Debt securities	15,281,364	0	0	0	0	0
Equity instruments						
Total financial assets	**943,308,873**	**1,629,606,493**	**48,399,855**	**26,792,007**	**17,827,430**	**1,020,251**
Loan commitments, financial guarantees and other commit-ments given	**12,827,293**	**11,983,512**	**0**	**0**	**0**	**0**

We observed a fall in loans in stage 2. There are fewer loans in both the Belgian and the Dutch mortgage portfolios, so the probability of default over the remaining term of the loan has risen significantly. In addition, UTP indicators in the Belgian mortgage portfolio that are no longer valid have been deactivated.

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

	01/01/2022	Origination and acqui-sition	Derecogni-tion	Changes in credit risk (net)	Changes due to update in the insti-tution's methodo-logy for estimation (net) and in the macro-economic factors	Write-offs	Other	31/12/2022
Stage 1	**-5,569,996**	**-3,480,200**	**1,074,392**	**-4,976,462**	**3**		**-887,203**	**-13,839,466**
Debt securities	-2,797,779	-1,781,377	201,888	-3,959,902	0		0	-8,337,170
Loans and advances	-2,772,217	-1,698,823	872,504	-1,016,559	3		-887,203	-5,502,295
Stage 2	**-6,913,659**	**0**	**2,296,420**	**-11,160,706**	**-136,711**		**-1,802,988**	**-17,717,644**
Debt securities	-304,785	0	131,692	-2,740,706	0		0	-2,913,799
Loans and advances	-6,608,873	0	2,164,728	-8,420,000	-136,711		-1,802,988	-14,803,845
Stage 3	**-24,869,756**	**0**	**2,696,326**	**-7,202,033**	**0**	**4,145,961**	**0**	**-25,229,502**
Debt securities	0	0	0	0	0	0	0	0
Loans and advances	-24,869,756	0	2,696,326	-7,202,033	0	4,145,961	0	-25,229,502

	01/01/2022	Origination and acquisition	Derecognition	Changes in credit risk (net)	Changes due to update in the institution's methodology for estimation (net) and in the macroeconomic factors	Write-offs	Other	31/12/2022
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	-775,670
Stage 2	-46,512	0	101,176	-607,670	-109		-9,413	-562,528
Stage 3	0	0	0	0	0	0	0	0
Total	**-38,323,209**	**-5,446,803**	**7,987,563**	**-23,597,858**	**-136,828**	**4,145,961**	**-2,753,635**	**-58,124,809**

	01/01/2023	Origination and acquisition	Derecognition	Changes in credit risk (net)	Changes due to update in the institution's methodology for estimation (net) and in the macroeconomic factors	Write-offs	Other	31/12/2023
Stage 1	**-13,839,466**	**-2,793,209**	**2,232,720**	**-1,491,376**	**-112,537**		**-87,587**	**-16,091,454**
Debt securities	-8,337,170	-864,589	318,914	-760,615	0		0	-9,643,460
Loans and advances	-5,502,295	-1,928,621	1,913,806	-730,761	-112,537		-87,587	-6,447,994
Stage 2	**-17,717,644**	**0**	**6,873,723**	**-15,522,543**	**221,060**		**-826,388**	**-26,971,791**
Debt securities	-2,913,799	0	261	-11,485,330	0		0	-14,398,868
Loans and advances	-14,803,845	0	6,873,462	-4,037,212	221,060		-826,388	-12,572,923
Stage 3	**-25,229,502**	**0**	**5,415,182**	**-11,196,849**	**0**	**4,446,588**	**0**	**-26,564,580**
Debt securities	0	0	0	0	0	0	0	0
Loans and advances	-25,229,502	0	5,415,182	-11,196,849	0	4,446,588	0	-26,564,581
Provisions on loan commitments, financial guarantees and other commitments given	**-1,338,198**	**-2,000,496**	**2,327,532**	**13,436**	**-24,905**	**0**	**-13,808**	**-1,036,440**

	01/01/2023	Origination and acquisition	Derecog-nition	Changes in credit risk (net)	Changes due to update in the insti-tution's methodo-logy for estimation (net) and in the macro-economic factors	Write-offs	Other	31/12/2023
Stage 1	-775,670	-2,000,496	1,885,313	230,612	-42,315		-511	-703,066
Stage 2	-562,528	0	442,219	-217,176	17,409		-13,298	-333,373
Stage 3	0	0	0	0	0	0	0	0
Total	**-58,124,809**	**-4,793,705**	**16,849,157**	**-28,197,332**	**83,618**	**4,446,588**	**-927,782**	**-70,664,265**

For the receivables in stage 3 amounting to EUR 183,182,431, EUR 26,564,580 of impairments have been recorded as of 31 December 2023 (14.5% coverage ratio). For the phase 3 outstanding receivables, the Company holds collateral (in the form of immovable property) with an estimated value of EUR 155,917,410.

The other movements include the increase in stage 2 and 3 impairments owing to the recognition of off-balance sheet commitments (loan commitments) and changes due to adjustments to methodology, assumptions and techniques.

For the assets recorded at amortised cost, the expected credit losses are deducted from the financial assets. For the financial assets measured at fair value through comprehensive income, the expected credit losses form part of the other components of comprehensive income. The expected credit losses of the off-balance sheet items (committed loans, financial guarantees and other commitments) are recorded as a provision.

Write-off method

A detailed description of the write-off method is included in the valuation rules in the 'Write-offs' section'.

Where, for credits written off according to the above criteria, payments continue to come in, or where the Company still sees possibilities of recovery, such credits will continue to be monitored by the credit specialists of the Curative Lending Management sub-department. In the Netherlands, this task is undertaken by the NL Coordinator Special Management. Proceedings continue as long as the cost-benefit analysis remains positive. Limitation periods are tracked and interrupted where necessary.

Contract modification and Forbearance

Forbearance measures may be authorised by the Company with a debtor who is unable or will soon be unable to meet his financial obligations. These forbearance measures are agreed in direct consultation between the counterparty and the servicer or the NL Coordinator Special Management (for Dutch loans), or the Company's Curative Management (for Belgian loans). The following measures are permitted:

- Cancellation of penalties (specifically for Dutch loans);
- Conversion of repayment form or interest (specifically for Dutch loans);
- Interest rate averaging (specifically for Dutch loans);
- Interest pause (specifically for Dutch loans);
- Maturity extension (for Dutch and Belgian loans);
- Deferral (for Dutch and Belgian loans and advances);
- Payment agreements (for Dutch and Belgian loans);

The awarding of a forbearance measure is a qualitative indicator for identifying a significant increase in credit risk, and automatically leads to migration to stage 2. Migration to stage 1 is possible once the forbearance measure and the 24-month probationary period have ended. If during the current probationary period an arrears of > 30 days occurs, or an additional forbearance measure is granted, then the loan migrates to stage 3. Migration to stage 2 is possible once there are no other active reasons for default and the 12-month probationary period has ended. If there are no arrears, no current procedures or recent registration of a UTP indicator, the file automatically migrates to stage 2 or following a manual assessment by the Curative Management managers.

In general there is no specific criterion for migrating to stage 1. On the reporting date all the staging triggers are gone through and (for the quantitative trigger) compared to the moment of origination. Apart from the stage 2 criterion ('been in default during the last 12 months'), there is no comparison with a previous reporting date. The exercise relating to inactivation of UTP indicators is carried out every six months. In 2023 this exercise was carried out in May 2023 and November 2023.

	31/12/2022	31/12/2023
Gross carrying amount of exposures with forbearance measures	255,708,863	234,462,876
of which performing exposures with forbearance measures	195,344,929	172,135,831
of which non-performing exposures with forbearance measures	60,363,934	62,327,045
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	5,497,548	5,522,437
Collateral and financial guarantees received	229,382,454	206,140,964

5.4. Underwriting risks

Exposure

The underwriting risk includes generally all risks associated with the nature of the underwriting of insurance activities. It is the risk of a negative change in the financial situation, caused by the difference between expected and actual payments.

For property and casualty insurance, the company's results depend mainly on the degree to which actual claims payments correspond to the principles applied in pricing products and in determining the level of the technical provisions. For life insurance, the underwriting risk consists of, among other things, the risk of deviating surrender behaviour, deviating benefits (in the event of death), deviating assessment of the medical risk, deviating estimate of the intention to take out the life insurance (reference to AML risks) and policy costs. In health insurance both types of risk - those specific to life insurance and those specific to casualty insurance - exist together.

The main underwriting risks are mortality risk, risks arising from charges, release risk, premium and reserve risk and catastrophe risk.

The mortality is the risk of loss or of adverse change in the value of insurance liabilities caused by changes in the level, trend or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities. The major part of the mortality risk arises out of underwriting debt balance insurance.

The cost-related risk is the risk of loss or of adverse change in the value of insurance liabilities caused by changes in the level, trend or volatility of the costs of fulfilling insurance or reinsurance contracts. The development and pricing of insurance policies is based, among other things, on assumptions about the cost of acquiring and processing policies and of managing claims. Reasons for increased cost-related risk include having a larger portion of long-term contracts, deviations from the assumptions used and a rise in cost inflation.

The release risk is the risk of loss or of adverse change in the value of insurance liabilities caused by changes in the level or volatility of the percentages of (early) terminations, extensions or surrenders. With an increase in policy costs the insurance company runs the risk that the initial policy handling costs can not be recovered in time and of losing the profits contained in future premiums. A lower number of surrenders of loss-making contracts can pose the same risk.

The premium and reserve risk is the risk of loss or adverse change in the value of insurance liabilities due to volatility in the timing, the frequency and severity of claim events, and in the timing and amount of claim settlements. Premium risk relates to claims arising after reporting date (i.e. during the remaining life of the contract), reserve risk to claims occurring before reporting date.

Catastrophe risk is the risk of loss or of adverse change in the value of insurance liabilities caused by uncertainty about pricing and technical provision assumptions related to extreme or exceptional events. Catastrophe risk relates mainly to natural or man-made disasters. This risk occurs mainly in property and casualty insurance. For life insurance this includes the risk of increased mortality due to a pandemic or to natural or man-made disasters. In life insurance, this risk affects primarily debt balance insurance.

Risk management

The Company applies a clearly defined acceptance policy that is focused on well-defined target groups. In developing new products all identifiable components of the underwriting risk are taken into account for determining the acceptance, pricing and reservation policy.

Policies covering acceptance, remediation, pricing and reserve-setting are determined and adjusted by continuously monitoring the technical results, product profitability and portfolio profile, and evaluating the mortality tables and the adequacy of the technical provisions.

In its reservation policy, a distinction is made between 'frequency files' with smaller claim amounts and heavy claims (above EUR 150,000 for bodily injury and above EUR 200,000 for fire damage). The policy for frequency files is situated upfront, in the annual determination by the IRMS (actuarial) sub-department of the standard opening reserves, based on the historical cost of claims. This is a 'best' estimate (realistic estimate) of the average cost of claims.

The policy with regard to heavy claims requires a tailor-made approach. The Heavy Claims Consultation reports to the VRC (Insurance Risk Committee). These files are mapped by a process of constant evaluation of the interventions by the insurance undertaking, with analysis of the application of the insurance contract, of the conventions and exclusions, the approach taken to the claim, liability, the various liability allocation mechanisms, the deduction of the policyholder's own portion and the addition of costs. The base is a fair estimate of the heavy claims (based on all the above items) plus a risk margin, given the potential sizeable fluctuations. This precision approach, with frequent revisions, is intended to minimise upward and downward fluctuations.

The adequacy of the technical provisions or LAT is tested in accordance with the eponymous policy. These are systematically examined for adequacy of the technical provisions. If the technical provisions are considered inadequate, a decision is made in most cases to assign supplementary provisions and/or adjust the pricing and risk acceptance strategies or to take other initiatives.

The Insurance Pool also uses reinsurance to limit, to mitigate claims volatility and to optimise solvency ratios. The retention levels and limits of the reinsurance treaties are determined based on the Company's acceptance policy and risk appetite and are enshrined in the 'Reinsurance' policy. The VRC continuously monitors these risks and reports on them to the Audit Committee and the Risk Committee of the Board of Directors. Aras has fully reinsured itself for mortality risk in this regard.

Reinsurance is used in:
- Non-life:
  - Fire and Motor Fully Comprehensive: excess of loss per risk and per event;
  - Liability: excess or loss per risk in branches CL (civil liability), CL Motor, Passengers, CL Buildings and CL Private Life;
  - Fire and Motor Fully Comprehensive: annual aggregate excess of loss per event and Top&Top XL layer;
  - TRIP.
- Life: excess sums for individual death risk.

Unlike the Non-Life reinsurance programme, which must be renewed annually, the Life Reinsurance Program is a 3-year treaty, which was renewed at the end of 2019. This reinsurance programme offers mortality coverage. This means that Aras transfers part of the risk premium that Aras charges to customers to the reinsurers. In return, the reinsurer pays the death benefit upon the death of the customer. Just like the previous contract, it was decided - with retention of profit participation - to fully reinsure Aras for Life. The treaty negotiated in 2019 is a 2-year rolling treaty. In June 2022 there was an analysis of the cooperation with the leading reinsurer. In the VRC it was decided to maintain the cooperation.

The table below shows the reinsurance premiums paid:

	31/12/2022	31/12/2023
Property	3,023,287	3,621,431
Motor	1,907,002	2,119,892
General liability	18,796	23,992
Life	15,555,567	17,440,385
Total	**20,504,653**	**23,205,700**

The risk appetite for the underwriting risks of the Insurance Pool is managed in the RAF by the following risk indicators:
- New Business Margin Life and Value New Business Life: Value of Life production for the financial year if 8% ROE target is achieved compared to discounted premiums
- LAT (Liability Adequacy Test) Life, Damage and Health: testing to see whether the technical provisions created are sufficient to meet future expected insurance liabilities;
- Combined Damage Ratio including reinsurance;
- Combined Health Ratio.

In addition to the aforementioned RAF indicators, further operational limits and flashing lights have been defined internally.

Sensitivity analysis

For Life insurance we consider the following scenarios with regard to the three main risks:
- Release: 40% reduction in the number of policies for natural persons;
- Costs: 10% relative increase in costs together with a 1% absolute increase in cost inflation;
- Mortality risk: 15% relative increase in mortality probabilities.

The following table shows the impact of the scenarios on the market value of equity. Equity is valued in accordance with Solvency II principles since the Company manages insurance risks on the basis of Solvency II reporting. It is clear that the market value of equity is the most sensitive to changes in release. This is driven mainly by the debt balance insurance policies and the large portfolio of branch 23 savings and products (Argenta Life Plan). For both portfolios, a decline in the number of policies implies a decrease in future profits (in particular fee income for the branch 23 investment funds). As a result of the high cost assumptions and the lower interest rate curve, future profits in the basic scenario are lower compared to last year. Consequently, fewer future profits will also disappear in the event that 40% of the policies disappear from the portfolio.

The costs scenario generates an increase in the technical provisions, with all products being impacted. The greatest effect occurs in outstanding balance insurances, the branch 21 component of the Argenta Flexx product and the branch 23 component of the Argenta Life Plan product. The impact on the market value of equity increased compared to last year as a result on the one hand of the falling interest rate curve, which leads to an increase in the discounted value of the expected costs, and on the other an increase in the cost assumptions, so that the 10% shock applied becomes greater in absolute value.

Finally, the impact of the mortality scenario on the market value of equity remains relatively limited. Here, the branch 23 savings and investment products portfolio (Argenta Life Plan) forms the largest share in the risk because more future profits are lost in the event of death.

	31/12/2022	31/12/2023
Sensitivity		
Lapse	-159,485,074	-107,069,029
Expenses	-30,710,919	-53,216,209
Mortality	-10,925,576	-11,445,977

For the hospitalisation insurance portfolio life the following scenarios are examined with regard to the three main risks:
- Release: 40% reduction in the number of policies for natural persons;
- Costs: 10% relative increase in administration costs together with an 1% absolute increase in cost inflation;
- Mortality risk: 15% relative increase in mortality probabilities.

For the hospitalisation portfolio too, the release scenario shows the greatest impact on the market value of equity according to Solvency II principles. This is driven by the profitability of the portfolio, as a result of which the release of contracts reduces future profits. The shock for the release scenario is lower than last year because of the run-down of the portfolio.

An increase in administration costs again implies a decrease in future profits. The impact of the shock on the costs however is higher than last year as a result on the one hand of the falling interest rate curve, which leads to an increase in the discounted value of the expected costs, and on the other an increase in the cost assumptions.

The mortality scenario generates a slightly lower impact on the market value of equity in comparison to the other scenarios. The profitability of the portfolio decreases due to an increase in mortality probabilities.

	31/12/2022	31/12/2023
Sensitivity		
Lapse	-30,846,754	-28,691,426
Expenses	-12,897,141	-15,148,655
Mortality	-3,866,159	-3,947,749

For General non-life, we consider the following scenarios with regard to the two main risks:
- Premium and reserve risk: each branch uses the 1 in 200 scenario, calibrated according to the principles of the Solvency II standard model.
- Catastrophe risk: a combination of different catastrophe risks is applied depending on the nature of the non-life insurance, also calibrated according to the principles of the Solvency II standard model. This includes natural disasters (flood, hail, earthquake, storm) and human effects (motor, fire, liability).

The catastrophe risk has a greater impact on the market value of equity according to Solvency II principles than the premium and reserve risk.

With catastrophe risk, the impact of catastrophe claims is greatest on the fire insurance portfolio. The storm, flood and hail scenarios in particular contribute to the impact. Reinsurance plays an important role in all catastrophe scenarios. The increase in the catastrophe risk compared to last year is mainly the result of the legal limit for flooding being raised, in combination with the growth of the portfolio and the indexation of the insured values. The increase is partly offset by the changed reinsurance contract.

The premium and reserve risk fell slightly compared to last year. Underlying this is a slight fall in both components that determine this risk, that is the component relating to the premiums and that relating to the reserves.

	31/12/2022	31/12/2023
Sensitivity		
Premium and reserve	-38,430,966	-37,301,216
Catastrophe	-56,807,383	-70,353,819

5.5. Non-financial risks

Exposure

Non-financial risks are the risk of losses/gains as a result of inadequate or failed internal processes (such as processes not aligned with the legal requirements), human actions (including fraud and employee errors) or systems (such as system failure) or through external events (such as disasters, cyber-criminality or malfunctions of external systems, including those of the Company's suppliers or counterparties).

Because of the growing importance of operational and compliance risks, this definition has been expanded in meaning within Argenta and covers several non-financial risks that have all been itemised in the risk cartography.

Within the risk cartography, which is updated annually, the non-financial risks are defined as compliance risk, IT risk, legal & regulatory risk, business continuity risk, sourcing risk, cyber & information security risk, process risk, human resources risk, brand & sustainability risk, strategic & change risk, data management risk and fraud risk.

All businesses carrying out activities of any kind have to contend with operational risk and/or, as defined above, non-financial risks. This is because the Company's activities depend on its ability to process a very large number of transactions efficiently, accurately and in compliance with its policies and with laws and regulations.

Risk management

The importance of (and the focus on) non-financial risks has increased significantly in recent years with, among other things, increased digitisation, the increased speed of change, and additional laws and regulations. This translates, among other things, into a potential increase in the effective financial losses as a result of these risks, as well as in possible loss of efficiency, an increased potential risk of reputation loss, more complex processes and increased pressure from regulators. A thorough approach to the non-financial risks within the Company is and remains essential therefore.

The organisation for managing non-financial risks is set up so that we can show Group-wide and risk-based from our second line role that the risk appetite is observed, and additionally to 'Creating value' by contributing responsibly to increased security, so that the Company and its customers/staff are more resilient. In this way non-financial risk management contributes to the Company's objective of sustainable growth (history of customer experience, cost and risk management).

The risk management roles and responsibilities are specified in the Integrated Risk Management policy with the structure of the '3 lines of defence' and as regards the non-financial risks were set out in more detail in the risk management policy for non-financial risks.

The group risk management function with a focus on non-financial risks is performed by the Non-Financial Risk Management & Supervisory Office department (NFRM & SO).

The NFRM policy is inspired by the reference framework of ISO 31000, in which "Principles for the Sound Management and Supervision of Operational Risk" (BCBS195 – June 2011) and the "Revisions to the Principles for the Sound Management of Operational Risk" (BCBS515 – 31 March 2021) remain the reference point. Risk management is the responsibility of the whole organisation, with specific roles and responsibilities for the various departments. The Risk Management Function Charter, the Integrated Risk Management policy and the framework of the "3 Lines of Defence" (laid down in the "Governance Memorandum") form the framework for clearly allocating the risk management responsibilities.

The NFRM & SO department includes the independent risk management in the second line for the non-financial risks, except for the compliance risk[1] (= Compliance department). The Advisory team contributes to this by providing a suitable framework for risk management and by giving comfort about the setup and operation of the risk management cycle on the basis of the advisory assignments. The Monitoring & Investigations team gives comfort, through the independent assurance assignments (domain, standard, target and special investigations), about the setup and operation of the risk management cycle by providing a holistic view of the main risks. Together the teams form a risk management partner that joins in the thought process and contributes to the risk culture transversally and Group-wide.

Within the overall risk appetite framework, the non-financial risks are managed in a structured way. The qualitative risk appetite statements (RAS) are translated into quantitative risk profiles (RAF limits, flashing lights and indicators) in order to be able to adequately monitor the non-financial risks at company level.

A clear and well-functioning Risk Appetite Framework (RAF) exists, which is embedded as an active steering tool in the organisation. The RAF is the subject of quarterly reporting at the Risk Committees, with feedback to the Boards.

1 In risk cartography compliance risk is however regarded as one of the non-financial risk types.

The group entities are not only integrated into the specific reporting of the risk profiles in the RAF dashboard, but are also consolidated into global Group reporting. The annual proactive RAF exercise with the Risk Committee ahead of the business plan also incorporates the non-financial risks. In this way the final risk check on the business plan also better covers the financial and non-financial risks.

At least once a year each department formally evaluates its dynamic risk management maturity. The qualitative maturity score is obtained by completing a standardised questionnaire. The questions relate to different components, more specifically the risk management of their own processes/management, business continuity management, the risk management of the outsourced services, data management, the personal data processing register, the incident management & loss data, the demonstrability of compliance with the risk appetite (monitoring control measures, monitoring risk profiles), the organisation of their own risk management, the reporting and analyses of the risk exposure, the monitoring of the risk profiles, the knowledge of market trends and legislation and regulations, and in conclusion also risk awareness.

Argenta, as an integrated bank-insurer, chooses to assess its banking and insurance activities jointly in the area of governance and internal control. To this end it produces a single report, the Internal Control Annual Report. Approval by the Executive Committee of the assessment of the internal control system also serves as the statement by senior management with regard to the effectiveness of the governance system.

The second-line independent audit is carried out, both in the branches, at head office and in the entities by means of four types of survey (Standard surveys, Special surveys, Target and Domain surveys). The main results are fed back via the GRC-NFR (Group Risk Committee - non-financial risks), the recommendations are recorded and followed up via pentana (tooling).

In addition, every year a scenario analysis is done, where Executive Committee members define general business-wide scenarios that can have a major impact on Argenta. These scenarios are used for the calculation of capital under ICAAP and ORSA.

The reporting includes both quantitative reporting (RAF reporting of non-financial risks, branch risk score (KRS), etc.) and qualitative reporting (activities report, internal control annual report, action plan, etc.).

Finally, the Legal Affairs department is tasked with managing the corporate insurance programme, whereby a number of appropriate insurance covers for non-financial risks are concluded with the help of a broker.

The NFR risks ('hot spot risks'), which will therefore be the focus for the following year, are defined annually. The priorities for the non-financial risks in 2023 were in information security & cyber, sourcing, strategic & change and data management risk.

This ensures that the right priorities are given to the right risks, with the aim of improved internal control and strengthening of the internal control environment for the identified risks.

6. Solvency and capital management

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

6.1. Capital management

The Company's capital management is aimed at maintaining a solid solvency position, with a constant search for a good balance between the amount of capital held and the risks run by the Company.

The Company needs to comply with the regulatory capital ratios at all times. It strives here for a healthy balance between, on the one hand, the business objectives with sufficient room to grow and, on the other hand, a healthy capital base which allows it to bear all material risks.

The Company has always pursued a policy of self-financing and wishes to continue to do so. To maintain a level of capital that leaves enough room to grow and to bear all material risks, an optimal composition is striven for of the following instruments:

- CET1 growth with retention of profits;
- Capital increases;
- Hybrid Tier 1 issues;
- Subordinated loans (Tier 2);
- Bail-in instruments.

6.2. Regulatory matters

Introduction

As a mixed financial holding company, the Company falls under the CRR and CRD legislation. The underlying Bank Pool is also subject to these rules, while the underlying Insurance Pool is required to comply with the Solvency legislation. Information on Pillar 1 (minimum capital requirements) and Pillar 2 (SREP process) is given below. The Pillar 3 disclosures of the Bank Pool and the SFCR disclosure of the Insurance Pool are published separately on the Company's website, with part of this information taken from the present financial statements.

The solvency ratio at Company level is calculated according to the Danish compromise method. This is a compromise that - subject to approval by the regulator - can be applied by mixed financial holding companies. Under this method, the value of the insurance participation does not have to be deducted from equity. On the other hand, the participation value of the historic acquisition value of EUR 176 million is included in the calculation of the risk-weighted assets at 370%.

In addition to the solvency ratios, the Company must also disclose its solvency position as a financial conglomerate. This means that the available capital is calculated based on the consolidated position, under the respective CRR / CRD rules for the banking activities and under the Solvency II rules for the insurance activities. The available capital obtained in this way is then compared with the capital requirements expressed in terms of 'risk weighted assets'.

Legal capital requirements

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

- A capital conservation buffer: an additional CET1 requirement of 2.50%;
- A countercyclical capital buffer: gives an additional CET1 requirement calculated as a weighted average of the requirement imposed for each country and the exposure to that country present in the Company, the Belgian supervisor has currently set the percentage at 0%; from 1 April 2024 it is rising to 0.5% and from 1 October 2024 to 1%; the Dutch supervisor has currently set the percentage at 1% and will increase it to 2% on 31 May 2024;
- A buffer for systemically important institutions: the Belgian supervisor 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 CET1 requirement of 0.75%.
- On 1 May 2022 the NBB introduced a systemic risk buffer (SyRB), a macroprudential measure aimed at credit institutions with positions in the Belgian residential property market applying the internal rating approach (IRB). As of 31 December 2023 this requirement was 1.07% at the consolidated Bvg level. This buffer will fall from the introduction of the CCyB for Belgium from 1 April 2024.

In the absence of additional Tier 1 capital and Tier 2 capital, this requirement of 1.50% and 2.00% respectively will be met 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. For 2023 the ECB has imposed a Pillar 2 requirement (P2Requirement) of 1.50% and a Pillar 2 recommendation (P2Guidance).

As part of the Bail-in settlement strategy (Bail-in ensures that the losses and recapitalisation costs of a failing credit institution where possible end up with the shareholders and subordinated and other creditors), from 1 January 2022 the Aspa bank pool has been subject to a binding interim MREL (Minimum Requirement of own funds and Eligible Liabilities for bail-in) target of 19.04% of the Total Risk Exposure Amount (TREA; risk-weighted) and 7.16% of the Leverage Risk Exposure (LRE; non-risk-weighted) (with a subordinate target level of 19.04% of TREA and 6.41% of LRE).

From 1 January 2024 Aspa must meet the requirement of 19.47% of TREA and 7.78% of LRE (by means of fully subordinated liabilities). The targets are driven by a minimum imposed requirement of 8% of Total Liabilities and Own Funds.

Changes to capital requirements

Basel IV (CRR 3) proposes changes to the calculation of credit, market and operational risks. Standardised methods are more risk-sensitive and the use of internal models is limited, and the impact of internal models is less as a result of the introduction of a capital floor (which is the minimum RWA level for banks using internal models).

Uncertainty about the effect of these new rules remains however, as the new rules are not yet final (legislative process is under way). The measures are expected to come into force from 2025 and various important measures will be subject to a transitional period of five years. This means that the full impact of the measures will take more than eight years, which should give the Company the time to prepare and adapt. The main impact is the introduction of the capital floor, as the credit risk is largely calculated using internal models. We only expect a limited impact on initial application on 1 January 2015 under the transitional measures. The capital floor is expected to be guiding from 2028.

The Company seeks to maintain a strong capital position at all times in respect of its total risk exposure.

Internal capital requirements

In the internal process of assessment of capital adequacy (ICAAP - Internal Capital Adequacy Assessment Process for the Bank Pool and ORSA - Own Risk and Solvency Assessment for the Insurance Pool) all material risk factors are modelled. In this way a more complete picture is obtained of the economic capital requirement.

The ICAAP of the Company consists of the combined ICAAP of the Bank Pool and ORSA of the Insurance pool. The ICAAP/ORSA process is intended 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.

The economic capital process consists of the following steps:
- Identification and assessment of the material risks;
- Calculation of the required economic capital;
- Calculation of the available economic capital;
- Calculation of the current and future capital adequacy of the Bank and Insurance Pools;
- Allocation of the capital requirements to the business lines and product groups.

The RAF provides for the monitoring of the capital risk via, inter alia, the following RAF limits (BVg, Aspa and/or Aras):
- CET1 ratio;
- TC ratio (total capital);
- Leverage;
- MREL (Minimum Requirement on own funds & Eligible Liabilities);
- ICAAP 99.90%;
- Solvency II Pillar I;
- ORSA 99.50%

This means that in all circumstances (stress scenarios) the capital requirements of the Company are satisfied with an adequate degree of certainty.

6.3. Solvency (unaudited)

Solvency in the Company

The following table shows the most important capital requirements, calculated according to the applicable rules (and this according to the Danish Compromise method).

		31/12/2022	31/12/2023
Available capital			
1	Tier 1 core capital (CET1)	2,566,787,180	2,860,248,081
2	Tier 1 capital (T1)	2,566,787,180	2,860,248,081
3	Total capital (TC)	2,569,056,921	2,860,248,081
Risk-weighted items			
4	Total risk-weighted items	11,689,433,055	12,765,911,166
Solvency ratio's			
5	Common Equity Tier 1 core capital (%)	21.96%	22.41%
6	Tier 1 capital ratio (%)	21.96%	22.41%
7	Total Capital Ratio (%)	21.98%	22.41%
Additional CET1 buffer requirements			
8	Capital Conservation Buffer requirements (%)	2.50%	2.50%
9	Contracyclical capital buffer requirements (%)	0.03%	0.44%
9a	Systemic risk buffer (%)	0.81%	1.07%
10	O-SII (Other Systemically Important Institution) buffer requirements (%)	0.75%	0.75%
11	Combined buffer requirement (%)	4.10%	4.76%
11a	Overall capital requirements (%)	13.60%	14.27%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.48%	12.91%
FICOD ratio			
12a	FICOD capital ratio	20.95%	21.07%
Leverage ratio			
13	Leverage exposure	54,889,749,566	55,276,005,693
14	Leverage ratio (%) (row 2 / row 13)	4.68%	5.17%
Liquidity Coverage Ratio (LCR)			
15	Total high quality liquid assets	7,443,960,743	6,568,570,823
16	Total net cash outflow	3,999,182,128	3,000,643,625
17	LCR ratio (%)	186.14%	218.91%
Net Stable Funding Ratio (NSFR)			
18	Total available stable funding	47,761,132,504	48,072,411,858
19	Total required stable funding	33,455,632,738	34,150,070,260
20	NSFR ratio (%)	142.76%	140.77%
Minimum Requirement for Own Funds and Eligible Liabilities			
21	Eligible liabilities	2,614,113,552	2,111,145,756

		31/12/2022	31/12/2023
22	Eligible liabilities subordinated to excluded liabilities	2,109,655,250	2,111,145,756
23	Minimum requirement for own funds and eligible liabilities LRE (%)	9.10%	8.66%
24	Minimum requirement for own funds and eligible liabilities subordinated LRE (%)	8.18%	8.66%
25	Minimum requirement for own funds and eligible liabilities TREA (%)	45.20%	39.47%
26	Minimum requirement for own funds and eligible liabilities subordinated TREA (%)	40.62%	39.47%

In addition, the Company as a financial conglomerate must also test its solvency position at consolidated level using the FICOD (Financial Conglomerates Directive) directives.

The Company amply meets the statutory capital requirements.

The change in the Tier 1 core capital is the result of a dividend distribution of EUR 129.2 million, followed by a capital increase of EUR 49.2 million, and the adding of the profit to the reserves. A proposal will be made by the Board of Directors of the Company to the General Meeting of shareholders to declare an additional dividend of EUR 82.8 million. In accordance with the CRR guidelines for expected dividends, an expected dividend of EUR 38.1 million has already been deducted from the Tier 1 core capital.

The Tier 1 ratio has fallen from 21.96% to 22.41% as of the end of 2023. The limited higher ratio is the result of the combination of an increase in the risk-weighted assets which is however relatively lower than the increase in equity (through addition of the profit of the financial year).

Solvency in the Bank Pool

The following table shows the most important capital requirements, calculated according to the applicable rules.

		31/12/2022	31/12/2023
Available capital			
1	Tier 1 core capital (CET1)	2,363,351,864	2,660,761,687
2	Tier 1 capital (T1)	2,363,351,864	2,660,761,687
3	Total capital (TC)	2,365,621,605	2,660,761,687
Risk-weighted items			
4	Total risk-weighted items	11,016,509,625	12,088,889,655
Solvency ratio’s			
5	Common Equity Tier 1 core capital (%)	21.45%	22.01%
6	Tier 1 capital ratio (%)	21.45%	22.01%
7	Total Capital Ratio (%)	21.47%	22.01%
Additional CET1 buffer requirements			
8	Capital Conservation Buffer requirements (%)	2.50%	2.50%
9	Contracyclical capital buffer requirements (%)	0.03%	0.44%
9a	Systemic risk buffer (%)	0.86%	1.14%
10	O-SII (Other Systemically Important Institution) buffer requirements (%)	0.75%	0.75%
11	Combined buffer requirement (%)	4.15%	4.83%
11a	Overall capital requirements (%)	13.65%	14.33%
12	CET1 available after meeting the total SREP own funds requirements (%)	11.97%	12.51%

		31/12/2022	31/12/2023
Leverage ratio			
13	Leverage exposure	54,711,665,245	55,097,591,988
14	Leverage ratio (%) (row 2 / row 13)	4.32%	4.83%
Liquidity Coverage Ratio (LCR)			
15	Total high quality liquid assets	7,443,960,899	6,568,570,823
16	Total net cash outflow	4,002,002,343	3,004,654,956
17	LCR ratio (%)	186.00%	218.61%
Net Stable Funding Ratio (NSFR)			
18	Total available stable funding	47,459,370,282	47,774,598,558
19	Total required stable funding	33,455,632,738	34,150,070,260
20	NSFR ratio (%)	141.86%	139.90%
Minimum Requirement for Own Funds and Eligible Liabilities			
21	Eligible liabilities	2,614,113,552	2,111,145,756
22	Eligible liabilities subordinated to excluded liabilities	2,109,655,250	2,111,145,756
23	Minimum requirement for own funds and eligible liabilities LRE (%)	9.10%	8.66%
24	Minimum requirement for own funds and eligible liabilities subordinated LRE (%)	8.18%	8.66%
25	Minimum requirement for own funds and eligible liabilities TREA (%)	45.20%	39.47%
26	Minimum requirement for own funds and eligible liabilities subordinated TREA (%)	40.62%	39.47%

From 1 January 2022 the Bank Pool is subject to a binding MREL intermediary obligation of 7.16% and of 6.41% subordinated. At the end of 2023 the (subordinated) MREL figure is 8.66%.

The Bank Pool therefore amply meets the statutory capital requirements.

The change in core Tier 1 capital is the result of interim dividend payment in the fourth quarter of 2023 totalling EUR 92.9 million, followed by a capital increase of EUR 76.0 million, and the addition of the profit to the reserves. A proposal will be made by the Company's Board of Directors to the General Meeting of shareholders of the Company that no additional dividend be declared in respect of the 2023 financial year.

The main differences between the solvency ratios of the Bank Pool (Aspa consolidated) and the Company (BVg consolidated) concern the recognition of the additional equity capital at BVg level and the recognition of BVg's risk-weighted assets, comprising mainly the shareholding in Aras (which is weighed at 370%).

Solvency in the Insurance Pool

The following table shows the most important capital requirements, calculated according to the applicable rules.

	31/12/2022	31/12/2023
Total of Balance Sheet SII	6,234,536,288	6,529,515,390
Excess of assets over liabilities	896,482,032	891,894,605
SCR	372,625,371	388,591,156
MCR	145,295,787	150,815,314
Ratio of Eligible own funds to SCR	2.41	2.30
Ratio of Eligible own funds to MCR	6.17	5.91

The Solvency directives require insurance undertakings to maintain a minimum own funds (100% solvency). The eligible own funds can be subsequently used in the calculation of the solvency ratios (SCR and MCR ratio).

The solvency capital ratio requirement (SCR) is the minimum own funds that insurance and reinsurance undertakings are required to hold in order to ensure capital adequacy, applying a scenario with a probability of no more than one year in 200 (value at risk of 99.50% over one year).

The minimal capital ratio (SCR) is the minimum own funds that insurance and reinsurance undertakings are required to hold in order to ensure capital adequacy, applying a scenario with a 15% probability (value at risk of 85% over one year). The MCR must amount to a minimum of 25% and a maximum 45% of the SCR.

The Insurance Pool, with an SII ratio of 230%, therefore amply meets the statutory capital requirements.

7. Remuneration of directors

The composition of the Boards of Directors and the remuneration paid to the directors concerned are given below.

7.1. Composition of the Boards of Directors

The Boards of Directors of BVg, Aspa and Aras are similar in structure and composition. They consist of:
- The members of the Executive Committee of the company concerned (the executive directors);
- A number of independent directors;
- A number of directors representing the shareholders (together with the independent directors referred to below as the ‘non-executive directors’).

The boards of directors are composed in such a way that none of the three distinct groups on them (the directors representing the shareholders, the independent directors, and the directors on the Executive Committee) has a majority. The majority in the board is always formed by non-executive directors.

The number of directors should preferably not exceed fifteen.

Board members must be natural persons. In principle, directors’ mandates are for six years and are renewable.

The following age limits apply to directors:
- Executive directors are legally required to resign on reaching the age of 65;
- Non-executive directors resign automatically on reaching the age of 70;
- Directors reaching the age limit may continue to exercise their mandates until a successor has been appointed.

The Board of Directors may permit exceptions to these rules on a case-by-case basis.

Independent directors are appointed with a view to attracting competencies in the Argenta Group’s core activities, namely banking and insurance. Independent directors need to demonstrate broad experience in at least one of these core fields on the basis of their former or current activity. They need to meet all the requirements stipulated in Article 7:87 §1 of the CCA (Code on Companies and Associations).

The boards of directors of Argenta Bank- en Verzekeringsgroep, Argenta Spaarbank and Argenta Assuranties each have a number of independent directors, with at least one independent director of Argenta Spaarbank not sitting on the board of Argenta Assuranties, and vice versa. The independent directors of Argenta Spaarbank and Argenta Assuranties may be, but are not necessarily, members of the Board of Directors of Argenta Bank- en Verzekeringsgroep.

The governance rules concerning independent directors seek to ensure an appropriate balance in the management of the various companies of the Argenta Group between the representation of the group’s interest and the protection of the interests (of the stakeholders) of the individual companies making up the Group.

The division of tasks between the Boards of Directors and the interaction with the various committees are documented in the Internal Governance Memorandum.
On 31 December 2023 the Board of Directors of Argenta Bank- en Verzekeringsgroep consisted of the following:

- Marc van Heel, chairman of the Board of Directors and member of the Appointments Committee
- Geert Ameloot, executive director and CFO
- Peter Devlies, executive director and CEO
- Marie-Anne Haegeman, non-executive director
- Carlo Henriksen, non-executive, independent director
- Caroline Thijssen, non-executive, independent director, member of the Group Supervisory Committee and the Remuneration Committee
- Baudouin Thomas, non-executive, independent director, chairman of the Remuneration Committee and the Group Supervisory Committee
- Cynthia Van Hulle, non-executive director
- Bart Van Rompuy, non-executive director, member of the Appointments Committee, the Remuneration Committee and the Group Supervisory Committee
- Raf Vanderstichele, non-executive, independent director, Chairman of the Appointments Committee
- Gert Wauters, executive director and CRO

The Board of Directors of Argenta Bank- en Verzekeringsgroep met 13 times in the past financial year.

Separate Appointments, Remuneration and Group Supervisory Committees have been set up within the BVg Board of Directors.

The Appointments Committee advises the Board of Directors on the composition and functioning of the Board of Directors and the Executive Committees of the three main Argenta Group entities. In 2023, the Appointments Committee met six times.

The Remuneration Committee supports the Board of Directors in overseeing the remuneration policy. In 2023, the Remuneration Committee met three times.

In 2020, a Group Supervisory was set up within the Board of Directors of Argenta Bank- en Verzekeringsgroep.

The Group Supervisory Committee is complementary to the Audit Committee and the Risk Committee.The Audit Committee and the Risk Committee handle the full scope of the Group, the Group Supervisory Committee confines itself to elements of possible conflicts of interest.
In view of the focus on conflicts of interest, the Group Supervisory Committee is responsible for the supervision of:

- Dividend allocation amongst the Group entities, including capital adequacy;
- The intragroup transactions (including the credit transfers);
- The intragroup service agreements and their follow-up;
- The possible conflicts of interest regarding the activities of the different Argenta legal entities;

In 2023, the Group Supervisory Committee met twice.

Separate audit and risk committees have been set up within the Boards of Directors of Aspa and Aras. At Aspa both committees are chaired by an independent director not belonging to the Board of Directors of Aras. The (limited) specific activities of BVg are overseen by the Audit Committee and the Risk Committee set up within the Board of Directors of Aspa.

The Audit Committee supports the Board of Directors in fulfilling its duty of oversight of the financial reporting process, the internal control system, the audit process and the process for monitoring compliance with legislation and regulations.

The Audit Committee must include at least one independent director having the requisite individual competence in accounting and/or auditing. The majority of the members of the Audit Committee must be independent directors. On the other hand the Audit Committee members are required to have collective expertise in the area of Bank's activities and in the area of accounting and auditing.

In 2023 the Aspa and the Aras Audit Committee each met 6 times.

The Risk Committee assists the Board of Directors in monitoring the implementation of the risk strategy by the Executive Committee. In accordance with the Governance Memorandum this includes determining the nature, scope, form and frequency of the information on the risks that the Board of Directors wishes to receive.

In 2023 the Aspa and the Aras Risk Committees each met 6 times.

The BVg Executive Committee stipulates the limits within which the various group companies perform their activities and exercise their responsibilities. The Executive Committees of the Argenta Group companies met in principle weekly during the past year. At these meetings various relevant topics were on the agenda, including the development, approval and regular update of the mission, vision and values as these relate to economic, social and environmental issues.

On 31 December 2023 the Executive Committee consists of the chairman, Peter Devlies (CEO – Chief Executive Officer) and two members: Geert Ameloot (CFO – Chief Financial Officer) and Gert Wauters (CRO – Chief Risk Officer).

Policy decisions related to corporate social responsibility (including economic, environmental and social impact) are monitored directly by the CEO in his capacity as CSO (Chief Sustainability Officer).

The mission and the composition of the Executive Committees are defined with a view to the maximum operational integration of the individual companies in the interest of the group.

The 'Suitability of Key Executives' Charter produced for the Argenta Group, including management companies AAM and Arvestar and Argenta Nederland, sets out the governance and structured framework that Argenta Group has set up to ensure the suitability of its key executives.

'Suitability' means that the person in question has the expertise and professional integrity (fit & proper), as specified in the 'Manual on Assessment of Fitness and Propriety' (NBB Circular NBB_2018_25, updated by Notice NBB_2022_34) for Executive Committee members, directors, persons responsible for independent control functions and senior managers of financial institutions.

'Key executives' are directors or statutory auditors, executive committee members, senior managers, and heads of independent control functions (internal audit, risk management, compliance, and actuarial function), in accordance with the above NBB circular.

In addition to assessing the suitability of individual directors based on the stated eligibility criteria, the Board also periodically evaluates its operation, its performance and the performance of individual directors.

An assessment of the working and effectiveness of the Board of Directors took place at the end of 2023. The results of this confirm the professional functioning of the Board of Directors and the presence of the necessary competences and expertise to arrive at a balanced decision-making process. The proposed improvements will be adopted and implemented.

External appointments and personal interests of the directors

Each director is encouraged to organise his personal and professional activities in such a way as to avoid conflicts of interest with the Argenta Group (in line with Article 7:96 CCA)

The Boards of Directors of the Argenta Group companies have in their internal rules of procedure established policies, including organisational and administrative arrangements (including keeping information on the application of the same), and procedures for identifying and forestalling conflicts of interest or, where this is not reasonably possible, managing the conflicts of interest without harming the interests of customers.

The following directors of Argenta Bank- en Verzekeringsgroep nv and have exercised external mandates during the past financial year:

Name and current position within the institution	Name of the company in which an external mandate is exercised	Registered office	Sector of activity	Position
Devlies Peter **Executive director**	European Savings and Retail Banking Group	Belgium	Market and opinion research	Director on the recommendation of Aspa
	Kompanjon VZW	Belgium	Education	Director
Haegeman Marie-Anne **Non-executive director**	Euroclear bank NV	Belgium	Credit institution	Executive Director
Henriksen Carlo **Non-executive director**	Cofena vzw	Belgium	Culture	Director
	Royal Golf Club Ostend	Belgium	Golf	Chairman
Thijssen Caroline **Non-executive director**	CT Impact BV	Belgium	Management company	Director
	VP Capital NV	Belgium	Financial holding company	Director (via CT Impact)
	Etex NV	Belgium	Industrial holding company	Director (via CT Impact)
	Toolbox VZW	Belgium	Other	Director
Thomas Baudouin **Non-executive director**	BTH Consulting BV	Belgium	Management company	Director
	Reimagine CV	Belgium	Digital and AI Consulting	Director (via BTH Consulting)
	Tender Experts BV	Belgium	SAAS software	Director (via BTH Consulting)
van Heel Marc **Chairman of the Board of Directors**	Kerkelijke Instelling Erfgoed Glorieux	The Netherlands	Liefdadigheid	Member of supervisory board
	Calmer Haven BV	The Netherlands	Managementvennootschap	Director
Van Hulle Cynthia **Non-executive director**	Warehouses de Pauw NV	Belgium	Vastgoed	Director
	MIKO NV	Belgium	Voeding	Director
	Argenta Coöperatieve CV	Belgium	Financiële holding	Director
	Rega Instituut VZW	Belgium	Onderzoek	Director
Van Rompuy Bart **Non-executive director**	Investeringsmaatschappij Argenta NV	Belgium	Financiële holding	Director
	Rapportering en coördinatie BV	Belgium	Managementvennootschap	Director
Vanderstichele Raf **Non-executive director**	Korora BV	Belgium	Managementvennootschap	Director

7.2. Remuneration of executive management

The remuneration of the directors is determined by the General Meeting on the basis of the relevant legal regulations and on the proposal of the Board of Directors, having obtained the advice of the Remuneration Committee.

Remuneration of the non-executive directors

The remuneration of the non-executive members of the Boards of Directors of the Argenta Group companies consists solely of fixed remuneration established by the respective general meetings. They do not receive variable remuneration of any kind. This remuneration is the same for all independent directors and directors representing the shareholders.

For each meeting attended when participating in special committees set up within the Board of Directors (the Audit Committee, the Risk Committee, the Group Supervisory Committee, the Appointments Committee and the Remuneration Committee) non-executive directors receive an additional fee laid down by the Board of Directors. This fee is the same for all members of such a committee, The chairman receives a higher fee.

There is no severance pay for non-executive members of the Board of Directors.

The chairman of the various Boards receives a fixed remuneration which differs from that of the other non-executive directors. He receives no additional fees for each meeting attended. Apart from the fixed annual remuneration, the Chairman of the Board also enjoys the benefits of an IPT (Individual Retirement Commitment), a company car, an expense allowance and contributions to the collective hospitalisation costs policy. He receives the same severance pay as the executive directors.

Remuneration of executive directors

The executive directors receive fixed annual remuneration that does not include any elements that could encourage the pursuit of short-term objectives that are inconsistent with the Argenta Group's longer-term objectives.

The fixed annual remuneration complies with the requirements laid down by Annex 2 of the Banking Act on remuneration policy. The remuneration is the same for all members of the Executive Committees, with the exception of the Chairman.

In addition to the fixed annual remuneration, executive directors also benefit from three group policies: pension capital, disability, and hospitalisation insurance.

The composition of, and the division of responsibilities within the Executive Committees of Argenta Group's three core companies are largely integrated.

The reporting below covers the remuneration of the executive directors of the Argenta Group, regardless of the company that actually paid the remuneration.

In 2023, the total direct remuneration of the executive directors of the Argenta Group (Argenta Bank- en Verzekeringsgroep, Argenta Spaarbank and Argenta Assuranties) amounted to EUR 2,937,777.37 (compared to EUR 2,618,400.00 in 2022). This is an increase of 12.20% compared to 2022 (since 1 June 2023 there have been seven instead of six Executive Committee members). The contribution to the supplementary pension and disability group policies for the executive directors was EUR 658,668.41 (compared to EUR 610,318.10 in 2022).

Contractual severance indemnity

In accordance with the recent update of Article 12/1 of Annex 2 of the Banking Act, which came into force from 23 July 2022, when applying the variable remuneration exemptions contained in the Banking Act, the contractual severance indemnity for executive directors has since June 2023 consisted of the combination of a non-competition payment and a payment by analogy with the severance pay for administrative staff where the total of these payments cannot exceed 12 months' gross pay of the executive director concerned.

In 2023 a contractual severance payment in the amount of EUR 575,550.00 was made at Argenta Group level to the outgoing CCO Inge Ampe.

8. Remuneration of the statutory auditor

The fees of the statutory auditor and of entities related to the statutory auditor are monitored at consolidated level by the Audit Committee. Additional auditing activities and advisory assignments are approved in advance by the Audit Committee in accordance with Article 3:64 §5 and 3:65 of the WVV.

The audit of the Company's financial position and of the financial statements has been assigned to the statutory auditor, KPMG Bedrijfsrevisoren, represented by Kenneth Vermeire. A mandate fee, which is explained in the financial statements, is paid for this.

The Company

During the 2023 financial year the statutory auditor and companies having a relationship of professional cooperation with the statutory auditor or belonging to the statutory auditor's network were paid additional fees for additional, non-audit services in a total amount (excluding VAT) of EUR 62,081.

The fees for audit assignments, which include the fees for the auditing of the statutory (unconsolidated) and consolidated financial statements and other reporting assignments, amounted to EUR 34,375 (excluding VAT).

Argenta Group

During the 2023 financial year the statutory auditor and companies having a relationship of professional cooperation with the statutory auditor or belonging to the statutory auditor's network were paid additional fees for additional, non-audit services in a total amount (excluding VAT) of EUR 110,911.

The fees for audit assignments, which include the fees for the auditing of the statutory (unconsolidated) and consolidated financial statements and other reporting assignments, amounted to EUR 888,638 (excluding VAT).

9. Related party transactions

As part of its business, the Company regularly undertakes business transactions with related parties. These transactions relate mainly to loans, deposits and insurance.

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).

Balance sheet 2022 restated	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	0
Financial assets at amortised cost	0	35,430	0	0	11,255,706	545,589
Other assets	2,865,124	0	0	0	0	0
Total assets	**2,865,124**	**35,430**	**0**	**0**	**11,255,706**	**545,589**
Financial liabilities at amortised cost	110,686,947	1,743,829	0	2,138,092	0	13,441,158
Liabilities under reinsurance and insurance contracts	0	595,813	0	0	0	168,846
Other liabilities	632,753	0	0	0	0	27,140
Total liabilities	**111,319,700**	**2,339,643**	**0**	**2,138,092**	**0**	**13,637,143**

Balance sheet 2023	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	0
Financial assets at amortised cost	0	22,352	0	0	11,247,613	854,662
Other assets	2,606,045	0	0	0	0	0
Total assets	**2,606,045**	**22,352**	**0**	**0**	**11,247,613**	**854,662**
Financial liabilities at amortised cost	43,628,280	546,283	0	1,713,984	0	14,385,806
Liabilities under reinsurance and insurance contracts	0	605,252	0	0	0	221,878
Other liabilities	117,394	0	0	0	0	10,112
Total liabilities	**43,745,675**	**1,151,535**	**0**	**1,713,984**	**0**	**14,617,796**

As explained, the majority shareholder of the Company is Investar. The 'parent company(-ies)' column contains the data in respect of Investar.

The 'managers in key positions' column contains the information of the executive and non-executive directors (see note 7). 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' column 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 Vestar).

The financial liabilities at amortised cost towards the parent company consist of the lease obligations for the business buildings, as well as sight and savings balances held by the parent companies with the Company. The balance on current, savings and term accounts held by the parent company fell in 2023. The financial liabilities towards other group companies also consist of current and savings balances held with the Company by Vestar, 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. The associated companies item relates to Epico.

Statement of profit or loss 2022 restated	Parent company	Key management	Subsidiaries	Joint ventures	Associates	Other related parties
Interest expenses	198,013	1,008	0	12,033	0	35,138
Other administrative expenses	1,752,597	0	0	891,559	0	47,914
Total expenses	**1,950,610**	**1,008**	**0**	**903,592**	**0**	**83,053**
Interest income	0	808	0	0	714,113	8,274
Other operating income	115,491	193	0	0	0	1,084
Net result from reinsurance and insurance contracts	0	7,856	0	0	0	45,345
Total income	**115,491**	**8,856**	**0**	**0**	**714,113**	**54,704**

Statement of profit or loss 2023	Parent company	Key management	Subsidiaries	Joint ventures	Associates	Other related parties
Interest expenses	1,390,555	1,359	0	10,963	0	47,354
Other administrative expenses	2,163,677	0	0	1,021,916	0	277,445
Total expenses	**3,554,232**	**1,359**	**0**	**1,032,880**	**0**	**324,800**
Interest income	0	510	0	0	738,032	14,293
Other operating income	121,308	187	0	0	0	1,017
Net result from reinsurance and insurance contracts	0	7,021	0	0	0	86,903
Total income	**121,308**	**7,719**	**0**	**0**	**738,032**	**102,212**

Impairments of EUR 4,330 were reversed in 2023 on balance sheet items involving associated companies.

Note on credit transfers from Aspa to Aras

Since 2013 credit transfers have taken place between Aspa and Aras. For this a general framework agreement and an RACI (Responsible – Accountable – Consulted – Informed) have been established. Based on this RACI the transfers are coordinated and all relevant parties are systematically involved so that transactions take place at arm's length. The credit transfers are compiled on the basis of a random selection from recent new production of (according to Aras's risk appetite) eligible loans. After selection they are immediately transferred.

In this way Aspa grants Dutch loans through the branch which are then taken over definitively by Aras. Loans totalling EUR 5,595,656 were transferred in 2022. In 2023 EUR 55,584,213 in loans were transferred. These loans and attendant settlement of transaction costs are not included in the tables above.

Note on compensation – executive directors

The remuneration of the executive directors has already been described in Note 7.

10 Operating segments and 'country by country' reporting'

Operating segments

An operating segment is a component of the Company that performs business activities that may generate income or expenses, and of which, among other things, the business results or services rendered are assessed separately at regular intervals by management and for which separate financial information is available.

The Company's structure is explained in Note 1 'General Information'. The operating segments follow from the business activities (products and services) and the geographical areas in which the Company operates.

The geographic areas where the Company operates are reflected in the organisational format by the existence of Aspa and Aras in Belgium, each with a branch office in the Netherlands, and a subsidiary, AAM, in Luxembourg. Consequently, the following segments are distinguished:
- Activities in Belgium;
- Activities in the Netherlands;
- Activities in Luxembourg.

The business activities reflect the activities and services offered by the Company. The Company's activities are divided into 2 pillars, the Bank Pool and the Insurance Pool. These are treated as separate operating segments in the internal reporting. The ultimate chief operating decision maker (CODM) is the Executive Committee of the Company.

Information on products and services

The Bank Pool falls fully under the heading of 'retail' banking. The Insurance pool falls under the heading of retail insurance. In the tables below, Bvg's contribution to the statutory balance sheet and results is also included in the Bank Pool.

Retail banking offers financial services to private individuals as well as to self-employed persons and, to a very limited extent, to small and medium-sized companies. In the Benelux, it provides advice on daily banking, saving, lending and investment.

Retail insurance offers insurance services to individuals and, to a very limited extent, self-employed professionals in the Life and Non-Life branches.

Assets	Bankpool	Insurance pool	31/12/2022 restated
Cash and cash equivalents	55,189,178	0	55,189,178
Cash balances at central banks and other demand deposits	3,175,613,841	1,744,069	3,177,357,910
Financial assets held for trading	107,585,916	0	107,585,916
Financial assets related to unit-linked insurance contracts (branch 23)	0	2,754,692,170	2,754,692,170
Non-trading financial assets mandatorily at fair value through profit or loss	33,241,220	64,096,597	97,337,817
Financial assets at fair value through other comprehensive income	3,640,125,358	995,883,319	4,636,008,677
Financial assets at amortised cost	46,030,691,826	1,985,082,233	48,015,774,059
Derivatives used for hedge accounting	2,067,781,000	0	2,067,781,000
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-2,004,019,978	0	-2,004,019,978
Investments in subsidaries, joint ventures and associates	1,827,940	2,660,906	4,488,846
Tangible assets	75,032,416	606,756	75,639,172
Intangible assets	128,489,057	817,438	129,306,496
Tax assets	86,833,173	12,911,669	99,744,842
Assets under insurance contracts	0	0	0
Assets under reinsurance contracts	0	21,206,263	21,206,263
Other assets	259,650,818	3,978,425	263,629,243
Total Assets	**53,658,041,765**	**5,843,679,847**	**59,501,721,612**

Assets	Bankpool	Insurance pool	31/12/2023
Cash and cash equivalents	62,600,333	0	62,600,333
Cash balances at central banks and other demand deposits	2,152,396,828	1,126,335	2,153,523,163
Financial assets held for trading	63,051,701	0	63,051,701
Financial assets related to unit-linked insurance contracts (branch 23)	0	2,995,790,474	2,995,790,474
Non-trading financial assets mandatorily at fair value through profit or loss	33,615,223	72,614,701	106,229,924

Assets	Bankpool	Insurance pool	31/12/2023
Financial assets at fair value through other comprehensive income	3,022,408,802	1,883,788,850	4,906,197,653
Financial assets at amortised cost	48,031,800,405	1,227,435,843	49,259,236,248
Derivatives used for hedge accounting	1,425,057,322	0	1,425,057,322
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-1,245,442,292	0	-1,245,442,292
Investments in subsidaries, joint ventures and associates	1,847,865	2,676,000	4,523,865
Tangible assets	63,698,690	634,453	64,333,143
Intangible assets	121,277,041	262,676	121,539,717
Tax assets	99,811,532	2,146,399	101,957,932
Assets under insurance contracts	0	0	0
Assets under reinsurance contracts	0	27,259,304	27,259,304
Other assets	272,138,250	5,301,265	277,439,515
Total Assets	**54,104,261,701**	**6,219,036,300**	**60,323,298,001**

Liabilities	Bankpool	Insurance pool	31/12/2022 restated
Financial liabilities held for trading	91,549,794	0	91,549,794
Financial liabilities related to unit-linked insurance contracts (branch 23)	0	2,754,692,170	2,754,692,170
Financial liabilities measured at amortised cost	50,069,277,003	9,056,803	50,078,333,805
Derivatives used for hedge accounting	128,467,450	0	128,467,450
Provisions	9,827,561	343,847	10,171,408
Tax liabilities	21,627,263	65,152,990	86,780,253
Liabilities under insurance contracts	0	2,546,563,874	2,546,563,874
Liabilities under reinsurance contracts	0	13,952,083	13,952,083
Other liabilities	213,413,649	81,304,031	294,717,680
Total liabilities	**50,534,162,720**	**5,471,065,798**	**56,005,228,517**

Liabilities	Bankpool	Insurance pool	31/12/2023
Financial liabilities held for trading	52,642,345	0	52,642,345
Financial liabilities related to unit-linked insurance contracts (branch 23)	0	2,995,790,474	2,995,790,474
Financial liabilities measured at amortised cost	50,355,916,885	9,065,285	50,364,982,170
Derivatives used for hedge accounting	242,563,369	0	242,563,369
Provisions	12,151,897	479,318	12,631,215
Tax liabilities	21,383,375	28,374,404	49,757,779
Liabilities under insurance contracts	0	2,683,342,397	2,683,342,397
Liabilities under reinsurance contracts	0	15,637,315	15,637,315
Other liabilities	187,222,733	60,540,147	247,762,880
Total liabilities	**50,871,880,604**	**5,793,229,340**	**56,665,109,944**

Statement of profit or loss	Bankpool	Insurance pool	Conso	31/12/2022 restated
Net interest income	574,916,470	71,756,237	0	646,672,707
Dividend income	453,677	7,455,909	0	7,909,585
Net fee and commission income	51,448,580	31,851,487	-1,975,549	81,324,518
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	422,493	-66,020	0	356,472
Gains or losses on financial assets and liabilities held for trading	13,986,344	0	0	13,986,344
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	-6,535,249	-13,921,295	0	-20,456,544
Gains or losses from hedge accounting	21,757,775	0	0	21,757,775
Gains or losses on derecognition of non-financial assets	283,710	0	0	283,71
Insurance service result	0	45,629,331	-3,107	45,626,223
Reinsurance service result	0	3,072,463	0	3,072,463
(Re)insurance finance result	0	-24,000,608	0	-24,000,608
Net other operating income	58,115,064	-17,456,312	-25,692,116	14,966,635
Administrative expenses	-422,906,191	-15,494,133	27,670,772	-410,729,552
Depreciation	-28,158,472	-674,166	0	-28,832,638
Modification gains or losses	0	0	0	0
Provisions or reversal of provisions	28,984	0	0	28,984
Impairments or reversal of impairments	-19,782,053	-2,625,475	0	-22,407,527
Share in results of associated companies and joint ventures	-313,593	-438,666	0	-752,259
Profit or loss before tax	**243,717,538**	**85,088,751**	**0**	**328,806,289**
Tax expense	-50,237,725	-24,123,442	0	-74,361,167
Profit or loss after tax	**193,479,813**	**60,965,309**	**0**	**254,445,122**

Statement of profit or loss	Bankpool	Insurance pool	Conso	31/12/2023
Net interest income	741,800,354	82,132,214	0	823,932,569
Dividend income	438,841	7,810,638	0	8,249,479
Net fee and commission income	51,338,579	37,418,790	-964,810	87,792,559
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	-863,920	563,302	0	-300,617
Gains or losses on financial assets and liabilities held for trading	-5,626,767	0	0	-5,626,767
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	845,992	4,224,358	0	5,070,350
Gains or losses from hedge accounting	-5,634,523	0	0	-5,634,523
Gains or losses on derecognition of non-financial assets	-363,084	0	0	-363,084
Insurance service result	0	25,286,358	-2,933	25,283,426
Reinsurance service result	0	-1,321,353	0	-1,321,353
(Re)insurance finance result	0	-24,639,413	0	-24,639,413
Net other operating income	67,486,313	-21,349,176	-30,618,149	15,518,988

Statement of profit or loss	Bankpool	Insurance pool	Conso	31/12/2023
Administrative expenses	-473,315,543	-14,746,908	31,585,892	-456,476,560
Depreciation	-24,521,781	-594,790	0	-25,116,570
Modification gains or losses	0	0	0	0
Provisions or reversal of provisions	-91,581	0	0	-91,581
Impairments or reversal of impairments	-12,770,379	-3,252,705	0	-16,023,084
Share in results of associated companies and joint ventures	19,925	15,094	0	35,019
Profit or loss before tax	**338,742,427**	**91,546,410**	**0**	**430,288,837**
Tax expense	-97,488,199	-22,771,515	0	-120,259,714
Profit or loss after tax	**241,254,228**	**68,774,896**	**0**	**310,029,123**

Information on geographic regions

The operating segmentation based on geographic regions reflects the Company's focus on the Benelux countries. The geographical segmentation given below is specifically based on the location of the services provided, and provides an indication of the breakdown by geographical region.

Assets	Belgium	The Netherlands	Luxembourg	31/12/2022 restated
Cash and cash equivalents	55,189,178	0	0	55,189,178
Cash balances at central banks and other demand deposits	2,897,705,401	276,909,763	2,742,746	3,177,357,910
Financial assets held for trading	15,899,102	91,686,815	0	107,585,916
Financial assets related to unit-linked insurance contracts (branch 23)	2,754,692,170	0	0	2,754,692,170
Non-trading financial assets mandatorily at fair value through profit or loss	97,337,817	0	0	97,337,817
Financial assets at fair value through other comprehensive income	4,636,008,677	0	0	4,636,008,677
Financial assets at amortised cost	27,371,269,937	20,643,400,573	1,103,549	48,015,774,059
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 subsidaries, joint ventures and associates	4,488,846	0	0	4,488,846
Tangible assets	74,471,334	1,167,299	539	75,639,172
Intangible assets	129,292,399	0	14,097	129,306,496
Tax assets	58,984,720	40,760,122	0	99,744,842
Assets under insurance contracts	0	0	0	0
Assets under reinsurance contracts	21,206,263	0	0	21,206,263
Other assets	132,042,970	119,695,763	11,890,511	263,629,243
Total Assets	**38,315,851,272**	**21,170,118,899**	**15,751,440**	**59,501,721,612**

Assets	Belgium	The Netherlands	Luxembourg	31/12/2023
Cash and cash equivalents	62,600,333	0	0	62,600,333
Cash balances at central banks and other demand deposits	1,930,414,828	220,331,011	2,777,324	2,153,523,163
Financial assets held for trading	10,261,279	52,790,422	0	63,051,701
Financial assets related to unit-linked insurance contracts (branch 23)	2,995,790,474	0	0	2,995,790,474
Non-trading financial assets mandatorily at fair value through profit or loss	106,229,924	0	0	106,229,924
Financial assets at fair value through other comprehensive income	4,906,197,653	0	0	4,906,197,653
Financial assets at amortised cost	27,671,081,234	21,586,098,892	2,056,122	49,259,236,248
Derivatives used for hedge accounting	1,419,969,542	5,087,780	0	1,425,057,322
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-1,238,299,395	-7,142,897	0	-1,245,442,292
Investments in subsidaries, joint ventures and associates	4,523,865	0	0	4,523,865
Tangible assets	63,384,291	948,852	0	64,333,143
Intangible assets	121,526,920	0	12,797	121,539,717
Tax assets	39,814,640	62,143,292	0	101,957,932
Assets under insurance contracts	0	0	0	0
Assets under reinsurance contracts	27,259,304	0	0	27,259,304
Other assets	135,488,402	128,140,700	13,810,413	277,439,515
Total Assets	**38,256,243,295**	**22,048,398,051**	**18,656,655**	**60,323,298,001**

Liabilities	Belgium	The Netherlands	Luxembourg	31/12/2022 restated
Financial liabilities held for trading	0	91,549,794	0	91,549,794
Financial liabilities related to unit-linked insurance contracts (branch 23)	2,754,692,170	0	0	2,754,692,170
Financial liabilities measured at amortised cost	45,044,944,066	5,033,389,740	0	50,078,333,805
Derivatives used for hedge accounting	124,026,690	4,440,760	0	128,467,450
Provisions	8,496,166	1,675,242	0	10,171,408
Tax liabilities	66,436,037	18,572,039	1,772,177	86,780,253
Liabilities under insurance contracts	2,546,563,874	0	0	2,546,563,874
Liabilities under reinsurance contracts	13,952,083	0	0	13,952,083
Other liabilities	253,437,571	40,794,124	485,984	294,717,680
Total liabilities	**50,812,548,657**	**5,190,421,699**	**2,258,161**	**56,005,228,517**

Liabilities	Belgium	The Netherlands	Luxembourg	31/12/2023
Financial liabilities held for trading	0	52,642,345	0	52,642,345
Financial liabilities related to unit-linked insurance contracts (branch 23)	2,995,790,474	0	0	2,995,790,474
Financial liabilities measured at amortised cost	45,450,533,123	4,914,449,047	0	50,364,982,170
Derivatives used for hedge accounting	242,563,369	0	0	242,563,369
Provisions	11,228,371	1,402,843	0	12,631,215
Tax liabilities	29,725,530	17,193,955	2,838,294	49,757,779
Liabilities under insurance contracts	2,683,342,397	0	0	2,683,342,397
Liabilities under reinsurance contracts	15,637,315	0	0	15,637,315
Other liabilities	217,327,623	29,649,272	785,986	247,762,880
Total liabilities	**51,646,148,203**	**5,015,337,461**	**3,624,280**	**56,665,109,944**

Statement of profit or loss	Belgium	The Netherlands	Luxembourg	Conso	31/12/2022 restated
Net interest income	359,542,198	287,139,152	-8,644	0	646,672,707
Dividend income	7,909,585	0	0	0	7,909,585
Net fee and commission income	14,760,044	2,963,489	65,576,535	-1,975,549	81,324,518
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	359,524	-3,051	0	0	356,472
Gains or losses on financial assets and liabilities held for trading	13,877,289	109,055	0	0	13,986,344
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	-20,456,544	0	0	0	-20,456,544
Gains or losses from hedge accounting	21,766,601	-8,826	0	0	21,757,775
Gains or losses on derecognition of non-financial assets	283,710	0	0	0	283,71
Insurance service result	45,629,331	0	0	-3,107	45,626,223
Reinsurance service result	3,072,463	0	0	0	3,072,463
(Re)insurance finance result	-24,000,608	0	0	0	-24,000,608
Net other operating income	125,424,553	-84,647,173	-118,628	-25,692,116	14,966,635
Administrative expenses	-381,856,496	-51,526,473	-5,017,355	27,670,772	-410,729,552
Depreciation	-28,463,481	-367,109	-2,048	0	-28,832,638
Modification gains or losses	0	0	0	0	0
Provisions or reversal of provisions	404,321	-375,336	0	0	28,984
Impairments or reversal of impairments	-16,630,765	-5,776,762	0	0	-22,407,527
Share in results of associated companies and joint ventures	-752,259	0	0	0	-752,259

Statement of profit or loss	Belgium	The Netherlands	Luxembourg	Conso	31/12/2022 restated
Profit or loss before tax	**120,869,463**	**147,506,966**	**60,429,860**	**0**	**328,806,289**
Tax expense	-20,550,158	-39,028,628	-14,782,381	0	-74,361,167
Profit or loss after tax	**100,319,306**	**108,478,338**	**45,647,479**	**0**	**254,445,123**

Statement of profit or loss	Belgium	The Netherlands	Luxembourg	Conso	31/12/2023
Net interest income	584,079,372	239,790,821	62,375	0	823,932,569
Dividend income	8,249,479	0	0	0	8,249,479
Net fee and commission income	16,065,538	2,247,589	70,444,242	-964,810	87,792,559
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	546,720	-847,338	0	0	-300,617
Gains or losses on financial assets and liabilities held for trading	-5,637,823	11,056	0	0	-5,626,767
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	5,070,350	0	0	0	5,070,350
Gains or losses from hedge accounting	-5,615,140	-19,383	0	0	-5,634,523
Gains or losses on derecognition of non-financial assets	-363,084	0	0	0	-363,084
Insurance service result	25,286,358	0	0	-2,933	25,283,426
Reinsurance service result	-1,321,353	0	0	0	-1,321,353
(Re)insurance finance result	-24,639,413	0	0	0	-24,639,413
Net other operating income	124,349,875	-78,113,638	-99,100	-30,618,149	15,518,988
Administrative expenses	-434,055,251	-48,689,111	-5,318,090	31,585,892	-456,476,560
Depreciation	-24,738,015	-376,717	-1,839	0	-25,116,570
Modification gains or losses	0	0	0	0	0
Provisions or reversal of provisions	-240,349	148,768	0	0	-91,581
Impairments or reversal of impairments	-17,281,202	1,258,118	0	0	-16,023,084
Share in results of associated companies and joint ventures	35,019	0	0	0	35,019
Profit or loss before tax	**249,791,084**	**115,410,165**	**65,087,588**	**0**	**430,288,837**
Tax expense	-72,969,825	-31,058,232	-16,231,657	0	-120,259,714
Profit or loss after tax	**176,821,259**	**84,351,933**	**48,855,931**	**0**	**310,029,123**

The main transaction between the operating segments consists of:
- The distribution of profits between the Company's head office (located in Belgium) and the branch office (in the Netherlands). More information is included below.
- The retrocession of a portion of the management fees of portfolio management activities performed in Luxembourg to Aspa and Aras as consideration for the distribution of these investment products.

The result in the Netherlands is realised by the Company's branch office, whereby the Company's head office finances the branch office and exercises a number of activities (mainly of a general strategy and risk management nature) for the branch office. The Company applies an allocation mechanism (for which a ruling application has been submitted pending approval by the tax authorities) for the determination of the allocation of the results to the branch. This mechanism consists of:
- An interest payment for the financing provided, whereby a part of the total interest expenses of the head office is allocated (on the basis of the financing provided) to the branch (fungibility approach). This payment is recorded under 'Net interest income'.
- A fee for the responsibilities performed by the Company's head office for the value chain and key entrepreneurial risk-taking functions. This fee is recorded under 'Net other operating expenses'.

On 31 December 2019, the previous ruling agreement expired and a new application was submitted for a period of 5 years. The mechanism as in the submitted application, which had not yet been approved at the date of this report, has been applied in preparing the balance sheet and results as of 31 December 2023.

The increase in the net interest result in Belgium is mainly the result of the positive development of the interest income in the liquid assets, loans and investment portfolios, derivatives and the funding provided to the branch, offset in part by the extra financing costs due to the increased interest rate. The decrease of the net interest income in the Netherlands is the result of the decrease in the reinvestment fees received and the increased interest costs on the securitisation issues (Euribor 3 months) and the interest cost on the funding provided by head office.

The net other operating income includes, as explained above, the fee charged between head office and branch for the non-interest component of the profit allocation and recoveries of administrative costs (file costs) from customers and of rental costs and IT infrastructure cost from agents. The fee charged between head office and branch for the non-interest component of the profit allocation decreased in 2023 as a result of the decrease in the result of the branch.

Key customer information

Where the income from transactions with a single external customer accounts for at least 10% of the Company's income, this must be disclosed.

Under the various policies the Company currently applies to limit the concentration of credit risk (and implicitly the concentration of income), this 10% would never be reached.

Country-by-country reporting

Under Article 420 of the Act of 25 April 2014 on the status and supervision of credit institutions (the so-called 'Banking Act') and pursuant to Article 89 of the Capital Requirements Directive IV of the European Union, the Company is required to disclose the information specified below on a consolidated basis, broken down by EU Member State or third country in which it is established (through a branch and/or subsidiary.

Countries	Activities	31/12/2022 restated						
		Revenue	Profit before tax	Current taxes	Deferred taxes	Total corporate tax	Received subsidies	Average number employees (FTE)
EU country		**791,499,281**	**328,806,289**	**-71,883,188**	**-2,477,979**	**-74,361,167**	**0**	**1,026**
Belgium	Bank and insurance	520,497,372	120,869,464	-23,791,179	3,241,021	-20,550,158	0	938
The Netherlands	Bank	205,552,646	147,506,966	-33,309,628	-5,719,000	-39,028,628	0	77
Luxembourg	Other financial services	65,449,263	60,429,860	-14,782,381	0	-14,782,381	0	11
Third country		**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total		**791,499,281**	**328,806,289**	**-71,883,188**	**-2,477,979**	**-74,361,167**	**0**	**1,026**

Countries	Activities	31/12/2023						
		Revenue	Profit before tax	Current taxes	Deferred taxes	Total corporate tax	Received subsidies	Average number employees (FTE)
EU country		**927,961,613**	**430,288,837**	**-102,868,831**	**-16,548,691**	**-120,259,714**	**0**	**1,104**
Belgium	Bank and insurance	694,484,989	249,791,084	-54,347,339	-17,780,294	-72,969,825	0	1,020
The Netherlands	Bank	163,069,107	115,410,165	-32,289,835	1,231,603	-31,058,232	0	71
Luxembourg	Other financial services	70,407,517	65,087,588	-16,231,657	0	-16,231,657	0	13
Third country		**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total		**927,961,613**	**430,288,837**	**-102,868,831**	**-16,548,691**	**-120,259,714**	**0**	**1,104**

Notes to the consolidated balance sheet

11. Cash and balances with central banks and other demand deposits

Cash and balances with central banks and other demand deposits includes all cash and current account balances with central and other banks.

	31/12/2022	31/12/2023
Cash	55,189,178	62,600,333
Cash balances with central banks	2,915,275,991	1,950,858,245
Cash balances with other financial institutions	262,081,918	202,664,918
Total	**3,232,547,088**	**2,216,123,495**

As of 31 December 2023, there were EUR 1,950,858,245 in the current accounts at the central bank. A part of this amount consists of the monetary reserves that every financial institution is required to hold with the central bank, but the major part relates to the deposit account at the ECB, in particular EUR 1,511,125,125 at the Belgian National Bank and EUR 23,841,130 at the Dutch Central Bank.

12. Financial assets and liabilities held for trading

The financial assets and liabilities held for trading are composed as follows:

			31/12/2022			31/12/2023
Financial assets	**Count**	**Notional**	**Carrying amount**	**Count**	**Notional**	**Carrying amount**
Interest rate options - caps	7	1,250,000,000	15,899,102	3	650,000,000	10,261,279
Securitisation transactions - caps	4	3,011,796,945	91,686,815	4	2,857,860,129	52,790,422
Total			**107,585,916**			**63,051,701**

			31/12/2022			31/12/2023
Financial liabilities	**Count**	**Notional**	**Carrying amount**	**Count**	**Notional**	**Carrying amount**
Interest rate options - caps	0	0	0	0	0	0
Securitisation transactions - caps	4	3,011,796,945	91,549,794	4	2,857,860,129	52,642,345
Total			**91,549,794**			**52,642,345**

Not listed (OTC) - interest-rate options - caps

Financial assets held for trading include the interest rate options (caps) as they have a positive fair value. Financial liabilities include interest rate options (caps) with a negative fair value.

These interest rate options, purchased over-the-counter (OTC) from other financial institutions, are entered into in the framework of economic hedges within the ALM policy, but were not documented for the application of hedge accounting.

The options serve as protection against the interest rate risk. They are commitments by the seller to pay the buyer an interest rate difference in exchange for a premium paid by the buyer.

During the past two years no additional caps have been concluded in the context of the Company's interest rate risk management.

Not listed (OTC) - swaps (securitisation transactions)

Under this heading are the caps concluded in the context of a securitisation transaction and that are not accounted for according to hedge accounting principles.

In 2017, 2018, 2019 and 2021, new securitisation transactions were carried out, with two caps for each transaction.

The limited difference between the market value of the caps on the asset side and the liability side of the balance sheet is recognised in the statement of profit or loss.

13. Assets and liabilities related to unit-linked insurance contracts (branch 23)

Financial assets and liabilities relating to unit-linked insurance contracts relate to investments in transactions connected to an investment fund of the 'Life' group activities, where the investment risk is not borne by the undertaking (so-called branch 23 investments).

	31/12/2022	31/12/2023
Assets related to unit linked contracts (branch 23)	2,754,692,170	2,995,790,474
Liabilities related to unit linked contracts (branch 23)	2,754,692,170	2,995,790,474

The table below gives an indication of the composition of the underlying assets of the branch 23 products.

	31/12/2022	31/12/2023
Investment funds	2,699,201,111	2,981,775,873
Cash and cash equivalents	55,491,059	14,014,601
Composition of the assets	**2,754,692,170**	**2,995,790,474**

The assets and liabilities for branch 23 unit-linked insurance contracts rose by 8.8% as a result of the positive stock market development and net production.

14. Non-trading financial assets mandatorily measured at fair value through profit or loss

In the context the classification and measurement of financial instruments, the 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.

Also given below are the equity instruments for which Company has not applied the option to measure these at fair value through other comprehensive income.

As of 31 December 2023, there was EUR 106,229,924 under this classification.

	31/12/2022	31/12/2023
Total portfolio	**97,337,817**	**106,229,924**
Breakdown by instrument type		
Equity instruments	53,102,252	61,344,261
Debt securities	44,235,565	44,885,663
Loans and advances	0	0
Breakdown by interest rate type		
Variable	26,334,447	26,511,850
Fixed	17,901,119	18,373,813
Undefined	53,102,252	61,344,261
Geographical breakdown		
Belgium	32,666,312	31,436,575
European Monetary Union	64,671,505	74,793,349
Rest of the world	0	0
Breakdown by residual term or maturity date		
Untill 1 year	0	0
1 to 5 year	0	0
More than 5 year	44,235,565	44,885,663
Undefined	53,102,252	61,344,261
Breakdown according to counterparty		
General Governments	0	0
Credit Institutions	24,073,373	24,660,250
Other Financial corporations	21,611,600	21,384,204
Non Financial corporations	51,652,845	60,185,470
Effective interest rate at 31/12	**2.78%**	**2.70%**

15. Financial assets measured at fair value through other comprehensive income

Instruments recorded at fair value through other comprehensive income amounted to EUR 4,906,197,653 (market value) as of 31 December 2023.

	31/12/2022	31/12/2023
Total portfolio	**4,636,008,677**	**4,906,197,653**
of which hedged via micro-hedges	789,926,262	830,239,518
Breakdown by instrument type		
Equity instruments	145,758,755	146,967,729
Debt securities	4,490,249,922	4,759,229,924
Breakdown by interest rate type		
Variable	987,726,339	787,961,020
Fixed	3,502,523,583	3,971,268,903
Undefined	145,758,755	146,967,729
Geographical breakdown		
Belgium	1,061,499,731	1,119,745,080
European Monetary Union	2,879,319,561	3,094,931,226
Rest of the world	695,189,384	691,521,346
Breakdown by residual term or maturity date		
Up to 1 year	768,234,744	1,028,724,263
1 to 5 year	2,465,590,234	2,284,168,456
More than 5 years	1,256,424,944	1,446,337,205
Undefined	145,758,755	146,967,729
Breakdown according to counterparty		
General Governments	1,003,931,764	1,329,172,870
Credit Institutions	1,047,469,617	1,044,923,620
Other Financial corporations	768,765,792	869,598,218
Non-Financial corporations	1,815,841,505	1,662,502,943
Breakdown by impairment stage (gross carrying amount)		
Debt securities		
Stage 1	4,467,828,552	4,719,088,262
Stage 2	22,421,371	40,141,662
Stage 3	0	0
Breakdown by impairment stage (impairment)		
Debt securities		
Stage 1	-3,094,745	-3,977,136
Stage 2	-1,292,680	-3,863,816
Stage 3	0	0
Effective interest rate at 31/12	**1.53%**	**2.08%**

In the past years, no individual (stage 3) impairments were recorded on this portfolio.

As of 31 December 2022, there were in all EUR 3,094,745 of impairments in stage 1 and EUR 1,292,680 in stage 2. They increased in 2023 to EUR 3,977,136 and EUR 3,863,816 respectively. Further information on the evolution of the impairments is included in Note 42.

The securities involved are all recognised in the balance sheet as financial assets at fair value through other comprehensive income. Note 28 provides further information on the fair values used and in particular on the level hierarchy of the fair values involved.

The Company has opted to measure a part of its portfolio of equity instruments at fair value through other comprehensive income. The underlying positions consist of an infrastructure fund that the Company maintains with a long-term investment perspective (the Company also provides loans to finance the underlying infrastructure projects), equity instruments of companies with which it pursues long-term relationships, and equity instruments used as cover assets in the Insurance Pool, also with a long-term investment perspective.

In 2023, various positions in this portfolio were sold and EUR 6,014,834 in valuation gains transferred from other comprehensive income to the reserves. EUR 6,674,572 of dividends were also received. In 2022, EUR 265,395 in valuation gains were transferred to reserves and EUR 6,644,225 of dividends were received.

As of the end of 2023 securities were encumbered as part of the collateral management of derivative instruments and as surety for the credit cards issuer. The Company also has a credit line with the NBB, for which securities are encumbered as and when this credit line is used. Further information on encumbered assets can be found in Note 44.

The amortised cost and fair value adjustments in other comprehensive income of the portfolios concerned as of 31 December were as follows:

31/12/2022	Amortised cost	Accumulated fair value changes	Accumulated impairments	Fair Value
Debt securities				
General governments	1,072,640,855	-68,028,684	-680,407	1,003,931,764
Credit institutions	1,093,131,887	-45,103,162	-559,109	1,047,469,617
Other Financial corporations	716,668,302	-15,653,235	-193,433	700,821,634
Non-Financial corporations	1,851,630,109	-110,648,724	-2,954,476	1,738,026,908
Equity instruments				
Shares and others	127,478,475	15,914,818		143,393,293
Investment funds and other	999,119	1,366,344		2,365,462
Total	**4,862,548,747**	**-222,152,644**	**-4,387,425**	**4,636,008,677**

31/12/2023	Amortised cost	Accumulated fair value changes	Accumulated impairments	Fair Value
Debt securities				
General governments	1,364,608,155	-34,516,450	-918,834	1,329,172,870
Credit institutions	1,056,371,560	-10,867,880	-580,060	1,044,923,620
Other Financial corporations	816,020,353	-16,292,355	-549,543	799,178,455
Non-Financial corporations	1,657,957,485	-66,209,992	-5,792,515	1,585,954,977
Equity instruments				
Shares and others	126,608,537	18,034,166		144,642,703
Investment funds and other	999,119	1,325,908		2,325,026
Total	**5,022,565,208**	**-108,526,604**	**-7,840,952**	**4,906,197,653**

16. Financial assets measured at amortised cost

A distinction is made between 'loans and advances' and debt securities.

	31/12/2022	31/12/2023
Total portfolio	**48,015,774,059**	**49,259,236,248**
Breakdown by instrument type		
Loans and advances	40,721,287,126	42,141,082,681
Debt securities	7,294,486,933	7,118,153,567
Breakdown by product type		
Loans to credit institutions	1,240,668	2,056,122
Cash collateral	56,522,000	126,423,820
Consumer loans	385,141,837	427,815,655
Mortgage loans	38,754,703,208	40,056,309,428
Term loans	1,476,731,957	1,484,976,649
Advances and overdrafts	3,928,875	3,059,280
Leasing	43,018,581	40,441,728
Debt securities	7,294,486,933	7,118,153,567
Breakdown debt securities by interest rate type		
Variable	345,679,395	308,533,343
Fixed	6,948,807,538	6,809,620,224
Geographical breakdown debt securities		
Belgium	2,262,327,271	2,164,522,879
European Monetary Union	4,185,062,886	4,124,025,357
Rest of the world	847,096,776	829,605,331
Breakdown by residual or maturity date		
Debt securities		
Up to 1 year	1,054,328,777	1,049,048,930
1 to 5 year	4,399,101,019	5,131,555,966
More than 5 years	1,841,057,136	937,548,671
Loans and advances		
Up to 1 year	1,802,501,450	1,935,718,400
1 to 5 year	6,917,032,504	7,208,811,267
More than 5 years	32,001,753,172	32,996,553,015
Breakdown debt securities according to counterparty		
General Governments	1,952,758,630	1,545,430,547
Credit Institutions	1,878,322,745	2,260,521,405
Other Financial corporations	901,494,331	737,674,336
Non-Financial corporations	2,561,911,227	2,574,527,279

	31/12/2022	31/12/2023
Breakdown by impairment stage (gross carrying amount)		
Debt securities		
Stage 1	7,260,759,465	7,044,086,318
Stage 2	40,591,013	90,248,021
Stage 3	0	0
Loans and advances		
Stage 1	34,863,653,684	36,991,524,502
Stage 2	5,733,085,572	5,011,961,246
Stage 3	170,083,513	183,182,431
Breakdown by impairment stage (impairment)		
Debt securities		
Stage 1	-5,242,425	-5,645,719
Stage 2	-1,621,119	-10,535,053
Stage 3	0	0
Loans and advances		
Stage 1	-5,502,295	-6,447,994
Stage 2	-14,803,845	-12,572,923
Stage 3	-25,229,502	-26,564,581

Effective interest rate debt securities at 31/12	**1.80%**	**2.31%**
Effective interest rate loans and advances at 31/12	**1.93%**	**2.20%**

The loans and advances have further increased through the additional lending to the Company's retail customers, both in Belgium and the Netherlands.

For loans and receivables there are, at the end of 2023, EUR 6,447,994 of stage 1 and EUR 12,572,923 of stage 2 impairments. The amount of stage 3 individual impairments had risen to EUR 26,564,581. Further information on the evolution of the impairments is included in Note 42.

The stage 1 and 2 impairments for debt securities rose to EUR 5,645,719 and EUR 10,535,053. There are no individual impairments (stage 3) for this portfolio. The increase in stage 2 is the result of the downgrade of two counterparties in the amount of EUR 8 million.

17. Derivatives used for hedging

This section contains, inter alia, additional information on the balance sheet headings 'derivatives used for hedging' and 'fair value changes of the hedged positions in portfolio hedge of interest rate risk'. The Company uses derivatives and hedge accounting only for hedging interest rate risk.

General explanation

Hedge accounting (accounting treatment of hedging transactions in IFRS) can be used for derivatives that are intended to be used for hedging, subject to certain criteria being met. These criteria for the accounting treatment of a derivative as a hedging instrument include:

- The hedging instrument, the hedged position and the purpose and strategy of the hedging and the party involved must be officially documented before hedge accounting is applied.
- The hedge must be documented, substantiating that it is expected to be highly effective (within a range of 80% to 125% of the 'dollar offset ratio') in offsetting changes in the fair value (or cash flows) related to the hedged risk during the entire reporting period;
- The hedge is effective from the start and is continuously assessed.

The global dollar offset ratio ('DOR') is calculated as the change in value of the hedging instrument versus the change in value of the hedged position compared to the previous reporting period (on a quarterly basis). For the value of the hedged position, the value of the fixed leg of the underlying hedging derivatives is taken as proxy (discounted on a swap curve with 3 month tenor). The value of the hedging derivative is the 'clean price' (fair value without interest accrued but not yet payable) (discounted on the OIS curve). It can happen that the DOR of an individual swap falls outside the 80%-125% interval in the presence of the phenomenon of small value fluctuations. In accordance with general hedge accounting documentation, this is an acceptable reason for the deviating DORs.

There is also a monthly prospective test to check that the hedge accounting space (capital and interest) for the hedged portfolio (in expiry with account being taken of expected maturities instead of contractual maturities) is higher than the space taken by the existing hedges. Within the monitoring of the prospective test, a buffer is used with regard to capital that is large enough to take care of the possibility of all the swaptions concluded gaining intrinsic value.

Note on macro hedges

The Company continues to apply IAS 39, which has been endorsed by the EU, because it reflects best the way in which the Company manages its activities. The option to continue applying this was provided for in the new IFRS 9 standard.

Hedge relationships are intended to limit the interest rate risk ensuing from the selected category of assets (or liabilities) which fall within the definition of qualifying hedged positions.

The Company performs an overall analysis of the interest rate risk and selects assets (and/or liabilities) that need to be included in the hedging of the interest rate risk of the portfolio. At the outset it defines the risk position to be hedged, the duration, the way in which the tests are conducted and the frequency thereof.
The Company has opted to hedge a portfolio of loans with a fixed interest rate, and selects within that portfolio the hedged positions as a function of the interest rate risk management strategy. The assessment of the effectiveness consists of checking whether the object of the hedge, i.e. limiting the interest rate risk, has been achieved.

With *hedge accounting*, the changes in the fair value of the fixed rate legs of these swaps are offset by opposite changes in the fair value of the hedged positions. The fluctuations in the fair value of the floating rate components of the swaps have a net impact on the results.

What we have here is a fair value hedge, whereby the hedged risk consists of the benchmark (Euribor), which is the interest rate component of the fixed-rate loans. The gains or losses on the hedged positions as a result of the hedged risk, and the gains or losses on the hedging instruments are recognised in the statement of profit or loss.

The changes in fair value of the hedged positions (in this case a hedged portfolio of mortgage loans) can be found under the heading 'fair value changes of the hedged items in portfolio hedge of interest rate risk' and amount to EUR -1,245,442,292 as of 31 December 2023. What we have here are macro *fair value hedges* of the interest rate risk on a hedged mortgage portfolio.

Macro hedge - fair value hedge	Count	Notional	31/12/2022	Count	Notional	31/12/2023
Change in fair value hedged positions			-2,004,019,978			-1,245,442,292
Derivatives with negative fair value (clean price)	4	600,000,000	-4,414,929	28	3,700,000,000	-163,508,044
Derivatives with positive fair value (clean price)	109	13,200,000,000	2,016,114,601	107	15,700,000,000	1,375,539,202

In the above table the clean price is included in order to provide a link between the swaps involved in the hedge accounting and the change in the fair value of the hedged positions. The 'clean price' is used to calculate the hedge effectiveness, while the carrying value in the balance sheet of the derivatives concerned in the balance sheet includes accrued but not yet payable interest ('dirty price').

Swaptions have also been concluded in the context of the macro coverage of the interest rate risk. Hedge accounting can be applied to the intrinsic value of the swaptions involved. The time value of these instruments ends up in the profit and loss based on the market value evolution of these instruments. As long as the option for entering into the swap has not been exercised, a one-sided interest rate risk is hedged.

As at 31 December 2023 the Company had concluded 8 swaptions for a nominal amount of 1,150 million. As at 31 December 2023, these had an intrinsic value of EUR 152.6 million, so a change in fair value of the hedged positions of EUR 150.6 million was recorded. The time value is not included in the market value (clean price) in the table above as it is not part of the hedging relationship.

Note on micro hedges

The Bank Pool also concludes swaps to hedge the interest rate risk on individual instruments (so-called *micro-hedges*).

Swaps have been entered into to hedge purchased securities that are included under 'Financial assets at fair value through other comprehensive income'. The changes in the fair value of the fixed rate legs of these swaps are offset by opposite changes in the fair value of the hedged positions.

Part of the change in fair value of the 'Financial assets at fair value through other comprehensive income' is not recorded on a separate line in equity, but is recognised in the statement of profit or loss in the context of *hedge accounting*. As of 31 December 2023, this involved an amount of EUR -39,913,175.

From 2022 own securities issued were also hedged under 'Financial liabilities measured at amortised cost'.

Micro hedge - fair value hedge	Count	Notional	31/12/2022	Count	Notional	31/12/2023
Change in fair value hedged positions, assets			-70,488,629			-39,913,175
Derivatives with negative fair value (clean price)	0	0	0	0	0	0
Derivatives with positive fair value (clean price)	11	836,373,888	70,676,406	11	836,373,888	39,978,996
Change in fair value hedged positions, liabilities			122,105,231			59,006,487
Derivatives with negative fair value (clean price)	4	2,000,000,000	-122,093,421	4	2,000,000,000	-59,003,078
Derivatives with positive fair value (clean price)	0	0	0	0	0	0

In the above table the clean price is included in order to provide a link between the swaps involved in the hedge accounting and the change in the fair value of the hedged positions.

Note on total derivatives used for hedging

As of 31 December 2023, all swaps are processed as *fair value hedges*. The table below shows the derivative instruments as recognised in the balance sheet, giving additionally the total market value recognised under the applicable IFRS hedge accounting rules.

Fair value (dirty price) derivates used for hedge accounting		31/12/2022		31/12/2023
Derivatives used for hedge accounting (assets)		2,067,781,000		1,425,057,322
Fair value macro hedges	2,001,258,832		1,387,686,946	
Fair value micro hedges	66,522,168		37,370,376	
Derivatives used for hedge accounting (liabilities)		128,467,450		242,563,370
Fair value macro hedges	9,040,543		179,855,154	
Fair value micro hedges	119,426,907		62,708,216	

Further information can be found in Notes 3 and 36.

The table below gives an overview of the maturity dates of the derivative positions.

31/12/2022	Notional	1 year	1-5 year	5-10 year	10-15 year	> 15 year
Macro hedge - fair value hedge	13,800,000,000	1,150,000,000	4,800,000,000	1,600,000,000	3,700,000,000	2,550,000,000
Micro hedge - fair value hedge	2,836,373,888	0	2,523,549,500	312,824,388	0	0

31/12/2023	Notional	1 year	1-5 year	5-10 year	10-15 year	> 15 year
Macro hedge - fair value hedge	19,400,000,000	3,800,000,000	4,900,000,000	3,850,000,000	4,250,000,000	2,600,000,000
Micro hedge - fair value hedge	2,836,373,888	753,797,500	1,814,815,000	267,761,388	0	0

18. Investments in associates and joint ventures

Investments in associates and joint ventures relates to participating interests in European Projects Investment Company (EPICo) and Jofico.

The investments in EPICo, a Benelux infrastructure fund, concern a participating interest of 27.46%.

The investments in Jofico consist of a participating interest of 20.00%. This is a joint venture between Aspa, Axa Bank, Crelan, VDK Bank and Bpost that jointly manages all these institutions' ATMs.

	31/12/2022	31/12/2023
Investments in joint ventures	46,878	56,700
Investments in associates	4,441,968	4,467,165
of which not individual material	4,488,846	4,523,865
Total	**4,488,846**	**4,523,865**

The Company has revalued its participations in EPICo and Jofico as of 31 December 2023, recognising a profit of EUR 35,019 for Epico in the statement of profit or loss.

	31/12/2022	31/12/2023
Share of investments in associates that are not individually material	4,488,846	4,523,865
Profit before taxes	-752,259	35,019
Net profit	-752,259	35,019
Other components total result	0	0
Total impact in profit or loss	**-752,259**	**35,019**

19. Tangible assets

The tangible assets are recorded using the cost model and break down as of 31 December into:

	31/12/2022	31/12/2023
Property, plant and equipment	74,773,462	63,482,377
Investment properties	865,710	850,767
Total	**75,639,172**	**64,333,143**
Fair value of investment properties	**865,710**	**850,767**

The "buildings, land and equipment" item contains the head office. This is leased from Investar, with an asset (right of use) created that is amortised over the term of the contract.

The investment properties portfolio consists mainly of properties purchased in the context of the mortgage lending foreclosure policy. In addition, on an exceptional basis the Company co-invests in premises used as office buildings by self-employed branch managers. These are also accounted for under investment properties.

	Land and buildings	IT	IT (leasing)	Other material	Other material (leasing)	Total	Investment property
Acquisition value at 1 January 2022	**58,259,611**	**22,822,902**	**6,170,362**	**22,507,136**	**7,136,785**	**116,896,796**	**1,001,169**
Leasing additions and disposals	32,694	0	-11,618	0	-303,608	-282,532	0
Acquisitions	0	7,876,257	0	799,691	0	8,675,948	0
Disposals	0	-3,392,264	0	-946,703	0	-4,338,967	-74,674
Transfer	0	0	0	0	0	0	0
Other changes	0	-5,052,491	0	0	0	-5,052,491	0
Acquisition value at 31 December 2022	**58,292,305**	**22,254,404**	**6,158,744**	**22,360,125**	**6,833,177**	**115,898,755**	**926,495**
Accumulated depreciation and impairment losses at 1 January 2022	**-6,384,725**	**-15,117,249**	**-2,093,640**	**-6,495,186**	**-4,167,233**	**-34,258,033**	**-56,964**
Leasing additions and disposals	488,719	0	0	0	1,548,593	2,037,312	0

	Land and buildings	IT	IT (leasing)	Other material	Other material (leasing)	Total	Investment property
Acquisitions	0	0	0	0	0	0	0
Disposals	0	3,355,138	0	673,158	0	4,028,296	7,149
Depreciation	-4,595,035	-3,176,319	-1,324,093	-1,940,145	-1,899,286	-12,934,878	-10,969
Transfer	0	0	0	0	0	0	0
Other changes	0	-1,267	0	3,278	0	2,011	0
Accumulated depreciation and impairment losses at 31 December 2022	**-10,491,041**	**-14,939,697**	**-3,417,733**	**-7,758,895**	**-4,517,926**	**-41,125,292**	**-60,784**
Carrying amount at 31 December 2022	**47,801,264**	**7,314,707**	**2,741,011**	**14,601,229**	**2,315,251**	**74,773,462**	**865,710**

	Land and buildings	IT	IT (leasing)	Other material	Other material (leasing)	Total	Investment property
Acquisition value at 1 January 2023	**58,292,305**	**22,254,404**	**6,158,744**	**22,360,125**	**6,833,177**	**115,898,755**	**926,495**
Leasing additions and disposals	-2,769,568	0	-15,592	0	-404,061	-3,189,220	0
Acquisitions	0	3,162,570	0	666,141	0	3,828,711	0
Disposals	0	-4,696,469	0	-920,006	0	-5,616,475	-6,547
Transfer	0	0	0	0	0	0	0
Other changes	0	3,408	0	54,94	0	58,348	0
Acquisition value at 31 December 2023	**55,522,737**	**20,723,913**	**6,143,152**	**22,161,199**	**6,429,116**	**110,980,118**	**919,948**
Accumulated depreciation and impairment losses at 1 January 2023	**-10,491,041**	**-14,939,697**	**-3,417,733**	**-7,758,895**	**-4,517,926**	**-41,125,292**	**-60,784**
Leasing additions and disposals	320,570	0	33,833	0	1,292,005	1,646,408	0
Acquisitions	0	0	0	0	0	0	0
Disposals	0	4,336,689	0	814,606		5,151,295	1,148
Depreciation	-4,541,014	-3,792,606	-1,043,847	-2,055,498	-1,741,766	-13,174,731	-9,545
Transfer	0	0	0	0	0	0	0
Other changes	0	0	0	4,582	0	4,582	0

	Land and buildings	IT	IT (leasing)	Other material	Other material (leasing)	Total	Investment property
Accumulated depreciation and impairment losses at 31 December 2023	**-14,711,485**	**-14,395,614**	**-4,427,747**	**-8,995,205**	**-4,967,687**	**-47,497,737**	**-69,181**
Carrying amount at 31 December 2023	**40,811,252**	**6,328,299**	**1,715,402**	**13,165,994**	**1,461,429**	**63,482,377**	**850,767**

20. Intangible assets

As of 31 December, the intangible assets included on the basis of the paid costs (cost model) were composed as follows:

	Internally developed software	Other intangible assets	Goodwill	Total
Acquisition value at 1 January 2022	**19,321,563**	**184,559,294**	**98,150,460**	**302,031,317**
Leasing acquisitions and disposals	0	0	0	0
Acquisitions	334,184	7,167,329	0	7,501,513
Disposals	-1,143,771	-69,437,606	0	-70,581,377
Transfer	0	0	0	0
Other changes	0	82,833	0	82,833
Acquisition value at 31 December 2022	**18,511,977**	**122,371,850**	**98,150,460**	**239,034,287**
Accumulated depreciation and impairment losses at 1 January 2022	**-14,482,094**	**-149,940,268**	**0**	**-164,422,363**
Leasing acquisitions and disposals	0	0	0	0
Acquisitions	0	0	0	0
Disposals	1,143,757	69,437,606	0	70,581,363
Depreciation	-1,704,286	-14,182,505	0	-15,886,791
Transfer	0	0	0	0
Other changes	0	0	0	0
Accumulated depreciation and impairment losses at 31 December 2022	**-15,042,623**	**-94,685,167**	**0**	**-109,727,790**
Carrying amount at 31 December 2022	**3,469,354**	**27,686,682**	**98,150,460**	**129,306,497**

	Internally developed software	Other intangible assets	Goodwill	Total
Acquisition value at 1 January 2023	**18,511,977**	**122,371,850**	**98,150,460**	**239,034,287**
Leasing acquisitions and disposals	0	0	0	0
Acquisitions	528,802	3,997,715	0	4,526,517
Disposals	-751,179	-48,871,072	0	-49,622,251
Transfer	0	0	0	0
Other changes	0	-47,906	0	-47,906
Acquisition value at 31 December 2023	**18,289,600**	**77,450,587**	**98,150,460**	**193,890,647**
Accumulated depreciation and impairment losses at 1 January 2023	**-15,042,623**	**-94,685,167**	**0**	**-109,727,790**
Leasing acquisitions and disposals	0	0	0	0
Acquisitions	0	0	0	0
Disposals	718,566	48,590,590	0	49,309,156
Depreciation	-1,063,342	-10,868,953	0	-11,932,295
Transfer	0	0	0	0
Other changes	0	0	0	0
Accumulated depreciation and impairment losses at 31 December 2023	**-15,387,398**	**-56,963,530**	**0**	**-72,350,929**
Carrying amount at 31 December 2023	**2,902,201**	**20,487,057**	**98,150,460**	**121,539,717**

The amortisation of EUR 11,932,295 for 2023 can be found in the statement of profit or loss under the amortisation of the assets concerned.

In 2023 EUR 48.6 million of capitalised costs (fully depreciated) of self-developed software was retired.

Goodwill is defined as the portion of the cost of the acquisition of a business combination that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired. It is calculated as of the date of acquisition.
At the end of each year, goodwill is tested for impairment by comparing the realisable value of the cash generating unit (CGU) with the carrying value. The cash-generating unit is identical to the legal entity Aspa.

The realisable value of the CGU Aspa is determined by measuring the present value of the expected cash flow (dividends and free capital). The following data are used here:
- The more recent update of the 5-year financial plan as approved by management and the Board of Directors;
- discount rate: an ROE of 10.90%;
- a long-term growth for Belgium and the Netherlands of 1.65%

Based on the analysis, no impairment loss needs to be recorded on goodwill.

21. Tax assets and liabilities

The tax position can be summarised as follows:

	31/12/2022 restated	31/12/2023
Current tax assets	54,804,955	87,742,446
Deferred tax assets	44,939,887	14,215,485
Total tax assets	**123,274,417**	**101,957,932**
Current tax liabilities	3,056,183	4,189,420
Deferred tax liabilities	83,724,070	45,568,359
Total tax liabilities	**21,627,263**	**49,757,779**
Total globalised deferred taxes	**-38,784,183**	**-31,352,874**

The deferred taxes originate in the following elements:

Deferred taxes by type	31/12/2021 restated	Changes through other comprehensive income	Changes through profit or loss	31/12/2022 restated	Change in classification following initial adoption of IFRS17	Changes through other comprehen-sive income	Changes through profit or loss	31/12/2023
Tax asset on derivatives	0	0	0	0	0	0	0	0
DRD and fiscal losses	21,475,177	0	9,408,923	30,884,100	0	0	-19,305,116	11,578,984
Tax assets on financial instruments at fair value	4,956,361	38,528,599	2,449,763	45,934,724	12,227,233	-38,157,159	-423,762	19,581,035
Tax asset on other items	5,204,086	643,356	4,567,990	10,415,432	0	1,452,574	1,488,126	13,356,132
Total deferred tax assets	**31,635,624**	**39,171,955**	**16,426,677**	**87,234,256**	**12,227,233**	**-36,704,586**	**-18,240,751**	**44,516,152**
Tax liabilities on financial instruments at fair value	31,286,247	-31,286,247	0	0	0	0	0	0
Tax liabilities on financial instruments at amortized cost	23,268,737	0	883,742	24,152,479	0	0	2,780,846	26,933,325
Tax liabilities on derivatives	507,777	0	12,675,621	13,183,398	0	0	-3,295,483	9,887,916
Tax liabili-ties on (re) insurance	-56,514,186	139,851,459	5,345,292	88,682,561	0	-49,299,544,17	-335,233	39,047,784

Deferred taxes by type	31/12/2021 restated	Changes through other comprehensive income	Changes through profit or loss	31/12/2022 restated	Change in classification following initial adoption of IFRS17	Changes through other comprehensive income	Changes through profit or loss	31/12/2023
Tax liabilities on other items	74,598	-74,598	0	0	0	0	0	0
Total deferred tax liabilities	**-1,376,827**	**108,490,614**	**18,904,655**	**126,018,439**	**0**	**-49,299,544**	**-849,87**	**75,869,025**
Total deferred tax position	**33,012,451**	**-69,318,659**	**-2,477,979**	**-38,784,183**	**12,227,233**	**12,594,958**	**-17,390,882**	**-31,352,873**

The main items in 2023 were a deferred tax liability of EUR 26,933,325 on the measurement at amortised cost (with the effective interest rate), a tax liability of EUR 39,047,784 on (re)insurances, a tax asset of EUR 19,581,035 on the negative fair value delta of financial instruments measured at fair value and a tax asset of EUR 11,578,984, related to tax loss carry forwards and definitively taxed income (DTI). The deferred tax liabilities on derivatives decreased in 2023 as a result of the negative development of the fair value. The fall in the tax asset relating to tax loss carry forwards is the result of using the transferred DTI deduction and tax losses in the calculation of the current corporation tax.

When creating deferred tax assets (DTAs), an assessment is always made as to whether they can be used. As a result of the improved interest rate expectations, the assessment of the Company is that there is sufficient profitability available in the future to use the potential tax liabilities, therefore no impairment was booked in 2023.

Note 43 provides further information of the impact of corporate taxes on the Company's result.

22. Assets and liabilities under insurance and reinsurance contracts

Within the non-life insurance segment Aras focuses exclusively on the private sector (only euro contracts in Belgium). Aras is currently active in the following areas:
- Motor insurance
- Fire insurance
- Civil liability insurance (family insurance)
- Legal assistance
- Accident insurance

There are three modules available for motor insurance and motor cycle insurance:
- Civil liability module, which is a compulsory cover
- Semi-comprehensive module, with cover for civil liability, theft, glass breakage, natural disasters and collision with animals
- Fully comprehensive module, which includes all our semi-comprehensive covers with additional own loss protection

All the modules include free assistance if the customer has a road accident with the insured vehicle in Belgium or 20 km beyond our borders. The options here are Legal Assistance Safe and Driver +. Aras also provides motor cycle insurance that includes the compulsory civil liability with a legal assistance option.

The fire insurance is provided through the Insured Living policy and provides very good extensive cover. For owners there are two modules that comprehensively protect the home:
- Basic module: good protection of the home for Buildings and Contents with a legal assistance option
- Comfort module: comprehensive protection of the home for Buildings, Contents, Theft and Indirect Losses with a legal assistance option

For tenants there are also two modules:
- The Basic module that protects our tenants against their Rental Liability and Contents of the home with legal assistance option
- The Comfort module with the covers for Rental Liability, Contents of the home, Theft and Indirect Losses, also with the legal assistance option

The customer can have the reassurance of combined Fire and Family cover with the combination product Insured Living Plus. Thanks to the Comfort module of the Insured Living Plus insurance, the customer is automatically insured for these additional costs.

The majority of the civil liability insurance policies (family insurance policies) are sold in a package of Fire and Family insurance policies, “Insured Living Plus”. It is also possible to conclude a separate Family Insurance policy that protects the whole family against unexpected events.

Within life insurance (including hospitalisation) Aras also focuses exclusively on the private sector (only euro contracts in Belgium).

There has been no further new production in hospitalisation insurance since the beginning of 2019, just extensions of existing contracts. Hospitalisation insurance follow-up and customer support was outsourced to Vanbreda Risk & Benefits.

Argenta Assuranties provides a range of life insurance policies, which can be classified in product lines. This classification originates from the type of cover being provided. An outline of the respective product lines is given below:
- Outstanding balance: the outstanding balance of a loan is repaid by Aras on the death of the insured by an outstanding balance insurance;
- Temporary life insurance: This insurance, which only represents a small amount of insurance premium income, serves to cover a pre-determined capital amount during a specified period in the event of death;
- Argenta-Flexx (branch 21): a savings plan policy that makes tax deductibility possible. The minimum term is 10 years;
- Argenta Life Plan (branch 21): is an open-ended branch 21 insurance product.

The assets and liabilities under insurance and reinsurance contracts as of 31 December break down as shown below.

	31/12/2022 restated	31/12/2023
Insurance contracts		
Insurance contract assets	0	0
Insurance contract liabilities	2,546,563,874	2,683,342,397
Reinsurance contracts		
Reinsurance contract assets	-21,206,264	-27,259,304
Reinsurance contract liabilities	13,952,083	15,637,315

For each reporting segment under insurance and reinsurance contracts this is made up as follows:

31/12/2022 restated	Life risk	Life savings	Life reinsurance	Non-life	Total
Insurance contracts					
Insurance contract assets	0	0	0	0	**0**
Insurance contract liabilities	52,144,550	2,334,642,408		159,776,916	**2,546,563,874**
Reinsurance contracts					
Reinsurance contract assets	0	0	-14,833,722	-6,372,541	**-21,206,263**
Reinsurance contract liabilities	0	0	13,952,083	0	**13,952,083**

31/12/2023	Life risk	Life savings	Life reinsurance	Non-life	Total
Insurance contracts					
Insurance contract assets					**0**
Insurance contract liabilities	52,990,886	2,469,501,610		160,849,900	**2,683,342,397**
Reinsurance contracts					
Reinsurance contract assets	0	0	-21,229,110	-6,030,194	**-27,259,304**
Reinsurance contract liabilities	0	0	15,503,690	133,625	**15,637,315**

The following table shows how the net carrying amount of insurance and reinsurance contracts during the year has changed as a result of cash flows and amounts recognised in the income statement and OCI.

2022 restated	Insurance	Reinsurance
Balance 1/1	**3,299,937,691**	**-5,710,499**
Premiums received	375,036,727	-20,506,734
Claims and expenses paid	-365,387,006	21,315,392
Transfers	-129,057,857	0
Insurance revenue	-140,646,282	235,080
Insurance service expenses	231,351,918	2,151,128
Insurance finance expenses (P&L)	-24,001,437	829
Insurance finance expenses (OCI)	-618,883,312	-945,218
Other	-81,786,569	-3,794,159
Balance 31/12	**2,546,563,874**	**-7,254,180**

2023	Insurance	Reinsurance
Balance 1/1	**2,546,563,874**	**-7,254,180**
Premiums received	416,041,297	-23,197,951
Claims and expenses paid	-324,735,291	15,638,015
Transfers	-53,317,255	0
Insurance revenue	-193,250,941	4,975,271
Insurance service expenses	191,670,717	1,263,312
Insurance finance expenses (P&L)	-24,656,283	16,870
Insurance finance expenses (OCI)	184,861,995	-82,677
Other	-59,835,714	-2,980,650
Balance 31/12	**2,683,342,397**	**-11,621,990**

As of 31 December the insurance income was made up as follows:

31/12/2022 restated	Life savings	Life risk	Non-life	Total
Contracts not measured under the PAA				
Amounts relating to change in liabilities for remaining coverage				

31/12/2022 restated	Life savings	Life risk	Non-life	Total
CSM provided for services provided	2,309,152	11,264,490		13,573,643
Change in risk adjustment for non-financial risk expired	1,270,745	9,118,021		10,388,766
Expected incurred claims and other insurance service expenses	24,605,599	55,704,490		80,310,088
Other	-190,956	-1,524,581		-1,715,538
Recovery of insurance acquisition cash flows	0	0		0
	27,994,540	**74,562,420**		**102,556,959**
Contract measured under the PAA	**0**	**0**	**128,575,358**	**128,575,358**
				0
Total insurance revenue	**27,994,540**	**74,562,420**	**128,575,358**	**231,132,318**

31/12/2023	Life savings	Life risk	Non-life	Total
Contracts not measured under the PAA				
Amounts relating to change in liabilities for remaining coverage				
CSM provided for services provided	513,069	9,349,031		9,862,100
Change in risk adjustment for non-financial risk expired	480,091	7,695,489		8,175,580
Expected incurred claims and other insurance service expenses	11,880,883	46,603,066		58,483,949
Other	491,621	-1,128,921		-637,300
Recovery of insurance acquisition cash flows	720,751	1,096,337		1,817,088
	14,086,415	**63,615,002**		**77,701,417**
Contract measured under the PAA	**0**	**0**	**141,179,328**	**141,179,328**
				0
Total insurance revenue	**14,086,415**	**63,615,002**	**141,179,328**	**218,880,745**

For each segment the Company presents a table with a separate analysis of the changes in the liabilities for remaining coverage and changes in the liabilities for losses incurred and the connection between these changes and the items in the income statement and equity.

A second connection is presented for contracts that are not measured under the PAA, that shows separately changes in the valuations of the cash value of future cash flows, the risk adjustment for non-financial risks and the CSM. In the component tables, the 'other contracts' refer to those underwritten as from 1 January 2022 (new business).

The analysis per remaining coverage and loss incurred for the Life risk segment is made up as follows:

31/12/2022 restated	Liabilities for remaining coverage			
	excluding loss component	loss component	Liabilities for incurred claims	Total
Opening assets	-27,794,476	0	4,058,384	**-23,736,092**
Opening liabilities	9,343,034	20,703	3,627,728	**12,991,465**
Net opening balance	**-18,451,441**	**20,703**	**7,686,112**	**-10,744,627**
Changes in the statement of profit or loss and OCI				
Insurance revenue	**-74,562,420**	**0**	**0**	**-74,562,420**
Insurance service expenses				
Incurred claims and other insurance service expenses	0	0	46,612,306	**46,612,306**
Amortisation of insurance acquisition cash flows	0	0	0	**0**
Losses and reversals of losses on onerous contracts	0	3,954	0	**3,954**
Adjustments to liabilities for incurred claims	0	0	1,451,795	**1,451,795**
Insurance service expenses	**0**	**3,954**	**48,064,101**	**48,068,055**
Investment components and premium refunds	0	0	0	**0**
Insurance service result	**-74,562,420**	**3,954**	**48,064,101**	**-26,494,364**
Net finance expenses from insurance contracts	59,890,461	-4,711	-92,696	**59,793,054**
Total changes in the statement of profit and loss and OCI	**-14,671,959**	**-757**	**47,971,405**	**33,298,690**
Cash flows				
Premiums received	78,445,713	0	0	**78,445,713**
Claims and other insurance service expenses paid, including investment components	0	0	-48,855,226	**-48,855,226**
Insurance acquisition cash flows	0	0	0	**0**
Total cash flows	**78,445,713**	**0**	**-48,855,226**	**29,590,488**
Transfer to other items in the statement of financial position	0	0	0	**0**
Closing assets	0	0	0	**0**
Closing liabilities	45,322,313	19,946	6,802,291	**52,144,550**
Net closing balance	**45,322,313**	**19,946**	**6,802,291**	**52,144,550**

31/12/2023	Liabilities for remaining coverage			
	excluding loss component	loss component	Liabilities for incurred claims	Total
Opening assets	0	0	0	**0**
Opening liabilities	45,322,313	19,946	6,802,291	**52,144,550**
Net opening balance	**45,322,313**	**19,946**	**6,802,291**	**52,144,550**
Changes in the statement of profit or loss and OCI				
Insurance revenue	**-63,615,002**	**0**	**0**	**-63,615,002**
Insurance service expenses				
Incurred claims and other insurance service expenses	0	0	38,793,217	**38,793,217**
Amortisation of insurance acquisition cash flows	1,096,337	0	0	**1,096,337**
Losses and reversals of losses on onerous contracts	0	2,355,006	0	**2,355,006**
Adjustments to liabilities for incurred claims	0	0	2,659,790	**2,659,790**
Insurance service expenses	**1,096,337**	**2,355,006**	**41,453,007**	**44,904,350**
Investment components and premium refunds	0	0	0	**0**
Insurance service result	**-62,518,665**	**2,355,006**	**41,453,007**	**-18,710,652**
Net finance expenses from insurance contracts	-9,466,907	-66,623	-32,261	**-9,565,791**
Total changes in the statement of profit and loss and OCI	**-71,985,573**	**2,288,383**	**41,420,746**	**-28,276,444**
Cash flows				
Premiums received	81,484,530	0	0	**81,484,530**
Claims and other insurance service expenses paid, including investment components	0	0	-41,863,148	**-41,863,148**
Insurance acquisition cash flows	-10,498,601	0	0	**-10,498,601**
Total cash flows	**70,985,929**	**0**	**-41,863,148**	**29,122,780**
Transfer to other items in the statement of financial position	0	0	0	**0**
Closing assets	0	0	0	**0**
Closing liabilities	44,322,668	2,308,329	6,359,889	**52,990,886**
Net closing balance	**44,322,668**	**2,308,329**	**6,359,889**	**52,990,886**

Insurance revenue decreases by EUR 11 million from EUR 74.6 million to EUR 63.6 million in the Life risk segment. The release of expected cash flows for insurance expenses is for 2023 primarally allocated to the recovery of loss component, resulting in less release allocated to insurance revenue.

During 2023, an increase in the estimate of future liabilities was recorded, which is mainly due to an increase in the expected operating expenses. This resulted in the creation of loss component, which is largely absorbed by the release of expected cash flows for insurance expenses, at the expense of insurance revenue. Ultimately, the loss component still had a negative impact on the result of EUR 2.3 million.

The insurance finance expenses change from an expense of EUR 59.8 million in 2022 to an income of EUR 9.6 million in 2023. The exceptional expense of 2022 was due to the change of the current discounting curves due to the large movement of the interest rate environment during 2022.

The analysis per component for the Life risk segment is made up as follows:

31/12/2022 restated	Estimate of PV of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under Full-retrospective transition approach	CSM: Contracts under fair value transition approach	CSM: Other contracts	Subtotal	Total
Opening assets	-180,217,779	95,290,078	31,943,836	29,247,772	0	61,191,608	**-23,736,092**
Opening liabilities	-54,883,271	22,182,476	40,334,586	5,357,673	0	45,692,259	**12,991,465**
Net opening balance	-235,101,049	117,472,554	72,278,423	34,605,445	0	106,883,868	**-10,744,627**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	0	0	-5,842,131	-4,727,126	-695,233	-11,264,490	**-11,264,490**
Change in risk adjustment for non-finacial risk for risk expired	0	-8,945,665	0	0	0	0	**-8,945,665**
Experience adjustments	-8,219,175	0	0	0	0	0	**-8,219,175**
Changes that relate to future services							
Contracts initially recognised in the year	-27,808,850	6,837,292	0	0	21,004,869	21,004,869	**33,312**
Changes in estimates that adjust the CSM	-30,221,295	-3,851,598	-15,935,969	54,869,076	-4,860,215	34,072,893	**0**
Changes in estimates that result inlosses and reversals of losses and reversals of losses on onerous contracts	407,730	42,129	0	0	0	0	**449,859**
Changes that relate to past services							
Adjustments to liabilities for incurred claims	1,679,254	-227,459	0	0	0	0	**1,451,795**
Insurance service result	**-64,162,336**	**-6,145,300**	**-21,778,099**	**50,141,950**	**15,449,421**	**43,813,272**	**-26,494,364**
Net finance expenses from insurance contracts	59,733,823	0	45,712	-25,464	38,982	59,231	**59,793,054**
Total changes in the statement of profit and loss and OCI	**-4,428,513**	**-6,145,300**	**-21,732,387**	**50,116,486**	**15,488,403**	**43,872,503**	**33,298,690**
Cash flow	29,590,488	0	0	0	0	0	**29,590,488**
Transfer to other items in the statement of financial position	0	0	0	0	0	0	**0**
Closing assets	0	0	0	0	0	0	**0**
Closing liabilities	-209,939,074	111,327,254	50,546,036	84,721,931	15,488,403	150,756,370	**52,144,550**
Net closing balance	**-209,939,074**	**111,327,254**	**50,546,036**	**84,721,931**	**15,488,403**	**150,756,370**	**52,144,550**

31/12/2023	Estimate of PV of future cash flows	Risk adjustment for non-financial risk	CSM Contracts under Full-retrospective transition approach	CSM Contracts under fair value transition approach	CSM Other contracts	CSM Subtotal	Total
Opening assets	0	0	0	0	0	0	**0**
Opening liabilities	-209,939,074	111,327,254	50,546,036	84,721,931	15,488,403	150,756,370	**52,144,550**
Net opening balance	-209,939,074	111,327,254	50,546,036	84,721,931	15,488,403	150,756,370	**52,144,550**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	0	0	-3,774,773	-4,375,885	-1,198,373	-9,349,031	**-9,349,031**
Change in risk adjustment for non-finacial risk for risk expired	0	-8,465,082	0	0	0	0	**-8,465,082**
Experience adjustments	-19,915,872		0	0	0	0	**-19,915,872**
Changes that relate to future services							
Contracts initially recognised in the year	-5,387,316	4,961,015	0	0	3,750,717	3,750,717	**3,324,417**
Changes in estimates that adjust the CSM	12,517,633	9,623,940	-15,831,583	357,460	-6,667,449	-22,141,573	**0**
Changes in estimates that result inlosses and reversals of losses and reversals of losses on onerous contracts	13,030,446	4,678	0	0	0	0	**13,035,125**
Changes that relate to past services							
Adjustments to liabilities for incurred claims	2,877,041	-217,251	0	0	0	0	**2,659,790**
Insurance service result	**3,121,933**	**5,907,301**	**-19,606,356**	**-4,018,426**	**-4,115,105**	**-27,739,886**	**-18,710,652**
Net finance expenses from insurance contracts	-9,765,623	0	96,464	-250,134	353,502	199,832	**-9,565,791**
Total changes in the statement of profit and loss and OCI	**-6,643,691**	**5,907,301**	**-19,509,892**	**-4,268,559**	**-3,761,603**	**-27,540,054**	**-28,276,444**
Cash flow	29,122,780	0	0	0	0	0	**29,122,780**
Transfer to other items in the statement of financial position	0	0	0	0	0	0	**0**
Closing assets	0	0	0	0	0	0	**0**
Closing liabilities	-187,459,985	117,234,555	31,036,144	80,453,372	11,726,800	123,216,317	**52,990,886**
Net closing balance	**-187,459,985**	**117,234,555**	**31,036,144**	**80,453,372**	**11,726,800**	**123,216,317**	**52,990,886**

During 2023, we recorded an increase in the estimate of future liabilities mainly due to an increase in expected operating expenses. This impacts both the creation of CSM (contractual service margin) on new contracts and revision of the amount of CSM on older contracts.

The analysis per remaining coverage and loss incurred for the Life savings segment is made up as follows:

31/12/2022 restated	Liabilities for remaining coverage			
	excluding loss component	loss component	Liabilities for incurred claims	Total
Opening assets	0	0	0	**0**
Opening liabilities	3,055,366,303	45,710,525	50,469,292	**3,151,546,120**
Net opening balance	**3,055,366,303**	**45,710,525**	**50,469,292**	**3,151,546,120**
Changes in the statement of profit or loss and OCI				
Insurance revenue	**-27,994,540**	**0**	**0**	**-27,994,540**
Insurance service expenses				
Incurred claims and other insurance service expenses	0	0	18,373,774	**18,373,774**
Amortisation of insurance acquisition cash flows	0	0	0	**0**
Losses and reversals of losses on onerous contracts	0	4,667,914	0	**4,667,914**
Adjustments to liabilities for incurred claims	0	0	3,383,410	**3,383,410**
Insurance service expenses	**0**	**4,667,914**	**21,757,184**	**26,425,098**
Investment components and premium refunds	-346,454,297	0	346,454,297	**0**
Insurance service result	**-374,448,837**	**4,667,914**	**368,211,481**	**-1,569,442**
Net finance expenses from insurance contracts	-546,742,638	-44,041,474	-173,710	**-590,957,821**
Total changes in the statement of profit and loss and OCI	**-921,191,475**	**-39,373,560**	**368,037,772**	**-592,527,263**
Cash flows				
Premiums received	164,757,528	0	0	**164,757,528**
Claims and other insurance service expenses paid, including investment components	0	0	-389,133,977	**-389,133,977**
Insurance acquisition cash flows	0	0	0	**0**
Total cash flows	**164,757,528**	**0**	**-389,133,977**	**-224,376,449**
Transfer to other items in the statement of financial position	0	0	0	**0**
Closing assets	0	0	0	**0**
Closing liabilities	2,298,932,356	6,336,965	29,373,087	**2,334,642,408**
Net closing balance	**2,298,932,356**	**6,336,965**	**29,373,087**	**2,334,642,408**

31/12/2023	Liabilities for remaining coverage			
	excluding loss component	loss component	Liabilities for incurred claims	Total
Opening assets	0	0	0	**0**
Opening liabilities	2,298,932,356	6,336,965	29,373,087	**2,334,642,408**
Net opening balance	**2,298,932,356**	**6,336,965**	**29,373,087**	**2,334,642,408**
Changes in the statement of profit or loss and OCI				
Insurance revenue	**-14,086,415**	**0**	**0**	**-14,086,415**
Insurance service expenses				
Incurred claims and other insurance service expenses	0	0	-25,486,787	**-25,486,787**
Amortisation of insurance acquisition cash flows	720,751	0	0	**720,751**
Losses and reversals of losses on onerous contracts	0	18,640,329	0	**18,640,329**
Adjustments to liabilities for incurred claims	0	0	46,529,128	**46,529,128**
Insurance service expenses	**720,751**	**18,640,329**	**21,042,342**	**40,403,422**
Investment components and premium refunds	-247,813,956	0	247,813,956	**0**
Insurance service result	**-261,179,620**	**18,640,329**	**268,856,298**	**26,317,007**
Net finance expenses from insurance contracts	205,747,859	2,444,263	21,297	**208,213,419**
Total changes in the statement of profit and loss and OCI	**-55,431,761**	**21,084,592**	**268,877,595**	**234,530,426**
Cash flows				
Premiums received	189,467,828	0	0	**189,467,828**
Claims and other insurance service expenses paid, including investment components	0	0	-282,152,763	**-282,152,763**
Insurance acquisition cash flows	-6,986,289	0	0	**-6,986,289**
Total cash flows	**182,481,539**	**0**	**-282,152,763**	**-99,671,224**
Transfer to other items in the statement of financial position	0	0	0	**0**
Closing assets	0	0	0	**0**
Closing liabilities	2,425,982,134	27,421,558	16,097,919	**2,469,501,610**
Net closing balance	**2,425,982,134**	**27,421,558**	**16,097,919**	**2,469,501,610**

In the life savings segment, insurance revenue during 2023 decreases to EUR 14.1 million from EUR 28.0 million in 2022. The release of expected cash flows for insurance expenses and risk adjustment for non-financial risks is for 2023 primarally allocated to the recovery of loss component, resulting in less release allocated to insurance revenue.

During 2023, we recorded an increase in the estimate of future liabilities mainly due to an increase in the expected operating expenses and expected future profit sharing. This caused an increase in the loss component with an impact on the income statement of EUR 18.6 million.

The year 2022 had a higher distribution of investment component than 2023. For both years, the movement is mainly caused by contracts that came to end of the guaranteed interest rate period, and in 2022 this volume was larger as opposed to 2023. While the investment component explains movements in outstanding amount on the balance sheet, it has no impact on the results.

Insurance finance expenses at 2023 show a expense of EUR 208 million. Underlying, we identify the following coinciding movements:

- a discount unwind based on the current discount curve at the beginning of the period of EUR 78 million;
- an impact of the revision of guarantee interest rate on savings insurance contracts allocated to financial risk of EUR 62 million;
- a decrease of the discount curve at the end of the period compared to the beginning of the period representing EUR 68 million.

The 2022 exceptional income of EUR 591 million was due to the change in the current discount curves due to the large movement of the interest rate environment during 2022.

The analysis per component for the Life savings segment is made up as follows:

31/12/2022 restated	Estimate of PV of future cash flows	Risk adjustment for non-financial risk	CSM			Subtotal	Total
			Contracts under Full-retrospective transition approach	Contracts under fair value transition approach	Other contracts		
Opening assets	0	0	0	0	0	0	**0**
Opening liabilities	3,120,594,609	19,732,442	849,282	10,369,787	0	11,219,069	**3,151,546,120**
Net opening balance	3,120,594,609	19,732,442	849,282	10,369,787	0	11,219,069	**3,151,546,120**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	0	0	-67,162	-2,123,425	-118,565	-2,309,152	**-2,309,152**
Change in risk adjustment for non-finacial risk for risk expired	0	-1,545,636	0	0	0	0	**-1,545,636**
Experience adjustments	-9,501,588	0	0	0	0	0	**-9,501,588**
Changes that relate to future services							
Contracts initially recognised in the year	3,326,680	1,771,017	0	0	3,792,360	3,792,360	**8,890,058**
Changes in estimates that adjust the CSM	-31,837,154	3,152,626	5,273,012	14,268,438	9,143,077	28,684,527	**0**
Changes in estimates that result inlosses and reversals of losses and reversals of losses on onerous contracts	-2,027,858	1,541,325	0	0	0	0	**-486,533**
Changes that relate to past services							
Adjustments to liabilities for incurred claims	3,383,410	0	0	0	0	0	**3,383,410**
Insurance service result	**-36,656,511**	**4,919,333**	**5,205,850**	**12,145,013**	**12,816,873**	**30,167,735**	**-1,569,442**
Net finance expenses from insurance contracts	-590,976,624	0	9,668	-7,630	16,766	18,803	**-590,957,821**
Total changes in the statement of profit and loss and OCI	**-627,633,135**	**4,919,333**	**5,215,518**	**12,137,383**	**12,833,638**	**30,186,539**	**-592,527,263**
Cash flow	-224,376,449	0	0	0	0		**-224,376,449**
Transfer to other items in the statement of financial position	0	0	0	0	0	0	**0**
Closing assets	0	0	0	0	0	0	**0**
Closing liabilities	2,268,585,025	24,651,775	6,064,800	22,507,169	12,833,638	41,405,608	**2,334,642,408**
Net closing balance	**2,268,585,025**	**24,651,775**	**6,064,800**	**22,507,169**	**12,833,638**	**41,405,608**	**2,334,642,408**

			CSM				
31/12/2023	**Estimate of PV of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under Full-retrospective transition approach**	**Contracts under fair value transition approach**	**Other contracts**	**Subtotal**	**Total**
Opening assets	0	0	0	0	0	0	**0**
Opening liabilities	2,268,585,025	24,651,775	6,064,800	22,507,169	12,833,638	41,405,608	**2,334,642,408**
Net opening balance	2,268,585,025	24,651,775	6,064,800	22,507,169	12,833,638	41,405,608	**2,334,642,408**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	0	0	-62,581	-122,298	-328,191	-513,069	**-513,069**
Change in risk adjustment for non-finacial risk for risk expired	0	-1,734,337	0	0	0	0	**-1,734,337**
Experience adjustments	-51,109,404	0	0	0	0	0	**-51,109,404**
Changes that relate to future services							
Contracts initially recognised in the year	2,807,407	3,200,910	0	0	0	0	**6,008,318**
Changes in estimates that adjust the CSM	7,325,067	-75,621	-771,237	-19,789,341	13,311,132	-7,249,446	**0**
Changes in estimates that result inlosses and reversals of losses and reversals of losses on onerous contracts	28,024,562	-888,191	0	0	0	0	**27,136,371**
Changes that relate to past services							
Adjustments to liabilities for incurred claims	46,529,128	0	0	0		0	**46,529,128**
Insurance service result	**33,576,760**	**502,762**	**-833,818**	**-19,911,638**	**12,982,941**	**-7,762,515**	**26,317,007**
Net finance expenses from insurance contracts	208,001,932	0	-6,528	-66,450	284,466	211,487	**208,213,419**
Total changes in the statement of profit and loss and OCI	**241,578,692**	**502,762**	**-840,345**	**-19,978,088**	**13,267,407**	**-7,551,027**	**234,530,426**
Cash flow	-99,671,224	0	0	0	0	0	**-99,671,224**
Transfer to other items in the statement of financial position	0		0	0	0	0	**0**
Closing assets	0	0	0	0	0	0	**0**
Closing liabilities	2,410,492,493	25,154,536	5,224,455	2,529,081	26,101,045	33,854,581	**2,469,501,610**
Net closing balance	**2,410,492,493**	**25,154,536**	**5,224,455**	**2,529,081**	**26,101,045**	**33,854,581**	**2,469,501,610**

During 2023, we recorded an increase in the estimate of future liabilities mainly due to an increase in expected operating expenses. This impacts both the creation of CSM (contractual service margin) on new contracts and revision of the amount of CSM on older contracts.

The analysis per remaining coverage and loss incurred for the Life reinsurance segment is made up as follows:

31/12/2022 restated	Liabilities for remaining coverage			
	excluding loss component	loss component	Liabilities for incurred claims	Total
Opening assets	-150,143	0	-11,425,840	**-11,575,983**
Opening liabilities	173,396	0	11,878,421	**12,051,817**
Net opening balance	**23,254**	**0**	**452,581**	**475,835**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance contracts paid	17,768,784	0	0	**17,768,784**
Recoveries of incurred claims and other insurance service expenses	0	0	-15,851,879	**-15,851,879**
Recoveries and reversals of recoveries of losses on onerous underlying contracts	0	11	0	**11**
Adjustments to assets for incurred claims	0	0	-1,689,626	-1,689,626
	17,768,784	**11**	**-17,541,505**	**227,290**
Investment components and premium refunds	0	0	0	**0**
Effect of changes in non-performing risk of reinsurers	-42,628	0	0	**-42,628**
Net expenses from reinsurance contracts	**17,726,156**	**11**	**-17,541,505**	**184,661**
Net finance expenses from insurance contracts	-1,178,712	-11	0	**-1,178,723**
Total changes in the statement of profit and loss and OCI	**16,547,443**	**0**	**-17,541,505**	**-994,062**
Cash flows				
Premiums paid	-18,003,864	0	0	**-18,003,864**
Amounts received	0	0	17,640,452	**17,640,452**
Total cash flows	**-18,003,864**	**0**	**17,640,452**	**-363,412**
Closing assets	-1,718,256	0	-13,115,466	**-14,833,722**
Closing liabilities	285,090	0	13,666,994	**13,952,083**
Net closing balance	**-1,433,167**	**0**	**551,528**	**-881,639**

31/12/2023	Liabilities for remaining coverage			
	excluding loss component	loss component	Liabilities for incurred claims	Total
Opening assets	-1,718,256	0	-13,115,466	**-14,833,722**
Opening liabilities	285,090	0	13,666,994	**13,952,083**
Net opening balance	**-1,433,167**	**0**	**551,528**	**-881,639**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance contracts paid	14,585,810	0	0	**14,585,810**
Recoveries of incurred claims and other insurance service expenses	0	0	-17,249,017	**-17,249,017**
Recoveries and reversals of recoveries of losses on onerous underlying contracts	0	6,118	0	**6,118**
Adjustments to assets for incurred claims	0	0	-1,639,588	**-1,639,588**
	14,585,810	**6,118**	**-18,888,605**	**-4,296,677**
Investment components and premium refunds	0	0	0	**0**
Effect of changes in non-performing risk of reinsurers	11,120	0	0	**11,120**
Net expenses from reinsurance contracts	**14,596,930**	**6,118**	**-18,888,605**	**-4,285,557**
Net finance expenses from insurance contracts	-76,740	-6,118	0	**-82,857**
Total changes in the statement of profit and loss and OCI	**14,520,191**	**0**	**-18,888,605**	**-4,368,414**
Cash flows				
Premiums paid	-19,561,081	0	0	**-19,561,081**
Amounts received	0	0	19,085,713	**19,085,713**
Total cash flows	**-19,561,081**	**0**	**19,085,713**	**-475,368**
Closing assets	-6,474,057	0	-14,755,053	**-21,229,110**
Closing liabilities	0	0	15,503,690	**15,503,690**
Net closing balance	**-6,474,057**	**0**	**748,636**	**-5,725,421**

The analysis per component for the Life reinsurance segment is made up as follows:

			CSM				
31/12/2022 restated	Estimate of PV of future cash flows	Risk adjustment for non-financial risk	Contracts under Full-retrospective transition approach	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening assets	-6,622,990	-6,446,518	1,493,525	0	0	1,493,525	**-11,575,983**
Opening liabilities	14,355,217	-1,372,640	-930,760	0	0	-930,760	**12,051,817**
Net opening balance	7,732,227	-7,819,158	562,765	0	0	562,765	**475,835**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	0	0	-141,140	0	0	-141,140	**-141,140**
Change in risk adjustment for non-finacial risk for risk expired	0	536,120	0	0	0	0	**536,120**
Experience adjustments	1,635,186	0	0	0	0	0	**1,635,186**
Changes that relate to future services							
Contracts initially recognised in the year	0	0	0	0	0	0	**0**
Changes in recoveries of losses of onerous underlying contracts that adjust the CSM	0	0	-33,312	0	0	-33,312	**-33,312**
Changes in estimates that adjust the CSM	1,150,661	-4,353,119	3,202,458	0	0	3,202,458	**0**
Changes in estimates that result inlosses and reversals of losses and reversals of losses on onerous contracts	23,420	-103,359	0	0	0	0	**-79,939**
Changes that relate to past services							
Adjustments to liabilities for incurred claims	-1,689,626	0	0	0	0	0	**-1,689,626**
Effect on changes in non-performance risk of reinsurers	-42,628	0	0	0	0	0	**-42,628**
Insurance service result	**1,077,014**	**-3,920,359**	**3,028,006**	**0**	**0**	**3,028,006**	184,661
Net finance expenses from insurance contracts	-1,178,901	0	178	0	0	178	**-1,178,723**
Total changes in the statement of profit and loss and OCI	**-101,887**	**-3,920,359**	**3,028,184**	**0**	**0**	**3,028,184**	-994,062
Cash flow	-363,412	0	0	0	0	0	**-363,412**
Closing assets	-8,672,154	-10,652,169	4,490,602	0	0	4,490,602	**-14,833,722**
Closing liabilities	15,939,083	-1,087,347	-899,652	0	0	-899,652	**13,952,083**
Net closing balance	**7,266,929**	**-11,739,517**	**3,590,949**	**0**	**0**	**3,590,949**	-881,639

31/12/2023	Estimate of PV of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under Full-retrospective transition approach	CSM: Contracts under fair value transition approach	CSM: Other contracts	CSM: Subtotal	Total
Opening assets	-8,672,154	-10,652,169	4,490,602	0	0	4,490,602	**-14,833,722**
Opening liabilities	15,939,083	-1,087,347	-899,652	0	0	-899,652	**13,952,083**
Net opening balance	7,266,929	-11,739,517	3,590,949	0	0	3,590,949	**-881,639**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	0	0	1,009,278	0	0	1,009,278	**1,009,278**
Change in risk adjustment for non-finacial risk for risk expired	0	649,064	0	0	0	0	**649,064**
Experience adjustments	1,202,760	0	0	0	0	0	**1,202,760**
Changes that relate to future services							
Contracts initially recognised in the year	0	0	0	0	0	0	**0**
Changes in recoveries of losses of onerous underlying contracts that adjust the CSM	0		-3,324,417	0	0	-3,324,417	**-3,324,417**
Changes in estimates that adjust the CSM	-13,786,904	19,534,293	-5,747,390	0	0	-5,747,390	**0**
Changes in estimates that result inlosses and reversals of losses and reversals of losses on onerous contracts	16,963,914	-19,157,688	0	0	0	0	**-2,193,774**
Changes that relate to past services							
Adjustments to liabilities for incurred claims	-1,639,588	0	0	0	0	0	**-1,639,588**
Effect on changes in non-performance risk of reinsurers	11,120	0	0	0	0	0	**11,120**
Insurance service result	**2,751,303**	**1,025,669**	**-8,062,529**	**0**	**0**	**-8,062,529**	**-4,285,557**
Net finance expenses from insurance contracts	-89,466	0	6,608	0	0	6,608	**-82,857**
Total changes in the statement of profit and loss and OCI	**2,661,837**	**1,025,669**	**-8,055,920**	**0**	**0**	**-8,055,920**	**-4,368,414**
Cash flow	**-475,368**	**0**	**0**	**0**	**0**	**0**	**-475,368**
Closing assets	-6,050,292	-10,713,848	-4,464,971	0	0	-4,464,971	**-21,229,110**
Closing liabilities	15,503,690	0	0	0	0	0	**15,503,690**
Net closing balance	**9,453,398**	**-10,713,848**	**-4,464,971**	**0**	**0**	**-4,464,971**	**-5,725,421**

The costs with regard to the setup of the reinsurance programme are recognised under net costs under reinsurance contracts (reinsurance service expense). These are amounts owed to the reinsurance broker.

The analysis per remaining coverage and loss incurred for the Non-life segment is made up as follows:

31/12/2022 restated	Liabilities for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non financial risk	Total
Opening assets	0	0	0	**0**
Opening liabilities	39,628,386	105,004,410	14,503,402	**159,136,199**
Net opening balance	**39,628,386**	**105,004,410**	**14,503,402**	**159,136,199**
Changes in the statement of profit or loss and OCI				
Insurance revenue	**-128,577,066**	**0**	**0**	**-128,577,066**
Insurance service expenses				
Incurred claims and other insurance service expenses	1,958,090	87,433,458	4,363,784	**93,755,332**
Amortisation of insurance acquisition cash flows	0	23,343,992	0	**23,343,992**
Adjustments to liabilities for incurred claims	0	-1,767,706	-4,199,381	**-5,967,087**
Insurance service expenses	**1,958,090**	**109,009,744**	**164,403**	**111,132,237**
Insurance service result	**-126,618,976**	**109,009,744**	**164,403**	**-17,444,829**
Net finance expenses from insurance contracts	0	-3,294,411	0	**-3,294,411**
Total changes in the statement of profit and loss and OCI	**-126,618,976**	**105,715,333**	**164,403**	**-20,739,240**
Cash flows				
Premiums received	131,835,194	0	0	**131,835,194**
Claims and other insurance service expenses paid, including investment components	0	-87,111,245	0	**-87,111,245**
Insurance acquisition cash flows	0	-23,343,992	0	**-23,343,992**
Total cash flows	**131,835,194**	**-110,455,237**	**0**	**21,379,957**
Closing assets	0	0	0	**0**
Closing liabilities	44,844,604	100,264,506	14,667,806	**159,776,916**
Net closing balance	**44,844,604**	**100,264,506**	**14,667,806**	**159,776,916**

31/12/2023	Liabilities for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non financial risk	Total
Opening assets Opening liabilities	0 44,844,604	0 100,264,506	0 14,667,806	**0** **159,776,916**
Net opening balance	**44,844,604**	**100,264,506**	**14,667,806**	**159,776,916**
Changes in the statement of profit or loss and OCI				
Insurance revenue	**-141,182,192**	**0**	**0**	**-141,182,192**
Insurance service expenses				
Incurred claims and other insurance service expenses	-455,760	87,649,104	4,932,540	**92,125,884**
Amortisation of insurance acquisition cash flows	0	35,647,867	0	**35,647,867**
Adjustments to liabilities for incurred claims	0	-14,070,114	-5,414,090	**-19,484,204**
Insurance service expenses	**-455,760**	**109,226,856**	**-481,550**	**108,289,547**
Insurance service result	**-141,637,952**	**109,226,856**	**-481,550**	**-32,892,645**
Net finance expenses from insurance contracts	0	2,420,265	0	**2,420,265**
Total changes in the statement of profit and loss and OCI	**-141,637,952**	**111,647,121**	**-481,550**	**-30,472,380**
Cash flows				
Premiums received	145,088,870	0	0	**145,088,870**
Claims and other insurance service expenses paid, including investment components	0	-77,895,639	0	**-77,895,639**
Insurance acquisition cash flows	0	-35,647,867	0	**-35,647,867**
Total cash flows	**145,088,870**	**-113,543,506**	**0**	**31,545,364**
Closing assets Closing liabilities	0 48,295,522	0 98,368,122	0 14,186,256	**0** **160,849,900**
Net closing balance	**48,295,522**	**98,368,122**	**14,186,256**	**160,849,900**

The increase in the liabilities for remaining coverage and the insurance revenue in 2023 is the result of further growth in the fire, family and motor insurance portfolio. The premiums received have grown by EUR 13.2 million.

In 2023, 26,652 new fire insurance policies were concluded and the portfolio grew by 3.7%. Thanks to the combined offering of Fire and Family insurance through the 'Insured Living+' policy, the Family policy has also continued to grow, with an increase of 3.7%. The Motor insurance portfolio rose by 2.1%, which is nearly double what it was last year.

The analysis per remaining coverage and loss incurred for the Non-life reinsurance segment is made up as follows:

31/12/2022 restated	Liabilities for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non financial risk	Total
Opening assets	0	-5,298,708	-887,625	**-6,186,333**
Opening liabilities	0	0	0	**0**
Net opening balance	**0**	**-5,298,708**	**-887,625**	**-6,186,333**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance contracts paid	5,200,415	0	0	**5,200,415**
Amounts recoverable from reinsurers	0	0	0	**0**
Recoveries of incurred claims and other reinsurance service expenses	0	-925,670	-167,435	**-1,093,106**
Adjustments to assets for incurred claims	0	-7,598,242	111,387	**-7,486,857**
	5,200,415	**-8,523,912**	**-56,048**	**-3,379,547**
Effect of changes in non-performing risk of reinsurers	0	17	0	**17**
Net expenses from reinsurance contracts	**5,200,415**	**-8,523,895**	**-56,048**	**-3,379,527**
Net finance expenses from insurance contracts	0	232,676	0	**232,676**
Total changes in the statement of profit and loss and OCI	**5,200,415**	**-8,291,219**	**-56,048**	**-3,146,851**
Cash flows				
Premiums paid	-5,200,415	0	0	**-5,200,415**
Amounts received	0	8,161,059	0	**8,161,059**
Total cash flows	**-5,200,415**	**8,161,059**	**0**	**2,960,643**
Closing assets	0	-5,428,868	-943,673	**-6,372,541**
Closing liabilities	0	0	0	**0**
Net closing balance	**0**	**-5,428,868**	**-943,673**	**-6,372,541**

31/12/2023	Liabilities for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non financial risk	Total
Opening assets	0	-5,428,868	-943,673	**-6,372,541**
Opening liabilities	0	0	0	**0**
Net opening balance	**0**	**-5,428,868**	**-943,673**	**-6,372,541**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance contracts paid	6,042,659	0	0	**6,042,659**
Amounts recoverable from reinsurers	0	0	0	**0**
Recoveries of incurred claims and other reinsurance service expenses	0	0	0	**0**
Adjustments to assets for incurred claims	0	-489,489	53,760	**-435,729**
	6,042,659	**-489,489**	**53,760**	**5,606,930**
Effect of changes in non-performing risk of reinsurers	0	-20	0	**-20**
Net expenses from reinsurance contracts	**6,042,659**	**-489,509**	**53,760**	**5,606,910**
Net finance expenses from insurance contracts	0	-16,690	0	**-16,690**
Total changes in the statement of profit and loss and OCI	**6,042,659**	**-506,199**	**53,760**	**5,590,220**
Cash flows				
Premiums paid	-6,042,659	0	0	**-6,042,659**
Amounts received	0	928,411	0	**928,411**
Total cash flows	**-6,042,659**	**928,411**	**0**	**-5,114,248**
Closing assets	0	-5,140,281	-889,913	**-6,030,194**
Closing liabilities	0	133,625	0	**133,625**
Net closing balances	**0**	**-5,006,656**	**-889,913**	**-5,896,569**

The costs with regard to the setup of the reinsurance programme are recognised under net costs under reinsurance contracts (reinsurance service expense). These are amounts owed to the reinsurance broker.

The following tables give a summary of the effect on the valuation components as a result of the initial recognition of insurance and reinsurance contracts that are not measured according to the PAA for the Life risk segment:

31/12/2022 restated Life risk	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of cash outflows	55,000,692	264,416	55,265,107
Estimates of present value of cash inflows	-82,826,357	-247,600	-83,073,958
Risk adjustment for non-financial risk	6,820,796	16,496	6,837,292
Constractual service margin (CSM)	21,004,869	0	21,004,869
Losses recognised in initial recognition		**33,312**	

31/12/2023 Life risk	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of cash outflows	30,707,541	17,010,118	47,717,659
Estimates of present value of cash inflows	-38,151,646	-14,953,329	-53,104,975
Risk adjustment for non-financial risk	3,693,388	1,267,628	4,961,015
Constractual service margin (CSM)	3,750,717	0	3,750,717
Losses recognised in initial recognition		**3,324,417**	

The following tables give a summary of the effect on the valuation components as a result of the initial recognition of insurance and reinsurance contracts that are not measured according to the PAA for the Life savings segment:

31/12/2022 restated Life savings	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of cash outflows	104,775,244	108,725,257	213,500,502
Estimates of present value of cash inflows	-109,628,049	-100,545,773	-210,173,822
Risk adjustment for non-financial risk	1,060,444	710,573	1,771,017
Constractual service margin (CSM)	3,792,360	0	3,792,360
Losses recognised in initial recognition		**8,890,058**	

31/12/2023 Life savings	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of cash outflows	0	281,078,703	281,078,703
Estimates of present value of cash inflows	0	-278,271,295	-278,271,295
Risk adjustment for non-financial risk	0	3,200,910	3,200,910
Constractual service margin (CSM)	0	0	0
Losses recognised in initial recognition		**6,008,318**	

The following table shows when the Company expects to recognise the remaining CSM in the income statement for contracts that are not measured on the basis of the PAA.

31/12/2022 restated	3 months	3-12 months	12-60 months	> 60 months	Total
Insurance contracts					
Life risk	2,911,701	8,498,482	39,226,808	100,119,380	**150,756,370**
Life savings	360,005	1,096,102	6,580,505	33,368,996	**41,405,608**
	3,271,706	**9,594,584**	**45,807,313**	**133,488,376**	**192,161,978**
Reinsurance contracts					
Life	15,640	60,978	633,701	2,880,630	**3,590,949**
	15,640	**60,978**	**633,701**	**2,880,630**	**3,590,949**

31/12/2023	3 months	3-12 months	12-60 months	> 60 months	Total
Insurance contracts					
Life risk	2,208,878	6,462,700	29,904,224	84,640,514	**123,216,317**
Life savings	137,034	454,950	3,611,765	29,650,832	**33,854,581**
	2,345,913	**6,917,649**	**33,515,989**	**114,291,346**	**157,070,897**
Reinsurance contracts					
Life	-231,778	-642,433	-2,288,101	-1,302,660	**-4,464,971**
	-231,778	**-642,433**	**-2,288,101**	**-1,302,660**	**-4,464,971**

The table below shows how the estimates of cumulative claims for the non-life segment of the Company have developed over time on a gross basis and following reinsurance.

31/12/2022 restated		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimates of Undiscounted gross cumulative claims	31/12/2013	0	0	0	0	0	0	0	0	0	0	**0**
	31/12/2014	38,623,012	49,071,571	0	0	0	0	0	0	0	0	**87,694,583**
	31/12/2015	38,138,736	55,560,475	49,651,971	0	0	0	0	0	0	0	**143,351,181**
	31/12/2016	36,723,507	52,827,987	48,988,671	56,385,091	0	0	0	0	0	0	**194,925,256**
	31/12/2017	36,801,433	52,166,099	48,290,586	50,900,850	52,653,875	0	0	0	0	0	**240,812,845**
	31/12/2018	37,216,589	51,313,174	49,054,662	49,490,010	48,955,611	64,244,760	0	0	0	0	**300,274,807**
	31/12/2019	36,930,717	51,070,033	49,991,332	49,200,678	48,234,385	59,846,889	62,536,869	0	0	0	**357,810,904**
	31/12/2020	36,537,862	51,940,574	49,692,246	51,812,128	47,500,401	59,505,928	60,843,977	54,741,189	0	0	**412,574,304**
	31/12/2021	36,349,053	52,745,245	50,401,846	51,576,959	47,196,570	53,994,589	60,918,995	53,990,420	68,161,942	0	**475,335,619**
	31/12/2022	37,811,450	51,948,908	50,100,748	48,896,554	46,386,920	53,435,720	59,161,743	54,396,029	64,597,974	74,222,250	**540,958,295**
cumulative gross claims paid		33,902,880	47,972,071	40,246,988	45,728,579	41,562,410	48,072,283	51,130,680	44,773,029	55,181,582	41,254,769	**449,825,270**
gross liabilities		3,908,569	3,976,837	9,853,760	3,167,976	4,824,510	5,363,437	8,031,064	9,623,000	9,416,392	32,967,481	**91,133,025**
gross liabilities accident years before 2013												**14,286,882**
effect of discounting												**-5,155,400**
Net liabilities for incurred claims												**100,264,506**

31/12/2023		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimates of Undiscounted gross cumulative claims	31/12/2014	49,071,571	0	0	0	0	0	0	0	0	0	**49,071,571**
	31/12/2015	55,560,475	49,651,971	0	0	0	0	0	0	0	0	**105,212,445**
	31/12/2016	52,827,987	48,988,671	56,385,091	0	0	0	0	0	0	0	**158,201,749**
	31/12/2017	52,166,099	48,290,586	50,900,850	52,653,875	0	0	0	0	0	0	**204,011,411**
	31/12/2018	51,313,174	49,054,662	49,490,010	48,955,611	64,244,760	0	0	0	0	0	**263,058,218**
	31/12/2019	51,070,033	49,991,332	49,200,678	48,234,385	59,846,889	62,536,869	0	0	0	0	**320,880,187**
	31/12/2020	51,940,574	49,692,246	51,812,128	47,500,401	59,505,928	60,843,977	54,741,189	0	0	0	**376,036,442**
	31/12/2021	52,745,245	50,401,846	51,576,959	47,196,570	53,994,589	60,918,995	53,990,420	68,161,942	0	0	**438,986,566**
	31/12/2022	51,948,908	50,100,748	48,896,554	46,386,920	53,435,720	59,161,743	54,396,029	64,597,974	74,222,250	0	**503,146,845**
	31/12/2023	51,141,155	49,252,995	49,617,192	46,455,587	52,972,119	58,189,347	52,779,882	63,999,433	71,372,901	65,844,395	**561,625,006**
cumulative gross claims paid		48,792,743	40,561,399	46,422,472	42,903,607	48,574,055	52,331,100	46,615,327	58,311,818	58,748,248	30,040,379	**473,301,148**
gross liabilities		2,348,412	8,691,596	3,194,720	3,551,980	4,398,063	5,858,247	6,164,555	5,687,615	12,624,653	35,804,016	**88,323,858**
gross liabilities accident years before 2013												**15,130,885**
effect of discounting												**-5,086,621**
Net liabilities for incurred claims												**98,368,122**

The main estimates and assessments relating to the measurement of the (re)insurance contracts concern the following elements.

Estimates of cash flows

The fulfilment cash flows, being the probability-weighted average cash flows which consist of estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk.

The main characteristics of the estimates of the future cash flows are:
- They are up to date, reflecting the Company's view of the current circumstances on the report date;
- In estimating future cash flows, the Company takes account of the current expectations of future events that could affect these cash flows;
- In estimating future cash flows the Company will use all reasonable and supporting information available (without excessive costs or efforts) on the report date. This information includes both internal and external historical data on claims and other experiences, updated to the current expectations to reflect future events.
- They reflect the Company's perspective. No account is taken of expectations of future changes in the legislation that would change or terminate an existing liability or create new liabilities under existing contracts until the change has been substantively laid down in the legislation.

Cash flows within the contract limits relate to the performance of the contract. This includes future additional payments in the contract, payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs incurred to fulfil contracts.

Other costs incurred to fulfil contracts include
- Claims settlement, maintenance and administrative costs;
- Recurring commission that must be paid on reserves within the contract limits;
- Costs the Company will incur to provide investment services.

Cash flows are allocated using activity-based cost allocation techniques (cost category and department) and systematic and rational methods that are applied consistently to all costs with similar characteristics.

Contract limits

In determining the contract limits of (re)insurance contracts, account is taken of the contractual conditions, legislation and regulations and the usual business practices. Account is also taken of extension options and/or optional covers.

For insurance contracts cash flows fall within the contract limit if they arise from substantial rights and obligations that exist during the reporting period for which the Company can require the policyholder to pay premiums or the Company has a substantial obligation to provide services to the policyholder. The Company determines that the cash flows relating to future premium payments of extensions of the life savings contracts fall within the contract limit since full repricing of the insurance contract cannot happen at that time. For the hospitalisation contracts (within life risk) the cash flows relating to future premium payments are also included since they are lifelong contracts and the way in which the Company can index the premiums is tied to legal restrictions. For the non-life contracts no extensions are recognised within the contract limits. The reason for this is that in the event of extension, the Company can adjust the premium to reflect the reassessed risks for the following year, based on claims experiences and expectations for the respective portfolio. Each extension of the contract is treated as a new contract and is recognised separately from the initial contract when the recognition criteria are met.

For reinsurance contracts the cash flows fall within the contractual limits if they arise from substantial rights and obligations that exist during the reporting period for which the Company is obliged to pay amounts to the reinsurer or has a substantial right to receive services from the reinsurer. A contract limit of three years is used for the reinsurance contract for life insurance, in accordance with the mutual notice period applicable to this contract. The reinsurance contracts for non-life insurance have a term of one year, which coincides with the calendar year. An annual contract limit is therefore used for this.

Mortality/life expectancy and life savings and life risk surrender

The assumptions used for mortality/life expectancy and percentage of maturity are developed on the basis of a mix of national mortality tables, sector developments and recent experiences within the Company. The Company uses the Assuralia mortality tables (2015-2019 for financial year 2022, and 2016-2020 for financial year 2023) adjusted by a pro rata factor based on its own mortality experience.

The following table shows the assumptions relating to surrender percentages (expressed as weighted averages).

	2022	2023
Life savings	0.6%	0.8%
Life risk	1.7%	1.6%

Non-life and life risk claim expectations

For the claims the estimates of future cash flows are determined through so-called triangle extrapolations (chain ladder and variants) for both the indemnity payments and the expected claims settlement costs.

The main assumption underlying these techniques is that the Company uses past experience of the development of claims to project the development of claims in future reporting periods and consequently the ultimate cost of claims. Qualitative assessments are used in evaluating the degree to which past developments may not continue in the future.

Discount curve

The cash flows are discounted using the risk-free yield curve (euro-swap curve) that has been adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the contracts (bottom-up approach), without applying convergence to an ultimate forward rate.

To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted with an illiquidity premium. The illiquidity premium is calculated on the basis of the difference between the interest rate on AAA covered bonds of European banks and the risk-free interest rate. Apart from this, there is an additional term that is the same as the difference between the Euribor 12m interest rate as illiquid interest rate and the interest rate on AAA covered bonds on a one-year term as risk-free interest rate.

The tables below show the discount curves used.

	1 year	5 year	10 year	15 year	20 year
2022	3.50%	3.48%	3.49%	3.48%	3.30%
2023	3.84%	2.86%	2.97%	3.09%	3.08%

Risk adjustment for non-financial risks

Risk adjustments for non-financial risks are determined to reflect the compensation the Company would require for bearing non-financial risks and its degree of risk aversion. They are determined separately for the Life and Non-life contracts and are allocated to groups of contracts on the basis of an analysis of the risk profiles of the groups.

The risk adjustments for non-financial risks are determined on the basis of the following techniques.
- Liabilities for remaining coverage on the basis of a capital cost technique;
- Liabilities for losses suffered of property insurance and reinsurance on the basis of a value at risk technique.

To determine the risk adjustments for non-financial risks in reinsurance contracts, the Company will apply these techniques both gross and net and derive the amount of the risk transferred to the reinsurer as the difference between the two results.

When applying a capital cost technique, the Company will determine the risk correction for non-financial risks by applying a capital cost rate to the amount of the capital required for each future annual report date. The calculations are made on an ultimate basis and the required capital will be determined on the basis of the Solvency II capital requirement for underwriting risks of the respective insurance contracts. The capital cost rate represents the extra compensation investors would require for exposure to the non-financial risk. The capital cost rate applied is 6%. The capital cost rate applied is the same as the one used to calculate the Solvency II risk margin (legally defined).

The risk adjustments for non-financial risks correspond to the following reliability levels.

	2022	2023
Life	74.1%	78.2%
Non-life	86.2%	86.6%

Coverage units

The number of coverage units is the quantity of services provided by the contracts in the group, determined by taking into account the quantity of benefits provided and the expected coverage period for each contract. The coverage unit used depends on which coverage is provided by the specific product. The coverage units will be assessed and updated on each report date.

The Company determines the coverage units as follows
- For outstanding balance contracts and temporary life cover policies: the insured capital per period
- For savings and investments insurance: the interest paid per period
- For hospitalisation insurance: the premiums received per contract
- For life reinsurance contracts: the outstanding risk capital

Investment component

The Company identifies the investment component of a contract by determining the amount it would be obliged to repay to the policyholder in all scenarios with commercial significance. They cover circumstances in which an insured event occurs or the contract expires or is terminated without an insured event occurring.

The estimates for future cash flows are subject to a modelling per group of contracts. In the case of the savings insurance contracts an investment component is considered. This is equivalent to the saved reserve of the insurance contract concerned.

The Company's other contracts contain no investment component.

Fair value of insurance contracts

The fair value of an insurance liability is the price a market participant would be willing to receive at transition date to assume the obligation and risk of the related insurance contracts at that date.

The Company will measure the fair value of the contracts as the sum of:
- The cash value of the net cash flows that are expected to be generated by the contracts, determined using a discounted cash flow technique; and
- An extra margin, determined using a margin of uncertainty technique.

The cash flows are taken into account in determining the fair value are consistent with those within the contractual limits.

In particular the Company will recognise a margin in determining the fair value that consists of a risk premium reflecting what market participants would require as compensation for the uncertainty inherent to the cash flows and a profit margin reflecting what market participants would require to meet the obligations for the insurance contracts.

The financial result from (re)insurances, in respect of the assets backing these insurance contracts, is made up as follows:

31/12/2022 restated	Life risk	Life savings	Non-life	Reinsurance life	Reinsurance non-life	Total
Investment income						
Net interest income	2,913,272	63,228,520	2,789,768			68,931,560
Other investment income	209,984	-6,923,178	181,746			-6,531,449
Net impairment loss on financial assets	-187,664	-1,727,236	-710,520			-2,625,419
Amounts recognised in OCI	-16,387,535	-147,736,833	-14,826,273			-178,950,641
Total investment income	**-13,451,943**	**-93,158,727**	**-12,565,279**			**-119,175,949**
Net finance expenses from insurance contracts						
Interest accreted	530,657	-9,277,445	161,292	-12,196	-8,424	-8.606.117
Effect of changes in interest rates and other financial assumptions	-60,323,711	600,235,266	3,133,120	1,190,919	-224,252	544.011.342
Effect of measuring changes in estimates at current rates and adjusting CSM at rates on initial recognition	0	0	0	0	0	0
Total net finance expenses from insurance contracts	**-59,793,054**	**590,957,821**	**3,294,411**	**1,178,699**	**-232,676**	**534,459,178**
Net (re)insurance finance income						
Recognised in profit or loss	629,643	-23,950,038	-681,042	-20,768	21,573	-24.000.608
Recognised in OCI	-60,422,697	614,907,859	3,975,453	1,199,468	-254,250	559.405.833
Total (re)insurance finance income	**-59,793,054**	**590,957,821**	**3,294,411**	**1,178,699**	**-232,676**	**533,513,155**
Net investment income, insurance finance expenses and reinsurance finance income						
Amounts recognised in profit or loss	3,565,235	25,548,738	1,579,952	-20,768	21,573	30.694.754
Amounts recognised in OCI	-76,810,232	472,250,356	-10,850,820	1,199,468	-254,250	385.534.522
Total net investment income, insurance finance expenses and reinsurance finance income	**-73,244,997**	**497,799,094**	**-9,270,868**	**1,178,699**	**-232,676**	**416.229.276**

31/12/2023	Life risk	Life savings	Non-life	Reinsurance life	Reinsurance non-life	Total
Investment income						
Net interest income	5,152,580	70,458,178	5,357,331			80,968,089
Other investment income	239,656	12,203,471	155,171			12,598,298
Net impairment loss on financial assets	-1,577,359	-1,671,898	-11,551			-3,260,809
Amounts recognised in OCI	9,447,125	58,840,083	14,567,559			82,854,767
Total investment income	**13,262,002**	**139,829,835**	**20,068,509**			**173,160,346**
Net finance expenses from insurance contracts						
Interest accreted	6,801,846	-78,344,759	-2,469,888	-225,686	137,352	-74,101,134
Effect of changes in interest rates and other financial assumptions	2,763,946	-129,868,660	49,623	308,543	-120,663	-126,867,211
Effect of measuring changes in estimates at current rates and adjusting CSM at rates on initial recognition	0	0	0	0	0	0
Total net finance expenses from insurance contracts	**9,565,791**	**-208,213,419**	**-2,420,265**	**82,857**	**16,690**	**-200,968,345**
Net (re)insurance finance income						
Recognised in profit or loss	1,115,406	-24,397,324	-1,374,365	-24,230	41,101	-24,639,413
Recognised in OCI	8,450,386	-183,816,095	-1,045,900	107,088	-24,411	-176,328,933
Total (re)insurance finance income	**9,565,791**	**-208,213,419**	**-2,420,265**	**82,857**	**16,690**	**-200,968,345**
Net investment income, insurance finance expenses and reinsurance finance income						
Amounts recognised in profit or loss	4,930,282	53,938,870	4,126,586	-24,230	41,101	63,012,608
Amounts recognised in OCI	17,897,511	-122,179,710	13,521,659	107,088	-24,411	-90,677,864
Total net investment income, insurance finance expenses and reinsurance finance income	**22,827,793**	**-68,240,840**	**17,648,244**	**82,857**	**16,690**	**-27,665,256**

Net interest income	2022 restated	2023
Realised through OCI		
Debt securities	17,834,390	48,244,036
	17,834,390	**48,244,036**
Realised through P&L		
Amortised cost		
Debt securities	17,632,197	1,309,129
Loans and advances	33,761,725	31,665,574
Other	-527,113	-496,278
Fair value through P&L		
Debt securities	258,305	245,628
Loans and advances	-27,945	0
Total	**51,097,170**	**32,724,053**

Other investment income	2022 restated	2023
Net gains on financial instruments mandatorily measured at FVTPL		
Equity investments	-11,654,673	3,963,320
Debt securities	-2,266,622	261,039
	-13,921,295	**4,224,358**
Net gains on financial instruments not measured at FVTPL		
Equity investments	-176,568	-284,036
Loans and advances	110,506	847,337
	-66,062	**563,302**
Dividends on equity investments	**7,455,909**	**7,810,638**
Total	**-6,531,449**	**12,598,298**

Net impairments	2022 restated	2023
Non financial assets	**0**	**0**
Amortised cost		
Debt securities	-443,496	-15,378
Loans and advances	-317,035	-469,006
	-760,531	**-484,383**
Realised through OCI		
Debt securities	-1,864,888	-2,776,425
Total	**-2,625,419**	**-3,260,809**

Investment return in OCI related to insurance and reinsurance contracts	2022 restated	2023
Balance at 1 January	**-20,056,828**	**399,497,547**
Net change in OCI	559,405,833	-176,328,933
Related income tax	-139,851,458	44,082,233
Balance at 31 December	**399,497,547**	**267,250,848**

Amounts recognised in OCI	2022 restated	2023
Balance at 1 January	**95,984,828**	**-47,257,124**
Adjustment due to first-time adoption of IFRS 17 for IFRS 9	0	-37,002,725
Net change in fair value	-180,815,529	81,388,561
Net amount reclassified to profit or loss	1,864,888	2,762,684
Related income tax	35,708,689	-20,660,056
Balance at 31 December	**-47,257,124**	**-20,768,661**

23. Other assets

The other assets break down as follows:

	31/12/2022 restated	31/12/2023
Prepaid expenses	14,747,500	12,740,263
Other assets in context of lending transactions	93,357,083	107,600,278
Other assets in context of securities transactions	354,677	253,730
Other assets in context of payment transactions	68,277,957	73,910,156
Suspense accounts	86,892,027	82,935,088
Total other assets	**263,629,243**	**277,439,515**

‘Other assets in the context of lending transactions’ relate to credit advances to notary accounts and to the external manager in connection with the Dutch loans.

‘Assets in the context of securities transactions’ relate to fees receivable for the sale of investment funds of external fund managers (on entry and on portfolio). These fees are settled periodically (monthly).

‘Assets in the context of payment transactions’ relate to transition accounts for debit and credit cards.

‘Suspense accounts’ contain amounts awaiting definitive allocation to specific bookkeeping accounts, advances to agents and personnel and current accounts of affiliated companies.

24. Financial liabilities measured at amortised cost

	31/12/2022	31/12/2023
Deposits from central banks	0	0
Deposits from credit institutions	1,786,200,219	1,130,294,811
Deposits from other than central banks and credit institutions	41,814,573,100	42,421,463,560
Senior debt securities issued	6,379,999,074	6,727,324,493
Other financial liabilities	97,561,412	85,899,307
Total	**50,078,333,805**	**50,364,982,170**

24.1. Deposits from central banks

The Company has no deposits from central banks.

24.2. Deposits from credit institutions

The deposits from credit institutions are composed as follows:

	31/12/2022	31/12/2023
Deposits from credit institutions	**1,786,200,219**	**1,130,294,811**
Breakdown by product type		
Deposits on demand	6,706,162	7,148,817
Repurchase agreements	0	0
Cash Collateral from financial institutions	1,779,494,057	1,123,145,994
Geographical breakdown		
Belgium	163,162,174	99,836,817
European Monetary Union	1,623,038,046	1,030,457,994
Rest of the world	0	0
Breakdown by residual term or maturity date		
Up to 1 year	1,786,200,219	1,130,294,811
1 to 5 year	0	0
Effective interest rate at 31/12	**1.89%**	**3.88%**

The cash collateral consists of cash collateral received in respect of the current derivative contracts. With the increase in fair value, some of these contracts have acquired a positive fair value, as a result of which the Company receives (additional) collateral.

24.3. Deposits from other than central banks and credit institutions

Deposits from institutions other than central banks credit institutions – essentially deposits by the Company's retail customers – break down as follows:

	31/12/2022	31/12/2023
Deposits from other than central banks and credit institutions	**41,814,573,100**	**42,421,463,560**
Breakdown by product type		
Deposits on demand	7,058,329,917	6,067,620,094
Deposits on term	909,240,741	8,338,474,447
Regulated saving deposits	29,968,901,593	24,766,586,799
Mortgage-linked deposits	756,734,642	630,183,927
Cash collateral	176,307,000	109,204,000
Other deposits	2,945,059,207	2,509,394,293
Breakdown by residual term or maturity date		
Up to 1 year	511,926,068	6,626,751,260
1 to 5 year	554,922,834	1,820,093,014
More than 5 years	18,698,839	834,173
Undefined	40,729,025,359	33,973,785,113
Effective interest rate at 31/12	**0.17%**	**1.35%**

The outstanding amounts in current accounts remained high but fell slightly in 2023. The fixed-term deposits (term accounts) rose substantially because of the success of the one-year term deposit and through the higher interest payment that can be given because of the changed interest rate curves. The greater part of this increase on the term accounts came from the regulated savings deposits (hence the big fall with this product type). Further information about the interest payments concerned is included under Note 30.

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.

The cash collateral consists of cash collateral paid in respect of the current derivative contracts.

The 'other deposits' consist mainly of the savings deposits in the Netherlands branch and the non-regulated savings accounts in Belgium.

24.4. Senior debt securities issued – bonds

This heading contains the bonds issued by Green Apple, the EMTN issues and the Covered bonds.

	31/12/2022	31/12/2023
Senior debt securities issued - bonds	**6,379,999,074**	**6,727,324,493**
Green Apple 2017-I NHG	436,106,835	375,479,158
Green Apple 2018-I NHG	447,078,009	378,469,993
Green Apple 2019-I NHG	470,269,629	411,049,312

	31/12/2022	31/12/2023
Green Apple 2021-I	565,507,867	528,118,792
EMTN programme	2,461,266,475	2,527,217,534
Belgian Mortgage Pandbrieven Programme	1,999,770,260	2,506,989,705
Breakdown by residual term or maturity date		
Up to 1 year	256,144,636	1,057,769,152
1 to 5 year	3,718,631,080	4,152,489,181
More than 5 years	2,405,223,358	1,517,066,160
Effective interest rate at 31/12	**1.60%**	**2.32%**

The Green Apple SPVs serve for the securitisation of Dutch mortgage loans. The A notes of these transactions have been placed with external institutional investors. As at end 2023 the securitisation transactions had been issued:

- 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 million. 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 million. 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. During 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 500 million was issued in each of two rounds, on 23 February 2022 with a seven-year term and on 20 October 2022 with a four-year term. In 2023, 500 million with a five-year term was issued on 22 June.

Further information on the issue programmes can be found at www.argenta.eu.

24.5. Subordinated debt securities issued

The Company has no outstanding subordinated debt securities.

24.6. Other financial liabilities

The other financial liabilities consist of lease liabilities measured and recorded under the IFRS 16 standard, and liabilities linked to investment contracts.

The liabilities break down as follows:

	31/12/2022	31/12/2023
Other financial liabilities	**97,561,412**	**85,899,307**
Breakdown by type		
Leasing	97,261,489	85,848,309
Investment contracts linked to insurance contracts	299,923	50,998
Breakdown by residual term or maturity date		
Up to 1 year	15,122,245	13,287,532
1 to 5 year	46,889,751	44,125,208
More than 5 years	35,549,416	28,486,566

The item 'investment contracts linked to insurance agreements' consists of the reserves of investment contracts in the Insurance Pool recognised in accordance with IAS 9. These contracts are no longer offered and are systematically arriving at maturity.

25. Provisions

The changes in the provisions during the year are:

	Pension liabilities	Litigation	Loan commitments, financial guarantees and other commitments given	Other provisions	Total
Closing balance at 31 December 2021	**2,314,266**	**2,544,725**	**969,798**	**228,724**	**6,057,513**
Additions	0	0	368,400	13,151	381,551
Amounts used	0	-148,321	0	-6,320	-154,641
Unused amounts reversed during the period	0	-255,894	0	0	-255,894
Other	4,142,879	0	0	0	4,142,879
Closing balance at 31 December 2022	**6,457,145**	**2,140,510**	**1,338,198**	**235,555**	**10,171,408**
Additions	0	574,808	0	4,093	578,901
Amounts used	0	-97,395	0	0	-97,395
Unused amounts reversed during the period	0	-88,168	-301,758	0	-389,926
Other	2,368,226	0	0	0	2,368,226
Closing balance at 31 December 2023	**8,825,371**	**2,529,756**	**1,036,440**	**239,648**	**12,631,215**

The provisions for legal disputes and the other provisions are based on the best possible accounting estimates available at year-end, taking account of the opinions of legal and tax advisers. They relate to ongoing legal disputes.

For 'future obligations and guarantees given', expected credit losses are also recognised in the form of stage 1 and stage 2 impairment amounts. Further information can be found in Note 5.3.

The timing of the cash outflows that correspond with these provisions is by definition uncertain, considering the unpredictability of the outcome of, and the time associated with, the settlement of disputes.

Note on group insurance

The Company provides an additional company pension scheme for its employees. The Company offers an occupational pension scheme of the defined contribution type for its Belgian employees. These defined contribution schemes are funded solely by the employer through a group insurance, in which the insurer guarantees a minimum return on the premiums paid.

Under Article 24 of the Supplementary Pensions Act of 28 April 2003 on Supplementary Pensions (the so-called 'WAP/LPC'), the employer is required to guarantee a minimum return on defined contribution plans. The legal minimum guaranteed return which the employer is required to pay in respect of employer contributions was until 31 December 2015 set at 3.25%. The guaranteed return was amended by the Act of 18 December 2015, with the guaranteed return linked to the yield on the 10-year OLO; with a minimum of 1.75% and a maximum of 3.75%. However, the cumulative contributions up to 31 December 2015 remain subject to the 3.25% guaranteed return until employees leave the Company's pension scheme (the 'horizontal' approach).

Because of the legally imposed minimum guaranteed return, Belgian defined contribution schemes are considered as defined benefit schemes. The contributions to the pension scheme depend on the wage level and seniority.

The Company offers an occupational pension scheme of the defined contribution type for its Dutch employees, financed entirely by the employer. For the defined benefit schemes, the final benefit at retirement date for the employee depends on various elements such as years of service and final remuneration.

A defined contribution occupational pension scheme is offered for employees in Luxembourg. The contribution paid for this plan amounted in 2023 to EUR 205,266.

The pension scheme assets consist of insurance contracts. The main risks to which the Company's contribution schemes are exposed are interest rate, inflation, life expectancy and legal retirement age. The pension obligations are evaluated at least annually. The sensitivity of the schemes to interest rate and inflation shocks is defined on a regular basis.

Change table	31/12/2022	31/12/2023
Defined benefit obligations at the beginning of the period	**102,016,231**	**68,748,379**
Current service cost	8,653,066	5,771,978
Interest expenses	892,720	2,679,083
Actuarial gain or loss resulting from changes in demographic assumptions	329,931	-682,701
Actuarial gain or loss resulting from changes in financial assumptions	-45,800,757	3,943,726
Experience adjustments	3,714,522	-143,657
Benefits paid	-1,057,334	-1,691,418
Defined benefit obligations at the end of the period	**68,748,379**	**78,625,390**
Fair value of plan assets (insurance contracts) at the beginning of the year	**99,781,240**	**62,291,234**
Interest income	876,909	2,499,938
Employer contributions	7,769,754	9,375,143
Actuarial gain or loss resulting from changes in financial assumptions	-42,946,637	4,115,946
Experience adjustments	-2,132,698	-6,790,828
Benefits paid	-1,057,334	-1,691,418
Fair value of plan assets (insurance contracts) at the end of the year	**62,291,234**	**69,800,015**

Change table	31/12/2022	31/12/2023
Funded status	**-6,457,145**	**-8,825,375**
Asset ceiling limit	0	0
Net defined benefit obligations	**-6,457,145**	**-8,825,375**
Net defined benefit obligations at the beginning of the year	**-2,314,266**	**-6,457,145**
Current service cost	-8,668,877	-5,951,123
Changes to the amounts recognised in other comprehensive income	-3,243,756	-5,792,250
Employer contributions	7,769,754	9,375,143
Net defined benefit obligations at the end of the year	**-6,457,145**	**-8,825,375**
Amounts recognised in the income statement	**-8,668,877**	**-5,951,123**
Current service cost	-8,653,066	-5,771,978
Past-service cost	0	0
Interest charges	-892,720	-2,679,083
Interest income	876,909	2,499,938
Changes to the amounts recognised in other comprehensive income	**-3,243,756**	**-5,792,250**
Actuarial gain or loss from changes in demographic assumptions	-329,931	682,701
Actuarial gain or loss from changes in financial assumptions	2,854,120	172,220
Experience adjustments	-5,847,220	-6,647,171
Asset ceiling limit	79,275	0

Additional information about the contracts

	Belgian employees	Dutch employees
Nature of the benefits of the pension plan	Capital on retirement age Death capital in the event of death during active employment	Pension annuity from retirement age (lifelong). Partner annuity in the death of the participant or pensioner of the plan (lifelong). Orphan capital in the event of the death of the participant or pensioner of the plan (lifelong)
Legislative framework	Governed by the Belgian LPC/WAP (supplementary pension law) and included in a set of pension regulations. The National Bank of Belgium (NBB) and the Financial Services and Markets Authority (FSMA) act as out the supervisors.	Regulated by the Dutch Pensions Act. The Nederlandsche Bank (DNB) and the Autoriteit Financiële Markten (AFM)act as out the supervisors.
Plan changes	Since 1 May 2011 there has been a fixed contribution plan, financed with employer's contributions, replacing the previous plan. Since 1 May 2017, the distinction in premium budget between wage scales has been abolished.	Since 1 March 2008 there has been a fixed benefit plan, financed with employer’s contributions.
Limitations and settlements	Not applicable	

	Belgian employees	Dutch employees
Active affiliates	1,114	72
Passive affiliates	1,400	139
Estimated contributions 2024	8,507,533	1,471,502

Hypotheses used

The following assumptions were used for the Belgian defined contribution schemes: discount rate 3.42% (3.80% in 2022), inflation rate 4.60% in the first year, then 2.00% annually (4.90% in the first year, then 1.90% annually in 2022), salary increase 2.50% (3.00% in 2022). Assuralia 2011-2015 experience tables were used for mortality tables and, for employee turnover, observed historical data, broken down by age category.

The following assumptions were used for the Dutch defined benefit schemes: discount rate 3.42% (3.80% in 2022), inflation rate 4.00% in the first year, then 2.00% (5.40% in the first year, then 2.00% in 2022), salary increase 2.00% (2.20% in 2022). The AG 2014 projections life table was used for mortality tables and, for employee turnover, observed historical data.

Sensitivity of the gross pension liability

	31/12/2022	31/12/2023
Discount rate	**- 100 bp**	**- 100 bp**
Impact on the defined benefit obligations	+18.80%	+19.16%
Impact on the fair value of plan assets (insurance contracts)	+18.47%	+18.51%
Salary increase rate	**- 100 bp**	**- 100 bp**
Impact on the defined benefit obligations	-1.19%	-1.40%
Impact on the fair value of plan assets (insurance contracts)	+0.00%	+0.00%

Weighted average term

	31/12/2022	31/12/2023
Average duration of the pension obligation	16.13	16.30

26. Other liabilities

The other liabilities break down as follows:

	31/12/2022 restated	31/12/2023
Social security charges	12,154,219	14,612,926
Accrued charges	18	10,031
Accounts payable suppliers	39,488,469	58,496,860
Debts - other group companies	284,006	268,802
Debts - agents	28,108,514	27,291,936
Suspense accounts - lending transactions	58,459,928	38,047,428
Suspense accounts - payment transactions	36,356,202	38,908,057
Suspense accounts - securities transactions	8,071,800	5,851,372

Other taxes	4,854,690	6,476,082
Other	106,939,833	57,799,385
Total	**294,717,680**	**247,762,880**

The suspense accounts contain primarily amounts that stay on these accounts for a few days only (until definitively allocated). The 'other' item consists of suspense accounts relating to trade payables and securitisations.

The decrease in 'other' is mainly the result of the suspense account for insurance (payments in transit).

'Debts – other group companies' includes the current accounts between the non-consolidated subsidiaries of the Group. The decrease in other is mainly related to the decrease in the balance of the current account of the branch in respect of Quion.

27. Leases

The Company has leases in various asset categories such as buildings and cars. The total leasing cost of low value items (mainly ITC equipment and bicycles), for which the exemption option was applied, amounted to EUR 312,929 in 2023.

The table below shows the changes over the past two financial years.

	Right-of-use assets	Lease receivables	Lease liability
Opening balance as per 01/01/2022	**58,921,158**	**33,450,300**	**93,721,437**
Additions	1,998,602	11,777,709	18,546,648
Interest expense (liability) /income (receivable)		327,905	623,881
Lease payments		-7,192,288	-15,271,507
Depreciation expense	-7,818,414		
Adjustments due to remeasurements	199,411	4,654,955	-358,968
Adjustments due to modifications	0	0	0
Derecognition	-443,605		
Closing balance as per 31/12/2022	**52,857,152**	**43,018,581**	**97,261,489**

	Right-of-use assets	Lease receivables	Lease liability
Opening balance as per 01/01/2023	**52,857,152**	**43,018,581**	**97,261,489**
Additions	1,685,220	6,037,831	7,723,051
Interest expense (liability) /income (receivable)		805,887	1,148,218
Lease payments		-9,295,579	-16,931,418
Depreciation expense	-7,326,627		
Adjustments due to remeasurements	24,982	-124,992	-3,353,030
Adjustments due to modifications			
Derecognition	-3,252,646		
Closing balance as per 31/12/2023	**43,988,081**	**40,441,728**	**85,848,309**

Interest income related to lease receivables is included under 'interest income on financial assets measured at amortised cost'.

The increase in lease obligations reflects the renewal of lease contracts (branch network) and lease indexations.

Right-of-use assets

The rights of use relate to leases on office buildings for own use, other buildings and cars. The leases that are subleased to the branch managers are recorded as lease receivables and are therefore not part of the overview below.

The details per asset category are shown in the table below:

Right of use asset	Depreciation	Acquisition value	Accumulated depreciation	Carrying amount
Company cars	-1,899,287	6,833,177	-4,517,926	2,315,250
Tangible assets	-1,324,093	6,158,744	-3,417,733	2,741,011
Leased buildings without sublease	-204,349	2,171,707	-804,784	1,366,923
Leased other buildings	-4,390,685	56,120,598	-9,686,631	46,433,967
Total 31/12/2022	**-7,818,414**	**71,284,226**	**-18,427,074**	**52,857,152**

Right of use asset	Depreciation	Acquisition value	Accumulated depreciation	Carrying amount
Company cars	-1,741,766	6,429,115	-4,967,687	1,461,428
Tangible assets	-1,043,847	6,143,152	-4,427,750	1,715,402
Leased buildings without sublease	-254,905	1,886,016	-737,890	1,148,126
Leased other buildings	-4,286,109	53,636,721	-13,973,598	39,663,983
Total 31/12/2023	**-7,326,627**	**68,095,005**	**-24,106,924**	**43,988,081**

Lease liabilities

The tables below provide the maturity profile of the lease liabilities:

Lease liabilities (undiscounted)	31/12/2022	31/12/2023
Up to 1 year	15,773,798	14,435,639
1 to 5 year	48,312,342	45,886,319
More than 5 years	36,627,952	29,623,513
Total	**100,714,092**	**89,945,470**

Lease liabilities (undiscounted)	31/12/2022	31/12/2023
Up to 1 year	14,822,322	13,236,535
1 to 5 year	46,889,751	44,125,208
More than 5 years	35,549,416	28,486,566
Total	**97,261,489**	**85,848,309**

The average discount rate on the lease liabilities is 3.51% (previous year -3.70%).

Lease receivables

The tables below provide the maturity profile of the lease liabilities:

Lease receivables (undiscounted)	31/12/2022	31/12/2023
Up to 1 year	8,360,628	8,614,494
1 to 5 year	26,870,438	27,039,010
More than 5 years	9,640,094	7,575,770
Total	**44,871,160**	**43,229,274**

Lease receivables (undiscounted)	31/12/2022	31/12/2023
Up to 1 year	7,702,770	7,683,812
1 to 5 year	25,991,166	25,588,538
More than 5 years	9,324,645	7,169,378
Total	**43,018,581**	**40,441,728**

Exercise of option clauses - lease contracts

Certain office building leases include extension options that can be exercised by the Company. Based on the estimate by the Company, these extension options are included in the initial estimate of lease term, given that the Company intends to use the contracts for the maximum contractual term (including extension options). The extension options held are exercisable by the Company only and not by the lessors. The majority of car lease contracts provide for purchase options, which the Company has no intention of exercising.

In exceptional circumstances giving rise to the premature termination of a lease, a revaluation will be carried out.

28. Fair value of financial instruments

28.1. 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 (Debit 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 recorded at fair value financial instruments and of financial instruments recorded at fair value are examined and validated by 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 measurement 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 term '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 specific 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 instrument in question;
- Where the fair value is not available based on quoted prices in an active market, the Company determines the fair value 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 (e.g. interest rate curves, implied volatility, credit spreads) 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).

28.2. Financial instruments not measured at fair value

The fair values recorded under this heading are mainly obtained on the basis of internal calculations, except for the debt securities that are listed. These can fluctuate on a daily basis owing to the parameters used, such as interest rates, commercial margin, and counterparty creditworthiness. Nor is there any 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 by the discounted cash flow method. The discount rate 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). 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 For 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.

The table does not include the fair value of non-financial instruments such as property, plant and equipment and other intangible assets that were discussed previously in the respective notes.

	Carrying amount 31/12/2022	Fair value 31/12/2022	Carrying amount 31/12/2023	Fair value 31/12/2023
Cash and cash equivalents	55,189,178	55,189,178	62,600,333	62,600,333
Cash balances at central banks and other demand deposits	3,177,357,910	3,177,495,028	2,153,523,163	2,153,523,163
Financial assets at amortised cost				
Loans to credit institutions	1,240,668	1,103,549	2,056,122	2,056,122
Cash collateral to financial institutions	56,522,000	56,522,000	126,423,820	126,423,820
Loans and advances to other customers				
Consumer loans	385,141,837	368,330,344	427,815,655	422,342,039
Mortgage loans	38,754,703,208	34,692,216,072	40,056,309,428	36,817,112,882
Term loans	1,476,731,957	1,373,809,426	1,484,976,649	1,429,910,162
Advances and overdrafts	3,928,875	3,928,875	3,059,280	3,059,280
Leasing	43,018,581	43,018,581	40,441,728	40,441,728
Debt securities	7,294,486,933	6,765,871,772	7,118,153,567	6,895,545,026
Total financial assets	**51,248,321,147**	**46,537,484,825**	**51,475,359,743**	**47,953,014,554**
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	1,130,294,811	1,130,294,811
Deposits from other than central banks and credit institutions				
Deposits on demand	7,058,329,917	7,058,329,917	6,067,620,094	6,067,620,094
Deposits on term	909,240,741	892,238,829	8,338,474,447	8,379,739,780
Regulated savings deposits	29,968,901,593	29,968,901,593	24,766,586,799	24,766,586,799
Mortgage-linked deposits	756,734,642	770,201,445	630,183,927	672,943,001
Cash collateral	176,307,000	176,307,000	109,204,000	109,204,000
Other deposits	2,945,059,207	2,945,059,207	2,509,394,293	2,509,394,293
Deposit protection scheme	0	0	0	0
Senior debt securities issued				
Saving certificates	0	0	0	0
Other	6,379,999,074	5,875,670,717	6,727,324,493	6,385,641,543
Other financial liabilities	97,561,412	97,561,412	85,899,307	85,899,307
Total financial liabilities	**50,078,333,805**	**49,570,470,340**	**50,364,982,170**	**50,107,323,629**

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	3,177,495,028	0	3,177,495,028	0
Financial assets at amortised cost	43,304,800,618	5,115,099,909	1,754,888,421	36,434,812,289
Loans and advances	36,538,928,846	0	104,573,004	36,434,355,842
Debt securities	6,765,871,772	5,115,099,909	1,650,315,416	456,447
Financial liabilities at amortised cost	49,570,470,340	3,950,759,082	41,962,301,815	3,657,409,443

31/12/2023	Fair value	Level 1	Level 2	Level 3
Cash and cash equivalents	62,600,333	0	62,600,333	0
Cash balances at central banks and other demand deposits	2,153,523,163	0	2,153,523,163	0
Financial assets at amortised cost	45,736,891,059	5,535,760,981	1,525,553,991	38,675,576,086
Loans and advances	38,841,346,033	0	171,980,950	38,669,365,083
Debt securities	6,895,545,026	5,535,760,981	1,353,573,042	6,211,003
Financial liabilities at amortised cost	50,107,323,629	3,950,759,082	42,499,155,104	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 DCF model. Here, certain assumptions are applied with respect to spread and prepayment rate. The spread used includes, among other things, a commercial margin including an add-on of 15bp to reflect a potential loss of a portion of commercial margin in the valuation, a capital cost and a credit cost. For Dutch mortgages cash flows after interest rate adjustment are not included for the fair value calculation.

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 ‘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 retail savings certificates, subordinated loans and fixed term deposits. Here a market valuation is calculated based on a DCF model. The Covered bonds and issues under the EMTN programme are included under level 1 as there is sufficient evidence available for the existence of a liquid market for these instruments.

Overall, the fair value has increased compared to 2022 owing to the slight decrease in the long-term yield curve at the end of 2023. The fall in the risk-free yield curve causes the fair value (of mainly fixed-interest instruments) to rise relatively and consequently also the fair value/book value ratio.

28.3. Financial instruments measured at fair value

The following tables present the fair values of the financial instruments that are already stated in the balance sheet at their fair value.

The table below provides an overview of the level hierarchy of financial assets and liabilities recognised at 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 values of derivative instruments are 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 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 recognised at fair value.

31/12/2022	Total	Level 1	Level 2	Level 3
Assets measured at fair value	**9,663,405,580**	**6,880,750,231**	**2,772,413,068**	**10,242,281**
Financial assets held for trading	107,585,916	0	107,585,916	0
Assets related to unit-lined contracts (branch 23)	2,754,692,170	2,754,692,170	0	0
Financial assets at fair value through other comprehensive income	4,636,008,677	4,062,898,680	570,711,705	2,398,292
Non-trading financial assets mandatorily at fair value through profit or loss	97,337,817	63,159,381	26,334,447	7,843,989
Derivatives used for hedge accounting	2,067,781,000	0	2,067,781,000	0
Liabilities measured at fair value	**2,974,709,414**	**2,754,692,170**	**220,017,244**	**0**
Financial liabilities held for trading	91,549,794	0	91,549,794	0
Liabilities related to unit linked contracts (branch 23)	2,754,692,170	2,754,692,170	0	0
Derivatives used for hedge accounting	128,467,450	0	128,467,450	0

31/12/2023	Total	Level 1	Level 2	Level 3
Assets measured at fair value	**9,496,327,073**	**7,221,770,550**	**2,264,460,040**	**10,096,483**
Financial assets held for trading	63,051,701	0	63,051,701	0
Assets related to unit-lined contracts (branch 23)	2,995,790,474	2,995,790,474	0	0
Financial assets at fair value through other comprehensive income	4,906,197,652	4,153,994,359	749,839,167	2,364,126
Non-trading financial assets mandatorily at fair value through profit or loss	106,229,924	71,985,717	26,511,850	7,732,357
Derivatives used for hedge accounting	1,425,057,322	0	1,425,057,322	0
Liabilities measured at fair value	**3,290,996,188**	**2,995,790,474**	**295,205,714**	**0**
Financial liabilities held for trading	52,642,345	0	52,642,345	0

31/12/2023	Total	Level 1	Level 2	Level 3
Liabilities related to unit linked contracts (branch 23)	2,995,790,474	2,995,790,474	0	0
Derivatives used for hedge accounting	242,563,369	0	242,563,369	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 2022 there were no level changes from level 1 to level 2 for the instruments measured at fair value. In 2023 there was one reclassification from level 1 to level 2 (exposure EUR 32.18 million) for the instruments measured at fair value. In the first half of the year there was also one reclassification from level 2 to level 1 (exposure EUR 2.6 million) that came at final maturity date in September.

The following table provides a reconciliation of level 3 fair values between 1 January 2022 and 31 December 2023.

	Debt securities at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets (mandatorily) at fair value through profit or loss
Opening at 01/01/2022	**585,276**	**2,455,665**	**7,306,512**
Purchases and new contracts	0	0	643,160
Expired instruments	0	0	0
(Partial) repayments	-510,221	0	-138,091
Changes to other levels	0	0	0
Changes from other levels	0	0	0
Other changes (including value changes)	0	-132,428	32,408
Closing at 31/12/2022	**75,055**	**2,323,237**	**7,843,989**
Purchases and new contracts	0	0	64,316
Expired instruments	0	0	0
(Partial) repayments	0	0	-239,384
Changes to other levels	0	0	0
Changes from other levels	0	0	0
Other changes (including value changes)	0	-34,166	63,436
Closing at 31/12/2023	**75,055**	**2,289,071**	**7,732,357**

As can be seen from the table, there is only a limited amount of level 3 market values in the financial instruments involved. The total of the debt securities and equity instruments measured at level 3 fair values was EUR 10,096,483 as of 31 December 2023.

Level changes have per se no P&L impact. The delta market values of the financial instruments at fair value through comprehensive income appear in other comprehensive income (OCI) in equity.

The EUR 10,096,483 equity instruments with a level 3 fair value mainly consist of shares of an infrastructure fund, real estate certificates and units of an ESG fund where the Company receives pricing or valuation from third parties.

Note on the credit risk in the market 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 market value of derivatives. The combined impact of both elements amounted to EUR 7.0 million on the 2023 valuation as against EUR 6.2 million in 2022, with an impact on the result of EUR 0.8 million in 2023.

29. Derivatives

Besides derivatives embedded in contracts, the Company has three types of derivatives (derived financial instruments) on its balance sheet on 31 December 2023: interest rate options (purchased and sold caps), (purchased) swaptions and swaps.

Under IFRS, derivatives are to be recorded in the trading portfolio, unless a hedging relationship is demonstrated between the asset concerned and a specifically hedged component.

Such a hedge relationship can be considered as effective if, under the influence of market factors such as a change in interest rates, the price fluctuations or cash flows of the financial derivative almost entirely offset the price fluctuations or cash flows of the hedged component.

Owing to the strict IFRS criteria that have to be satisfied to classify these as hedging instruments, they are sometimes classified as derivatives held for trading.

The Company uses hedging transactions that satisfy all the required criteria for IAS 39 hedging transactions as approved by the EU. As a result, the particular hedging instruments are classified as derivatives used for hedging. The framework for recognising *micro hedges* in the portfolio at fair value through other comprehensive income and the framework for the processing of derivatives as *cash flow hedging* were also embedded in the Company.

In 2022 and 2023 no *offsetting* was undertaken in processing the derivatives both on and off the balance sheet. As a result, no disclosures in this respect were made as described in IFRS 7.

Interest rate options

Interest rate options are used as protection against the interest rate risk. These are options where the seller commits to pay the buyer an interest rate difference in exchange for a premium paid by the buyer. The interest rate difference is the difference between the current interest rate and an agreed interest rate for a notional amount.

At the end of 2023 the Company had 3 interest rate caps in its balance sheet in a notional amount of EUR 0.65 billion. These are used in managing its global interest rate risk.

It also has securitisation-related caps on its balance sheet. At the end of 2023, it had eight securitisation-related caps (back-to-back) on its balance sheet.

Financial assets (unlisted)	Count	Notional	31/12/2022	Count	Notional	31/12/2023
Interest rate options - caps	7	1,250,000,000	15,899,102	3	650,000,000	10,261,279
Securisation transactions - caps	4	3,011,796,945	91,686,815	4	2,857,860,129	52,790,422

Financial liabilities (unlisted)	Count	Notional	31/12/2022	Count	Notional	31/12/2023
Interest rate options - caps	0	0	0	0	0	0
Securisation transactions - caps	4	3,011,796,945	91,549,794	4	2,857,860,129	52,642,345

Although serving to hedge the interest rate risk, these 3 caps are processed under IFRS as instruments held for trading.

The fair values used for the separately presented financial derivatives above were determined using solely measurement techniques based on objectively observable market parameters.

Swaptions

In 2023 there were 8 swaptions in total with a nominal value of EUR 1.15 billion.

A swaption entitles the buyer to conclude a swap after the option period and thus to pay or receive a fixed rate. With a payer swaption, the buyer is entitled to pay fixed interest and receive a floating rate. These swaptions are processed as hedging derivatives (macro hedge) with neutralisation of the delta intrinsic value and with the delta time value in NII.

Interest rate swaps

Interest rate swaps are contractual agreements between two parties on the basis of which interest flows in the same currency are exchanged. These obligations are calculated on the basis of various interest types. With the majority of interest rate swaps, a net exchange of cash flows takes place. This consists of the difference between the fixed and variable interest payments.

The following table lists all swaps and swaptions recognised at year-end, the hedged positions and the IFRS processing method.

2022				
Count	Notional	Hedge type	Treatment in IFRS	Derivative type
102	12,350,000,000	Interest rate risk on loan portfolio	Macro portfolio fair value hedge	Interest rate swaps
11	836,373,888	Interest rate risk on individual debt securities	Micro fair value hedge	Interest rate swaps
4	2,000,000,000	Interest rate risk on individual debt securities issued	Micro fair value hedge	Interest rate swaps
11	1,450,000,000	Interest rate risk on loan portfolio	Macro portfolio fair value hedge	Swaptions

2023				
Count	Notional	Hedge type	Treatment in IFRS	Derivative type
127	18,250,000,000	Interest rate risk on loan portfolio	Macro portfolio fair value hedge	Interest rate swaps
11	836,373,888	Interest rate risk on individual debt securities	Micro fair value hedge	Interest rate swaps
4	2,000,000,000	Interest rate risk on individual debt securities issued	Micro fair value hedge	Interest rate swaps
8	1,150,000,000	Interest rate risk on loan portfolio	Macro portfolio fair value hedge	Swaptions

Notes to the consolidated statement of profit or loss

30. Net interest income

The breakdown of interest income and expenses by type of interest margin-generating financial instrument is as follows. Interest income and interest expense are accounted for using the effective interest method.

	31/12/2022	31/12/2023
Interest income calculated using the effective interest method	**898,298,601**	**1,405,022,416**
Non-trading financial assets mandatorily at fair value through profit or loss	609,548	1,303,302
Financial assets at fair value through other comprehensive income	46,105,305	105,322,207
Financial assets at amortised cost - loans and advances	755,458,504	919,183,107
Financial assets at amortised cost - debt securities	81,574,173	130,870,498
Derivatives used for hedge accounting	8,734,973	245,160,882
Other assets	876,909	2,499,938
Interest income on liabilities	4,939,188	682,482
Interest expenses	**251,625,894**	**581,089,847**
Deposits from central banks and credit institutions	4,756,963	55,464,172
Deposits from other than central banks and credit institutions	57,618,109	312,189,497
Senior debt securities issued	41,544,370	144,031,331
Subordinated debt securities issued	0	0
Leasing liabilities	623,882	1,148,219
Derivatives used for hedge accounting	141,803,824	65,485,254
Other liabilities	892,720	2,679,083
Interest expenses on assets	4,386,026	92,291
Net interest income	**646,672,707**	**823,932,569**
of which interest-income on credit impaired financial assets	404,177	507,381

Net interest income rose in 2023. The interest income has grown and is the result of the combination of the increase in the return on the liquid assets, a positive contribution by the derivatives (positive impact of the hedging carried out on an interest rate rise that has now become apparent) and the increase in the interest income from the mortgage and investment portfolio, where the return on recent production and purchases is higher than that coming at final maturity date. The level of early redemptions on mortgages dropped back because of the rising interest rate on mortgages, with the reinvestment fees falling from EUR 20.3 million in 2022 to EUR 2.0 million in 2023.

The funding costs (excluding derivatives) rose as a result of the higher interest payments on deposits and the shift from short-term deposits to long-term deposits. There was a further focus on the issue of non-retail funding. The interest cost of the RMBS bonds increased (variable interest payment) and the issues of Covered Bonds and EMTN bonds issued in 2022 and 2023 bear a relatively higher interest cost, as a result of the general rise in the interest rate curve. The interest cost on the cash collateral received increased by EUR 60.5 million as this is also linked to a variable interest rate.

The hedging result showed a very positive evolution. The hedging – with its associated cost in past years – is now bearing fruit. Because of the high Euribor interest rates there are positive returns on the derivatives portfolio. The increase of the interest rate curve in 2022 had a very negative effect on the time value cost of the swaptions, which stabilised again in 2023.

31. Dividend income

Dividends received are specified below.

	31/12/2022	31/12/2023
Dividend income	**7,909,586**	**8,249,479**
Equity instruments at fair value through other comprehensive income	6,644,225	6,674,572
Equity instruments mandatorily valued at fair value through profit or loss	1,265,360	1,574,907

32. Net commission and fee income

Net fee and commission income increased by EUR 5.5 million to EUR 86.8 million for 2023.

	31/12/2022 restated	31/12/2023
Fee and commission income	**267,923,010**	**276,265,913**
Securities: issuances and transfer orders	17,106,342	11,779,470
Asset management, including central administrative services for collective investment	196,257,776	209,046,015
Customer resources distributed but not managed	18,811,461	17,071,953
Payment services	25,935,374	29,264,047
Other	9,812,057	9,104,429
Fee and commission expenses	**-186,598,492**	**-189,433,426**
Acquisition charges	-144,972,287	-143,089,772
Asset management	-8,499,989	-8,725,225
Custody	-1,915,104	-2,070,051
Payment services	-26,298,775	-30,615,671
Other	-4,912,338	-4,932,708
Net fee and commission income	**81,324,517**	**86,832,488**
of which net fee and commission income	81,323,892	87,792,559
of which net fee and commission income allocated to insurance result	625	-960,071

The development of the fee and commission income concerns a combination of falling payments on purchase and sale orders, but an increase in the management fee received from the funds and an increase in the income from the payment services. The entry fees on investments fell back as a result of the fall in the net production figures compared to 2022. Loan activity recoveries also fell back slightly due to the fall in mortgage loans advanced compared to 2022.

Under the expenses we see the unchanged acquisition charges paid to the Company's independent branch managers and rising fees for the payment services.

33. Gains and losses on financial assets and liabilities not measured at fair value through profit or loss

The realised result, on the one hand on financial assets measured at fair value through other comprehensive income and, on the other hand, on financial assets measured at amortised cost, can be presented as follows:

	31/12/2022	31/12/2023
Gains on derecognition		
Debt securities at fair value through other comprehensive income	24,098	123,102
Financial assets at amortised cost	542,363	0
Losses on derecognition		
Debt securities at fair value through other comprehensive income	-209,031	-336,779
Financial assets at amortised cost	-958	-86,940
Total result on derecognition	**356,472**	**-300,617**
of which debt securities at fair value through other comprehensive income	-184,932	-213,677
of which financial assets at amortised cost	541,405	-86,940

The fair values of the category 'financial assets measured at amortised cost' are given in Note 28. In 2022 and 2023 there were no realised results from financial liabilities (not measured at fair value through profit or loss°.

In 2023, the realised results were respectively EUR -213,677 for debt securities measured at fair value through other comprehensive income and EUR -86,940 for financial assets at amortised cost. The sales under the financial assets at amortised cost heading (hold-to-collect business model) are two positions with a carrying amount of EUR 14,975,353 sold because of an increased observed credit risk.

34. Gains and losses on financial assets and liabilities held for trading

The results of the assets and liabilities held for trading can be shown as follows:

	31/12/2022	31/12/2023
Fair value changes related to caps	13,986,344	-5,626,767

The result of interest options can be found under the net result. Under the ALM policy, all the caps concerned are concluded for the account of the Company.

The gains and losses on caps figure is the result of the recognition of the relevant instruments at market value on the balance sheet, with changes in market value taken through profit and loss.

35. Gains or losses on non-trading financial assets mandatorily measured at fair value through profit and loss

This heading groups the gains or losses on assets that are not held for trading purposes but that are required to be recognised at fair value through profit or loss.

This shows the impact on market value of a limited portfolio of securities measured at fair value through profit and loss that did not meet the SPPI tests and were therefore included on the balance sheet at market value with adjustments through profit and loss.

	31/12/2022	31/12/2023
Fair value changes related to debt securities	-8,801,871	1,107,030
Fair value changes related to equity instruments	-11,654,673	3,963,320

36. Gains or losses from hedge accounting

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

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

	31/12/2022	31/12/2023
Macro fair value hedge		
Fair value changes of the hedged item	-2,343,367,013	799,235,195
Fair value changes of the derivatives used for hedge accounting	2,364,824,008	-804,739,360
Micro fair value hedge		
Fair value changes of the hedged item	-111,604,894	30,575,454
Fair value changes of the derivatives used for hedge accounting	111,893,864	-30,697,410
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	122,105,231	-63,098,744
Changes in the fair value of the hedging instruments	-122,093,421	63,090,342
Gains or losses from hedge accounting	**21,757,775**	**-5,634,523**

The difference between the changes in the market value of the hedged positions and the change in market value of the hedging instruments gives the gains and losses from hedge accounting. 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).

37. Realised gains or losses from the derecognition of non-financial assets

The 'gains and losses on derecognised assets, other than held for sale', are shown below.

	31/12/2022	31/12/2023
Gains on property, plant and equipment	297,288	78,770
Gains on investment properties	6,888	747
Losses on property, plant and equipment	-20,467	-442,601
Losses on invesment properties	0	0
Total	**283,710**	**-363,084**

38. Net other operating income

Net other operating income consists of the following elements:

	31/12/2022 restated	31/12/2023
Other operating income		
Rental income from investment properties	0	0
Agent recuperations	10,033,363	9,944,228
Other	5,527,277	7,564,870
Operating expenses		
Other	-594,005	-1,893,799
Total	**10,610,452**	**15,615,298**
of which net operating income	8,882,173	15,518,988
of which net operating income allocated to insurance result	1,728,279	96,310

The ‘other’ under other operating income includes recoveries of administrative costs (file costs) from customers and of rental costs and IT infrastructure cost from agents. The increase is related to the counter-booking of a liability for commission to intermediaries due to the expiry of the claim (EUR +1.8 million).

39. Administrative expenses

Staff expenses consist of the following components:

	31/12/2022 restated	31/12/2023
Wages and salaries	80,166,500	97,624,565
Social security charges	19,564,954	22,492,716
Pension expenses	10,621,226	6,883,467
Share-based payments	0	0
Other	3,788,758	5,741,094
Staff expenses	**114,141,438**	**132,741,843**
of which staff expenses	104,439,373	119,918,329
of which staff expenses allocated to insurance result	9,702,065	12,823,514

Average number of employees in FTE	**1,025.5**	**1,103.6**

The increase in remuneration largely reflects the increase in FTE and the inflation cost on the remuneration. The Company is making an active effort to reduce dependence on external consultants and to recruit internal staff.

The Company has mainly pension obligations based on defined contribution schemes. The contributions are paid by the employer only. In Belgium such group insurance schemes are required to provide a minimum return.

There are no ‘share-based payments’ at the Company.

Other administrative expenses can be specified as follows:

	31/12/2022 restated	31/12/2023
Marketing expenses	7,743,744	6,385,912
Professional fees - ICT	55,942,267	71,231,448
Professional fees (including legal and fiscal)	30,544,856	30,085,075
IT expenses	70,589,953	75,160,212
Rental expenses	4,647,856	4,559,067
Other taxes and bank levies	102,784,717	112,020,480
Servicing charges	21,843,868	22,825,861
Utilities	8,079,131	8,631,709
Supervisor	9,560,096	11,180,174
Postage	3,368,312	3,506,425
Interim labour	2,037,017	1,815,145
Other	23,127,703	27,360,570
Other administrative expenses	**340,269,521**	**374,762,077**
of which other administrative expenses	306,290,179	336,558,231
of which insurance expenses	33,979,342	38,203,846

The increase in general and administrative expenses is the result of investments in digitisation and projects to update the application and data infrastructure, but also of increased expenditure to comply with various statutory requirements and the bank levies.

The 'professional fees - ICT' and 'IT expenses' items consist mainly of the costs of external ICT employees and/or managed services contracts, application management, storage, maintenance and infrastructure. Investments in digitisation and projects to renew the application and data infrastructure were continued.

Rental expenses relate to additional charges and costs related to rental contracts and lease contracts that are considered to be short-term and/or intangible.

The "business taxes and bank levies" remain a large part of the administrative costs and have increased from EUR 102.8 million to EUR 112.0 million.

The "other" heading includes expenses for telephone, postage, office supplies, professional contributions and travel expenses. These are cost items that were strictly monitored.

40. Impairment losses

The changes in impairments can be broken down as follows:

	31/12/2022	31/12/2023
Debt securities at fair value through other comprehensive income	-3,017,907	-2,734,914
Debt securities at amortised cost	-5,130,498	-10,056,446
Loans and advances at amortised cost	-14,259,123	-3,231,724
Property, plant and equipment	0	-2
Goodwill	0	0

	31/12/2022	31/12/2023
Impairments	**-22,407,527**	**-16,023,086**

The tables below show the composition and evolution of the impairments as of 31 December 2022 and 31 December 2023. The impairments on future obligations and guarantees given are explained in Notes 5.3 and 25.

For 2022, there is a net negative impact of EUR 22,407,527, of which EUR 8,148,405 for debt securities (EUR 3,017,907 for debt securities measured at fair value through other comprehensive income and EUR 5,130,498 for debt securities measured at amortised cost) and EUR 14,259,123 for loans and advances.

For 2023, there is a net negative impact of EUR 16,023,084, of which EUR 12,791,360 for debt securities (EUR 2,734,914 for debt securities measured at fair value through other comprehensive income and EUR 10,056,446 for debt securities measured at amortised cost) and EUR 3,231,724 for loans and advances.

	01/01/2022	Changes of balance sheet impairments	31/12/2022	Recoveries in profit or loss	Direct write offs	Total impairments in profit or loss
Debt securities at fair value through other comprehensive income	**-1,369,519**	**-3,017,906**	**-4,387,425**	**0**	**0**	**-3,017,906**
Stage 1	-1,244,761	-1,849,984	-3,094,745			-1,849,984
Stage 2	-124,758	-1,167,922	-1,292,680			-1,167,922
Stage 3	0	0	0	0	0	0
Debt securities at amortised cost	**-1,733,047**	**-5,130,497**	**-6,863,544**	**0**	**0**	**-5,130,497**
Stage 1	-1,553,019	-3,689,406	-5,242,425			-3,689,406
Stage 2	-180,028	-1,441,091	-1,621,119			-1,441,091
Stage 3	0	0	0	0	0	0
Loans and advances at amortised cost	**-34,250,846**	**-11,284,795**	**-45,535,642**	**1,300,769**	**-4,275,097**	**-14,259,123**
Stage 1	-2,772,217	-2,730,078	-5,502,295			-2,730,078
Stage 2	-6,608,873	-8,194,972	-14,803,845			-8,194,972
Stage 3	-24,869,756	-359,745	-25,229,502	1,300,769	-4,275,097	-3,334,073
of which consumer loans	-3,940,216	-975,006	-4,915,222	247,105	-583,598	-1,311,498
of which mortgage loans	-17,827,236	-748,014	-18,575,249	903,171	-738,268	-583,111
of which term loans	-227,798	-234,938	-462,736	0	0	-234,938
of which advances and overdrafts	-2,874,507	1,598,212	-1,276,295	150,493	-2,953,231	-1,204,526
Total	**-37,353,412**	**-19,433,198**	**-56,786,611**	**1,300,769**	**-4,275,097**	**-22,407,526**

	01/01/2023	Change in classification following initial adoption of IFRS17	Changes of balance sheet impairments	31/12/2023	Recoveries in profit or loss	Direct write offs	Total impairments in profit or loss
Debt securities at fair value through other comprehensive income	**-4,387,425**	**-739,218**	**-2,734,914**	**-7,861,557**	**0**	**0**	**-2,734,914**
Stage 1	-3,094,745	-739,218	-163,778	-3,997,741			-163,778
Stage 2	-1,292,680	0	-2,571,136	-3,863,816			-2,571,136
Stage 3	0	0	0	0	0	0	0
Debt securities at amortised cost	**-6,863,544**	**739,218**	**-10,056,446**	**-16,180,772**	**0**	**0**	**-10,056,446**
Stage 1	-5,242,425	739,218	-1,142,512	-5,645,719			-1,142,512
Stage 2	-1,621,119	0	-8,913,934	-10,535,053			-8,913,934
Stage 3	0	0	0	0	0	0	0
Loans and advances at amortised cost	**-45,535,642**	**0**	**-49,863**	**-45,585,504**	**1,378,636**	**-4,560,497**	**-3,231,724**
Stage 1	-5,502,295	0	-945,699	-6,447,994			-945,699
Stage 2	-14,803,845	0	2,230,922	-12,572,923			2,230,922
Stage 3	-25,229,502	0	-1,335,086	-26,564,588	1,378,636	-4,560,497	-4,516,947
of which consumer loans	-4,915,222	0	-286,760	-5,201,982	236,028	-1,809,259	-1,859,992
of which mortgage loans	-18,575,249	0	-1,884,727	-20,459,976	705,523	-1,212,111	-2,391,315
of which term loans	-462,736	0	57,511	-405,226	0	0	57,511
of which advances and overdrafts	-1,276,295	0	778,891	-497,404	437,085	-1,539,127	-323,152
Total	**-56,786,611**	**0**	**-12,841,223**	**-69,627,833**	**1,378,636**	**-4,560,497**	**-16,023,084**

The stage 3 impairments are the individual impairments that have been applied. The detailed change table for impairments at 31 December 2022 and 2023 has been included in the disclosure on credit risk in section 5.3.

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 figure is calculated as the sum of the weighted credit losses in three macroeconomic scenarios.

The ECL is calculated by applying the probability of a borrower defaulting 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.

The following approach has been used to calculate the ECL as of 31 December 2023:

- Updating of the forecast of the main forward-looking indicators causing credit losses in the retail and non-retail portfolios. The loss expectations differ for each scenario and cover a soft landing, a hard landing and an external shock respectively.

- The soft landing scenario is based on the macroeconomic projections the central banks (ECB, NBB and DNB) announced in December 2023. In the hard landing scenario it is assumed that inflation is more stubborn, so the ECB would have to increase the interest rate further and a deeper recession is expected in 2024. In the external shock scenario a milder recession is expected in 2024. Both (hard and external shock) are internal scenarios. The assumptions are based on market research, historical analysis and our internal assessment of the prospects for the macroeconomic environment.
- Readjustment of the probability of the scenarios occurring to 40% soft landing (in 2022 50%), 30% hard landing (in 2022 40%) and 30% external shock (in 2022 10%). The weighting of the different scenarios is adjusted at regular intervals on the basis of the development of the main macroeconomic indicators in combination with our internal assessment of where we are in the economic cycle.

The table below shows the comparison of the main forward-looking indicators for the retail portfolio and the non-retail portfolio according to the different scenarios as of 31 December 2023 compared to 31 December 2022.

	31/12/2022						31/12/2023					
Soft landing (2023) / Milde recession (2022)	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
Retail												
Unemployment BE (%)	5.7	6.2	6.3	6.0	5.5	5.5	5.6	5.5	5.5	5.6	5.5	5.5
Unemployment NL (%)	3.6	4.2	4.0	3.3	3.4	3.4	3.6	4.0	4.2	3.8	3.8	3.8
House price index BE (%, JoJ)	3.2	0.0	1.3	2.0	2.0	2.0	0.0	0.0	1.8	1.4	2.0	2.0
House price index NL (%, JoJ)	13.9	-3.1	-3.3	2.0	2.0	2.0	-3.3	0.4	2.2	2.0	2.0	2.0
Non-retail												
GDP Eurozone (%, JoJ)	3.4	0.5	1.9	1.8	1.4	1.0	0.6	0.8	1.5	1.5	1.4	1.3
Inflation Eurozone (%, JoJ)	8.4	6.3	3.4	2.3	2.0	2.0	5.4	2.7	2.1	1.9	2.0	2.0
Unemployment Eurozone (%)	6.7	6.9	6.8	6.6	6.7	6.7	6.5	6.6	6.5	6.4	6.3	6.3

	31/12/2022						31/12/2023					
Hard landing (2023) / Energy schock (2022)	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
Retail												
Unemployment BE (%)	5.7	7.9	8.1	7.7	6.8	6.5	5.6	8.2	8.6	8.2	7.8	7.4
Unemployment NL (%)	3.6	4.3	4.6	4.6	6.3	6.0	3.6	6.0	6.4	6.0	5.6	5.2
House price index BE (%, JoJ)	3.2	-5.5	2.3	2.0	1.8	1.5	0.0	-5.0	1.3	1.6	2.0	2.3
House price index NL (%, JoJ)	13.9	-14.5	2.3	2.0	1.8	1.5	-3.3	-10.0	1.3	1.6	2.0	2.3
Non-retail												
GDP Eurozone (%, JoJ)	3.4	-0.6	0.2	0.3	0.7	1.0	0.6	-2.0	0.0	0.4	0.9	1.3
Inflation Eurozone (%, JoJ)	8.4	7.4	3.6	2.7	2.3	2.0	5.4	4.5	1.0	1.3	1.7	2.0
Unemployment Eurozone (%)	6.7	8.6	8.6	8.3	8.0	7.7	6.5	8.9	9.3	8.9	8.5	8.1

	31/12/2022						31/12/2023					
External schock	2022E	2023E	2024E	2025E	2026E	2027E	2023E	2024E	2025E	2026E	2027E	2028E
Retail												
Unemployment BE (%)	5.7	7.3	7.8	7.5	7.2	6.9	5.6	7.3	7.0	6.7	6.4	6.1
Unemployment NL (%)	3.6	5.2	5.7	5.4	5.1	4.8	3.6	5.4	5.1	4.8	4.5	4.2
House price index BE (%, JoJ)	3.2	1.4	1.1	1.1	1.1	1.1	0.0	-2.0	2.3	2.3	2.3	2.3
House price index NL (%, JoJ)	13.9	1.4	1.1	1.1	1.1	1.1	-3.3	-4.0	2.3	2.3	2.3	2.3
Non-retail												
GDP Eurozone (%, JoJ)	3.4	-1.0	-0.5	0.0	0.5	1.0	0.6	-0.5	0.5	0.8	1.0	1.3
Inflation Eurozone (%, JoJ)	8.4	1.8	1.5	1.5	1.5	1.5	5.4	2.5	2.0	2.0	2.0	2.0
Unemployment Eurozone (%)	6.7	8.7	9.2	8.9	8.6	8.3	6.5	8.1	7.8	7.5	7.2	6.9

The net impairments for non-retail positions (debt securities and (local) government and business loans under loans and advances at amortised cost) rose in 2023 to EUR 26.3 million, compared to EUR 12.9 million at the beginning of the year, which resulted in a total impact of EUR -13.4 million on the income statement.

The increase in the impairment losses was mainly attributable to the rating downgrades to and within stage 2 in the real estate bond portfolio. The impairments are consequently largely due on the one hand to rating and staging migrations with regard to stage 2 for EUR -11.4 million and EUR -3.4 million due to changes in the forward-looking indicators and the weighting of the scenarios with regard to the total portfolio. Currently, there are no impairments in stage 3 for non-retail positions.

The impact of net impairments on the income statement on retail positions for mortgage loans and consumer loans for 2023 amounts to EUR -2.6 million.

The updates of the macroeconomic forecasts halfway through the year and at the end of the year largely counterbalanced each other.

For the Dutch mortgage portfolio, stage 1 and 2 impairments decreased by EUR 1.7 million. The main reasons for this decline are:

- Updated model for assessing early redemption (EUR +1.0 million);
- Macroeconomic developments, with a more favourable development of house prices (HPI) in the second half of the year. (EUR +0.8 million).

With regard to the stage 3 impairments, these decreased by EUR +0.3 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 compared to the outflow due to curing an redemptions. A limited amount in loans in default was written off.

In the course of 2023, stage 1 and 2 impairments in the Belgian mortgage portfolio decreased by EUR 0.6 million. The main reasons for this decline are:

- A positive effect of the indexation of property (collateral) (EUR +0.7 million);
- The update of the early redemptions for each scenario led to a higher impairment (EUR -0.4 million).

The stage 3 impairments for the Belgian mortgage portfolio increased by EUR -2.1 million in 2023, as a result of:

- Inflow as a result of 'hard' UTP criteria (EUR -1.5 million), which include collective debt settlement and fraud indicators, and 'soft' UTP criteria (EUR -2.7 million);
- Reaching 90 days' arrears (backstop) (EUR -0.8 million);
- Defaults in connection with deferral of payment (EUR -1.2 million);
- This is offset by an outflow of EUR +2.9 million due to curing or concluded loans;
- In addition, EUR 1.1 million of loans in default were written off.

In the LOA portfolio, the stage 3 impairments increased by EUR -0.4 million and stages 1 and 2 impairments by EUR -0.2 million. The increase in the stage 3 impairments is mainly explained by the inflow of EUR 2.2 million in 90-day overdue loans. On the other hand, there were EUR 1.6 million in write-offs of loans in default.

In the course of 2023 EUR 1.5 million was written off for the current accounts (debit balances and overdrafts). Consequently, the impairments in stage 3 fell by EUR +0.7 million in this portfolio. The provisions in stage 1 and 2 are stable.

In 2023 in total EUR +1.4 million in recoveries was received on files previously written off.

The combined impact of all management overlays increases the stock of stage 1 and 2 impairments by EUR 11.8 million compared to an increase of EUR 14.6 million in 2022. These overlays are consistent with those used in 2022 and consist of the following components.

- Increased LGD, as the ECL models have not yet been focused on the new definition of default. For the Belgian portfolio the impact is EUR 5.4 million, for the Dutch portfolio EUR 6.4 million. Back tests have shown that this increase is adequate and the relevant developments are processed in the ECL calculations according to the internal expectations;
- Additional allocation to stage 2 on account of sensitivity to high energy prices: for the Belgian portfolio the impact is EUR 0.2 million, for the Dutch portfolio the impact is EUR 0.9 million;
- Allocation to stage 2 of non-repaying loans with high Loan-To-Value (LTV), because of the uncertainty or the value of the property on maturity will be sufficient to repay the capital: impact EUR 1.5 million;
- Allocation to stage 2 of non-repaying loans with high LTI, because of uncertainty around long-term repayment capacity: impact EUR 0.8 million.

The overlays are approved by the responsible first-line directors and acted upon in the GRC-FR.

The main sensitivity of the stage 1 and 2 impairments for the retail portfolios relates to the HPI. If house prices were to experience a downward shock of 10%, 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 3.8 million.

The worst case scenario, that is 100% weighting on the hard landing scenario, would lead to an increase of the impairments by EUR 1.0 million for the Belgian mortgage portfolio and EUR 5.5 million for the Dutch mortgage portfolio as a result of a growing risk of the maturity date of non-repaying loans and a higher share of loans in stage 2. The full weighting on the external shock scenario and the soft landing scenario would lead to a total fall of EUR 1.0 million or EUR 1.8 million respectively.

41. Tax expense

The details of current and deferred taxes are shown below:

	31/12/2022 restated	31/12/2023
Current taxes		
Current tax expenses for the financial year	72,624,785	103,179,573
Current tax expenses for prior periods	-741,598	-310,742
Deferred taxes		
Deferred taxes relating to fiscal losses and DRD	-9,166,162	19,489,639
Deferred taxes for prior periods	-242,761	-184,523
Deferred taxes relating to accounting timing differences	11,886,902	-1,914,232
Total taxes	**74,361,167**	**120,259,714**

Reconciliation of statutory and effective tax rate

	31/12/2022 restated	31/12/2023
Profit or loss before tax	328,806,289	430,288,837
Statutory tax rate	25.00%	25.00%
Income tax calculated using statutory rate	82,201,572	107,572,209
Tax effect of different tax rates in other jurisdictions	1,195,464	868,770
Impairment fiscal deferred taxes	-12,879,579	302,720
Tax effect of non-taxable income	-3,009,376	-1,825,160
Tax effect of non-tax-deductible expenses	7,156,713	14,007,712
Prior period taxation	-984,359	-495,265
Tax impact of change of tax rate	417,005	0
Other differences in statutory taxation	263,725	-171,273
Total income tax expense	**74,361,166**	**120,259,714**
Effective tax rate	22.45%	27.95%

As reflected in the table above, the effective tax rate was 22.45% in 2022 and 27.95% in 2023. This compares with the statutory tax rate of 25.00% in Belgium.

Leaving aside the counter-booking of the impairment on the previously unrecognised EUR 13.3 million write-off of deferred taxes, the effective tax rate amounts to 26.78% in 2022.

Part of the taxable basis is realised in the Netherlands and Luxembourg.

The result in the Netherlands is realised largely 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 has a ruling for the allocation of the results to the branch office (remuneration for the central financing function and central functions). On 31 December 2019, the existing ruling expired and a new application was filed. The mechanism as in the filed application has been applied in preparing the balance sheet and results from 2020.

In 2022 the impairments recorded on transferred losses and tax deductions of EUR 13.3 million were counter-booked in view of the positive evolution in the expected profitability as the consequence of the rising interest rate curves and following on from the chosen strategic positioning.

The prior period taxation consists of corrections following a tax inspection and for the difference between the tax provision recognised at the end of the financial year and the actual tax return.

The increase in the 'expenses that are non-tax-deductible' item is the result of the introduction from 2023 of the limitation (to 80%) of the deductibility of the annual credit institutions tax.

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). This directive was transposed into Belgian law on 19 December 2023.

Today the Company has an effective tax rate higher than 15% in all the jurisdictions in which it is present. The Company falls under the safe harbour transitional measures provided. The Company will take advantage of the temporary exception to process deferred taxes associated with the implementation of the directive.

Other notes

42. Encumbered assets

By circular 2015/03 the Belgian regulator brought into effect in the Belgian prudential framework the guidelines of the European Banking Authority (EBA) of 27 June 2014 on the disclosure of encumbered and unencumbered assets.

Institutions are required, on an advancing basis, to disclose basic information about the previous twelve months based on median values of at least quarterly data. Below is an overview of the encumbered assets at the Company as reported as of 31 December 2022 and 2023, together with the average for 2023.

	31/12/2022 Notional value	31/12/2022 Fair value	31/12/2023 Notional value	31/12/2023 Fair value	Average 2023 Notional value	Average 2023 Fair value
Debt securities						
Collateral for derivatives (caps en swaps)	449,000,000	433,488,478	563,000,000	550,719,387	523,583,333	507,390,578
Collateral for Bank Card Company	67,450,000	61,507,945	70,450,000	67,326,169	70,200,000	65,891,776
Collateral for TLTRO	0	0	0	0	0	0
Collateral for covered bond	26,000,000	23,854,174	45,000,000	46,085,039	37,083,333	35,932,899
Collateral for Target2-platform	50,000,000	49,110,542	50,000,000	51,900,875	50,000,000	50,291,271
Collateral for unused credit line	312,193,000	279,506,643	314,193,000	292,333,234	312,859,667	283,728,128
Total collateral given	**904,643,000**	**847,467,781**	**1,042,643,000**	**1,008,364,703**	**993,726,333**	**943,234,653**
Debt securities						
Collateral for derivatives (caps en swaps)	0	0	0	0	-193,667	-170,190
Total collateral received	**0**	**0**	**0**	**0**	**-193,667**	**-170,190**
Loans and advances						
Collateral for covered bond	2,435,553,147		3,055,863,811		2,897,313,462	

	31/12/2022 Notional value	31/12/2022 Fair value	31/12/2023 Notional value	31/12/2023 Fair value	Average 2023 Notional value	Average 2023 Fair value
Total collateral given	**2,435,553,147**		**3,055,863,811**		**2,897,313,462**	
Cash						
Paid cash (derivatives)		56,522,000		126,423,820		60,777,217
Cash received (derivatives)		-1,955,801,057		-1,232,349,994		-1,878,329,125
Net collateral received		**-1,899,279,057**		**-1,105,926,174**		**-1,817,551,908**

At the end of 2023, a nominal EUR 563.0 million was encumbered in respect of derivatives, EUR 70.5 million in connection with the use of credit cards by the Company's customers and EUR 45.0 million in debt instruments and EUR 3.1 billion for the Covered bond issues.

In addition, EUR 126.4 million of cash was paid and EUR 1,232.3 million of cash received in respect of collateral management for derivatives. This involves the exchange of collateral (in cash – variation margin) to hedge the credit risk (as a result of the fair value) on derivatives.

The bank has given EUR 50 million of collateral for the Target2 platform. There is also a EUR 314.2 million credit line with the NBB, for which securities will be encumbered as and when this credit line is used.

43. Securitisation policy

The operational framework and the policies for undertaking securitisation transactions were elaborated in mid-2007. Securitisation transactions were carried out in 2017, 2018, 2019 and 2021.

Under its investment policy, the Company also has a number of ABSs and MBSs in its investment portfolio. The portfolio is given below by exposure, indicating the type and country of issue. The Company invests only in the A tranches of securitisation transactions and has no 're-securitisation' positions in its possession.

Per type	Country	Carrying amount 31/12/2022	Carrying amount 31/12/2023
MBS	Spain	6,977,539	5,424,502
MBS	France	531,551	0
MBS	The Netherlands	394,909,561	286,022,881
ABS	Belgium	37,511,830	26,061,937
ABS	Germany	23,794,068	13,006,907
ABS	France	40,481,114	55,351,587
ABS	Ireland	62,076,036	34,962,243
ABS	Luxembourg	76,458,487	99,659,913
ABS	The Netherlands	11,155,596	5,391,285
Total securitization positions		**653,895,782**	**525,881,255**

The MBSs are all related to securitised mortgage loans. The ABSs are mainly related to securitised car loans.

44. Off-balance sheet liabilities

The Company has issued guarantees against its own financial assets. The reasons and national values of the assets involved can be found in the table below.

	31/12/2022	31/12/2023
Collateral received	50,225,653,724	51,523,180,227

The collateral received relates to the collateral received in return for lending (including mortgage registrations and pledged securities).

The financial guarantees granted and received are given below.

	31/12/2022	31/12/2023
Financial guarantees issued	4,458,272	4,566,889
Financial guarantees received	0	0

Finally, there are credit lines granted and received. The credit lines granted relate to notified credit lines and credit offers for retail lending.

The credit lines received relate to the credit lines received from other financial institutions on the Company's accounts with these institutions.

	31/12/2022	31/12/2023
Credit lines granted	2,259,399,068	1,515,538,739
Credit lines received	259,000,000	263,300,000

The Bank Pool has a EUR 263 million credit line with the NBB. The decrease in credit lines granted and loans in application is volume driven. These are mainly loan applications in the process of approval for the purposes of mortgage lending.

The impairments on future obligations (credit commitments) and guarantees given are explained in section 5.3 and Note 24.

Argenta also offers investments to its customers. The table below breaks down the securities in custody broken down into i) funds managed by subsidiaries Argenta Asset Management and Arvestar ii) securities distributed but not managed by Argenta. Argenta has no discretionary management.

	31/12/2022	31/12/2023
Assets under custody	14,217,652,991	16,145,548,206
asset management	12,968,828,995	15,030,714,710
distributed but not managed	1,248,823,996	1,114,833,496

45. Contingent liabilities

The Company is a defendant in a number of disputes within the context of normal business operations.

The Company sets aside provisions for disputes when, in management's opinion and after consultation with its legal advisers, it is probable that the Company will have to make payments and the payable amount can be estimated with sufficient reliability.

These provisions were briefly explained in Note 25. Provisions

For further claims and legal proceedings against the Company of which the management is aware (and for which, in accordance with the principles described above, no provision has been set aside), management believes, after obtaining professional advice, that these claims have no chance of success, or that the Company can defend itself successfully against them, or that the outcomes of these cases are not expected to result in a significant loss in the statement of profit or loss. Today the Company is not involved in material disputes.

46. Events after the balance sheet date

Circumstances that could significantly influence the development of Argenta

Final approval for the use of the IRB models for the Dutch mortgage loans portfolio was received in January 2024. These models will therefore be used from reporting date 31 March 2024. This will lead to an estimated fall in the risk-weighted assets by approximately EUR 1.8 billion.

To the best of the knowledge of the Board of Directors, no other significant events have occurred since the end of the financial year concerning the Company.

In other words, no material events have occurred since the balance-sheet date that require an adjustment of the Company’s consolidated financial statements as of 31 December 2023.

Approval for publication

On 26 March 2024, the Board of Directors reviewed the financial statements and gave its approval for their publication. The financial statements will be presented to the General Meeting of Shareholders on 26 April 2024.

Additional Information

The Company's IFRS financial statements are published in Dutch and English. The English version is a translation of the original Dutch version and is published as a courtesy to stakeholders. In the event of any disparity between the two versions, the Dutch language version takes precedence. Questions related to the distribution of these reports should be directed to:

Argenta Bank- en Verzekeringsgroep nv
Belgiëlei 49- 53
B-2018 Antwerp
Tel: + 32 3 287 48 25
pers@argenta.be

Complaints Management
If you have a complaint or remark concerning Argenta Group services, please first contact your branch manager. Our branch managers are always ready and willing to do all they can to help resolve your problem. If you are not satisfied with the outcome, you can then contract Argenta Group's Complaint Management service for both Bank and Insurance issues.

Complaints Management
Belgiëlei 49- 53
B-2018 Antwerp
Tel: + 32 3 285 56 45
klachtenbeheer@argenta.be

Anyone not satisfied with the efforts of the Argenta Complaints Management service is free to contact Ombudsfin (the Banking - Credits - Investments mediation service) or the Insurance Ombudsman. Argenta Spaarbank is a member of Ombudsfin, the financial ombudsman system, while Argenta Assuranties is a member of the Insurance Ombudsman service.

Appendix: overview of abbreviations used

AAM	Argenta Asset Management
ABS	Asset Backed Securities
AE	Asset Encumbrance
AER	Asset Encumbrance Ratio
AFS	Available For Sale
ALCO	Assets Liability Committee
ALM	Asset Liability Management
Aras	Argenta Assuranties nv
Aspa	Argenta Spaarbank nv
BM	Business Model
BVg:	Argenta Bank- en Verzekeringsgroep nv
CBFA	Commissie Bank-, Financie- en Assurantiewezen (Bank, Finance and Insurance Commission)
CBHK	Centraal Bureau voor Hypothecaire Kredieten
CCO	Chief Commercial Officer
CD	Certificates of Deposits
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFH	Cash Flow Hedge
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
COO	Chief Operating Officer
COREP	Common Reporting
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRA	Credit Risk Analysis
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	Capital Requirements Regulations
CVA	Credit Valuation Adjustment
DC	Danish Compromise
DCF	Discounted Cash Flow method
DTA	Deferred tax assets
DSTI	Debt Service To Income
DVA	Debit Valuation Adjustment
EAD	Exposures At Default
EBA	European Banking Authority
ECB	European Central Bank

ECL	Expected Credit Losses
ELBE	Expected Loss Best Estimate
EMIR	European Market Infrastructure Regulation
EONIA	Euro OverNight Index Average
EPC	Energy Performance Certificate
ESTR	Euro Short Term Rate
FICOD	Financial Conglomerates Directive
FIRB/AIRB	Foundation Internal Ratings Based/Advanced Internal Rating Based
FVOCI	Fair Value through Other Comprehensive Income
GRC	Group Risk Committee
HTM	Held To Maturity
IAS	International Accounting Standards
IBNR	Incurred But Not Reported
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IO	Investment Consultation
IPT	Individual Pension Commitment
IRB	Internal Ratings Based (AIRB advanced, FIRB foundation)
IRS	Interest Rate Swap
JST	Joint Supervisory Team
Kreco	Credit Risk Committee - retail
KRI	Key Risk Indicator
KRS	Branch Risk Score
LAT	Liability Adequacy Test
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LRE	Leverage Ratio Exposure
LTI	Loan To Income
LTRO	Long Term Refinancing Operation
MBS	Mortgage Backed Securities
MCR	Minimum Capital Requirements
MREL	Minimum Requirement on own funds & Eligible Liabilities
NFR	Non Financial Risk
NHG	National Mortgage Guarantee (Netherlands)
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income (or Other Elements of Comprehensive Income or Unrealised Income)
OLO	Obligation Linéaire/Lineaire Obligatie/Linear Bond

ORSA	Own Risk & Solvency Assessment
OTC	Over The Counter
PD	Probability of Default
PIT	Point In Time
Prico	Pricing Committee
Proco	Product Committee
RA(S)CI	Responsible Accountable (Supportive) Consulted Informed
RAF	Risk Appetite Framework
RMBS	Residential Mortgage Backed Security
RO	Rating Consultation
ROE	Return On Equity
ROI	Return On Investment
SCR	Solvency Capital Requirements
SFCR	Solvency and Financial Condition Report
SII	Solvency II
SPPI	Solely Payments of Principal and Interest
SREP	Supervisory Review & Evaluation Process
TC	Total Capital
TIM	Treasury & Investment Management
TIS	Treasury and Investment Service
TLTRO	Targeted Longer-Term Refinancing Operations
TREA	Total Risk Exposure Amount
TTC	Through the Cycle
VRC	Insurance Risk Committee
(WAP/LPS)	Supplementary Pensions Act
WVV	Belgian Companies and Associations Code

Statutory auditor's report to the general meeting of Argenta Bank- en Verzekeringsgroep NV on the consolidated financial statements as of and for the year ended 31 December 2023

FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN DUTCH

In the context of the statutory audit of the consolidated financial statements of Argenta Bank- en Verzekeringsgroep NV ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2023, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 30 April 2021, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2023. We have performed the statutory audit of the consolidated financial statements of the Group for three consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2023, prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet statement (before profit distribution) as at 31 December 2023, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising material accounting policies and other explanatory information. The total of the consolidated balance sheet statement (before profit distribution) amounts to EUR 60.323.298.001 and the consolidated statement of profit or loss shows a profit for the year of EUR 310.029.123.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

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BTW - TVA BE 0419.122.548
RPR Brussel - RPM Bruxelles
IBAN : BE 95 0018 4771 0358
BIC : GEBABEBB

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other legal and regulatory requirements

Responsibilities of the Board of directors

The board of directors is responsible for the preparation and the content of the board of directors’ annual report on the consolidated financial statements and the statement of the non-financial information, prepared on a voluntary basis, and attached to the board of directors’ annual report on the consolidated financial statements.

Statutory auditor’s responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors’ annual report on the consolidated financial statements and the statement of the non-financial information, prepared on a voluntary basis, and attached to the board of directors’ annual report on the consolidated financial statements and to report on these matters.

Aspects concerning the board of directors’ annual report on the consolidated financial statements

Based on specific work performed on the board of directors’ annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies’ and Associations’ Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors’ annual report on the consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information, prepared on a voluntary basis, in virtue of article 3:32 §2 of the Companies’ and Associations’ Code, is included in a separate report attached to the annual report on the consolidated accounts. This report of non-financial information contains the information required by article 3:32 §2 of the Belgian Companies’ and Associations’ Code and is consistent with the consolidated accounts for the same financial year. In preparing this non-financial information, the Company has based itself on the Global Reporting Initiative ("GRI") standards. However, in accordance with article 3:80 §1, first paragraph, 5° of the Belgian Companies’ and Associations’ Code, we do not express an opinion on whether this non-financial information has been prepared in accordance with the GRI standards mentioned in the annual report on the consolidated accounts.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Zaventem, 10 April 2024

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Kenneth Vermeire
Bedrijfsrevisor / Réviseur d'Entreprises