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## STRONG 1H 2016 PERFORMANCE IN LOW INTEREST ENVIRONMENT

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Antwerp, 31 August 2016

With a strong first-half performance, Argenta Spaarbank continues to consolidate its strategic position, and to support families and households in maintaining financially healthy lives. In the six months to 30 June 2016, our client base grew further with client funds under management up 3 % to 36.7 billion euros. Lending volumes grew significantly, while maintaining strong lending discipline. The net profit for the first half of 2016 reached 97.0 million euros, compared to 93.7 million euros in 1H 2015<sup>1</sup>, against an economic background of persisting low interest rates, economic and political uncertainty in Europe and intensive regulatory supervision. Our result was driven by stable income from our core retail banking activities, despite accelerated operating investments and high bank levies. Our liquidity position remains strong, with our capital base also strengthened by the successful issuance of a 500 million euros Tier 2 benchmark transaction in the second quarter of 2016.

For the same period the insurance operations of Argenta Assuranties posted a net result of 22.9 million euros, compared to 28.0 million euros in the first half-year of 2015. Next to thunderstorms and floods, the result was impacted by a contribution to the Terrorism Reinsurance and Insurance Pool.

In this way, at group level, Argenta's result amounts to 119.1 million euros, compared to 120.4 million euros in the first half-year of 2015. Client funds under management (banking and insurance combined) grew by 4 % to 41.3 billion euros.

*"In a continuously challenging economic environment, Argenta Spaarbank realised a strong performance in the first half-year of 2016. In a persisting low interest rate environment and with market confidence heavily affected by the outcome of the British referendum on 23 June, Argenta's clients confirmed their confidence in our organisation. Retail mortgage loan production grew strongly, both in Belgium and the Netherlands. Customer deposits continue to increase despite the record low interest rate environment."* says Jan Cerfontaine, chairman of the board.

*"The net result of 97 million euros builds upon a strong core result, with net interest income growing to 290 million euros and fee income reaching 34 million euros. We continue our investments in our omni-channel distribution model and product offering to clients, focussing on digitalisation and professionalisation of services. Our excellent solvency and liquidity position is confirmed with a fully-loaded CET1 ratio of 18.7 % and LCR of 168 % at bank level. Our solvency position was further enhanced by the successful inaugural Tier 2 benchmark transaction of 500 million euros in May 2016. Credit quality remains solid with historically low non-performing loans and low costs of risk."* according to Geert Ameloot, CFO.

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<sup>1</sup>Adjusted for IFRIC21 (which requires full year bank levies to be recognised on 1 January): amortisation of bank levies over 12 months.



## Overview of results Argenta Spaarbank<sup>2</sup>

Income statement (consolidated) Argenta Spaarbank (in millions of EUR)	1H2015	1H2016
Net interest income	280	290
<i>Interest income</i>	505	478
<i>Interest expenses</i>	-226	-189
Fee income	30	34
Commissions to agents	-60	-64
Financial gains and losses	1	3
Other net income	11	23
Financial and operational income and expenses	262	284
Operating expenses	-167	-188
Impairments	3	-1
<i>on loans and receivables</i>	3	-3
<i>on available-for-sale assets</i>	0	1
Result before tax	98	95
Income tax expense	-25	-21
Net result	73	74
Adjusted net result	94	97
<i>ROE</i>	12.1%	11.6%
<i>Cost/Income</i>	50%	54%

Key elements in the result of the first half of 2016, compared to the first half of 2015:

- Strong performance with adjusted<sup>3</sup> net income of 97 million euros and ROE of 11.6 %.
- Record net interest income of 290 million euros, with a stable net interest margin of 1.67 %. Decrease in interest revenue due to the persistent low interest rate environment, offset by stronger decrease of funding costs as a result of rates decreases on saving deposits.
- Fee income increases 10.7 % to 34 million euros as a result of higher management fees. At the end of June 2016, total investment products under custody amounted to 5.4 billion euros.
- Net realised gains from available-for-sale financial assets of 7 million euros (+48 %).
- Operating expenses up primarily because of staff expense and ICT investments in both digitalisation and in professionalisation of services. Cost/income ratio of 54 % including bank levies.

<sup>2</sup> For a complete overview of the consolidated income statement and balance sheet, condensed consolidated statement of comprehensive income, changes in equity and notes, reference is made to the semi-annual report.

<sup>3</sup> Adjusted for IFRIC21: net result, return on equity and cost/income adjusted for amortization of bank levies over 12 months of the accounting year.



- Increase in new retail mortgage loan production in Belgium (+51 %) and the Netherlands (+88 %). Retail mortgage loan production market shares are at 5.2 % for Belgium and 3.7 % for the Netherlands.
- High quality of mortgage loan book results in low impairment for loans and receivables of 3 million euros. The annualised cost of risk ratio stands at 0.02 %.

### Overview of balance sheet Argenta Spaarbank<sup>4</sup>

Balance sheet key items (consolidated) Argenta Spaarbank (in millions of EUR)	31 Dec. 2015	30 June 2016
Balance sheet total	33,862	35,689
Loans and advances to customers	24,308	25,592
Financial assets (held-to-maturity)	404	421
Financial assets (available-for-sale)	8,005	8,221
Deposits from customer and debt certificates	30,902	32,155
Equity	1,673	1,746
<b>Selected ratio's</b>		
Solvency		
<i>CET-1 (transitional)</i>	18.6%	18.0%
<i>CET-1 (fully loaded)</i>	19.6%	18.7%
<i>Leverage (transitional)</i>	4.4%	4.4%
<i>Leverage (fully loaded)</i>	4.6%	4.6%
Liquidity		
<i>Net stable funding ratio (NSFR)</i>	144%	142%
<i>Liquidity coverage ratio (LCR)</i>	180%	168%
Credit risk (loans-and-receivables)		
<i>Cost of risk ratio</i>	0.01%	0.02%
<i>Non-performing loans ratio</i>	0.78%	0.81%
<i>Coverage ratio</i>	15.42%	12.61%

Key evolutions in the balance sheet of the first half of 2016:

- High quality of mortgage loan book results in low NPL's of 0.8 %.
- Funds under management increased to 36.7 billion euros of which 5.4 billion euros related to investment products. Investment fund production of 314 million euros, notwithstanding unfavourable market sentiment.
- Total equity increases 73 million euros to 1.7 billion euros, as a result of the inclusion of current year profit (+ 74 million euros), the higher fair value of available-for-sale financial assets (+1 million euros) and the lower valuation of cash flow hedges (-2 million euros).
- Strong solvency with fully-loaded CET1 of 18.7 %.
- Robust liquidity position with LCR of 168 % and NSFR of 142 %.

<sup>4</sup> For a complete overview of the consolidated income statement and balance sheet, condensed consolidated statement of comprehensive income, changes in equity and notes, reference is made to the semi-annual report.



## Key Performance Indicators Argenta Group

Overview (consolidated) Argenta Group (in millions of EUR)	1H2015	1H2016
Financial and operational result	317	331
Operating expenses	-187	-206
Impairments	3	0
Income tax expense	-36	-31
Net result	97	94
Adjusted net result <sup>5</sup>	120	119
<i>ROE</i>	10.7%	10.0%
<i>Cost/Income</i>	47%	51%

## Statement of risk

Risk management data are provided in our annual reports and annual dedicated risk reports, all of which are available at [www.argenta.eu](http://www.argenta.eu).

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END PRESS RELEASE

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## About Argenta

Argenta Bank- en Verzekeringsgroep nv is a bank and insurance company for families, active in Belgium and the Netherlands with 1.65 million customers. Banking activities are provided by Argenta Spaarbank and insurance activities by Argenta Assuranties.

For more information, visit [www.argenta.eu](http://www.argenta.eu).

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<sup>5</sup> Adjusted for IFRIC21: net result, return on equity and cost/income adjusted for amortization of bank levies over 12 months of the accounting year.