
ARGENTA CONTINUES TO BUILD ITS SUSTAINABLE, CUSTOMER-FOCUSED FUTURE.

Financial results 2018

Argenta Bank- en Verzekeringsgroep achieved a satisfactory result in 2018, against a background of continuing low interest rates and major corporate investments.

Production of home loans for Belgian and Dutch families rose to just under 5 billion euros. Funds raised via current and savings accounts also increased.

Net profit at Group level (IFRS) reduced from EUR 193.4 million to EUR 174.4 million. Despite the low interest rate environment, interest income increased by EUR 33 million. Non-interest (fee) income from the sale of investment funds and branch 23 investment insurance also grew, despite the less favourable investment climate due to economic and geopolitical uncertainties. At the same time, Argenta invested heavily in IT infrastructure, digitization and consultancy, which increased both investment and operating costs. Despite these investments, the cost-income ratio remains under control at 63.7%. Excluding the bank levy, the cost-income ratio is 51.8 %.

Regulatory core equity grew by 3% in 2018 from EUR 1,858 million to EUR 2,026 million. The Common Equity Tier 1 ratio (CRR scope, Danish Compromise) fell from 25.2% to 23.0% (Basel III) but still remains well above the SREP requirement of 9.75%.

The net result at **Argenta Spaarbank** was EUR 130,0 million, which is somewhat lower than in 2017. The Bank Pool's liquidity and capital ratios remain excellent and among the strongest in Europe.

Figures published by the European Banking Authority (EBA) tell us that Argenta Spaarbank is Belgium's best capitalized retail bank. In 2018, rating agency Standard & Poor's maintained Argenta's A- rating with positive outlook.

Argenta Assuranties achieved a net result of EUR 52.5 million (BGAAP), following on the exceptionally strong result of EUR 72.6 million in 2017. This is a solid result, with the insurer remaining an important factor of stability for the group profit contribution.

Marc Lauwers, CEO: "Customer trust in and satisfaction with Argenta continue strong. Incoming funds have remained stable. Home loan production has remained at a high level in competitive mortgage markets. Argenta still has major investments ahead of it for further digitization and for meeting regulatory requirements. The group's solid result allows us to continue to focus on this."

Geert Ameloot, CFO: "The consequences of the persistently low interest rate environment are still present, but we again saw net interest income rise in 2018. Argenta's net result is the combined result of a slightly higher net interest result and further rising fee income, offset by higher operating costs and a high level of investments. The growth of mortgage loans was, as in 2017, largely financed in 2018 with funds raised through the securitization of Dutch mortgages. The high liquidity and capital ratios confirm our focus on being a secure and safe bank-insurer for our customers."

Satisfactory results

- Net profit (IFRS): EUR 174.4 million
- Return on equity: 6.7 %

Stable income

- Net interest income: EUR 623 million
- Non-interest income: EUR 71 million
- Premium income, insurance: EUR 742 million

An efficient company

- Cost-income ratio: 63.7 % (51.8 % excluding bank levy)

Taxes and bank levy

- Effective tax rate: 25.1 % (57.9 % including bank levy)

Customer confidence in Belgium and the Netherlands

- Total 1.752 million customers (+ 35,600)
- Belgium: 1.436 million customers (+ 30,500)
- Netherlands: 316,000 customers (+ 5,100)

Steady growth

- Customer funds under management: 45.0 billion (+ 0.85 billion vs. 2017) 2017)

Healthy living - Belgium and Netherlands

- Residential loans to families in 2018: EUR 5 billion, including EUR 0.1 billion refinancing of existing residential loans at Argenta Belgium
- Residential loans in portfolio: EUR 29.8 million

Safe bank insurer

- Common Equity Tier 1 ratio 23.0 % (Danish compromise method, IRB)
- Solvency II ratio for the insurer: 273 %
- Liquidity Coverage Ratio. 170 %

Growth in employment

2,575 (2017: 2,535) employees at the head offices in Antwerp, Luxembourg and Breda and in the 467 independent branches.

Value proposition

Argenta places its customers, both individuals and families, centre stage. Customer appreciation of this attention is clearly shown by the Spaargids Bank Award, with Argenta voted "Best bank in Belgium in 2018".

Argenta is a customer-driven bank-insurer with a simple but complete product range tailored to families and individuals. Argenta operates with clear and transparent tariffs and fees. Payment services (including a standard credit card) and securities custody are free. Argenta strives for sustainable long-term relationships that are profitable for both Argenta and the customer.

Argenta continues to place great store by personal customer relationships, proximity and human contact. In addition to the digital channels, the 467 Argenta branches remain crucial for providing personal advice tailored to the client.

The number of branches fell slightly in 2018 with the merging of some small bank branches into larger ones. 24 new branch managers started in 2018, demonstrating the crucial role that the branch network continues to play at Argenta.

Commercially, Argenta remains a quality label with an impressive brand reputation, customer satisfaction and Net Promoter Score.

Sustainability

Argenta is actively committed to sustainability through a sustainable product range: thus in 2018 Argenta sold ecological car and bicycle loans, residential loans and renovation loans at competitive rates. It also offers customers a range of attractive sustainable investments. Argenta applies the same sustainable investment principles to its own investment portfolios, which it wants to make CO₂-neutral by 2020.

Additionally, in 2018, Argenta mapped the CO₂ of its head office activities and is currently working on an action plan to further reduce it. This includes supporting the sustainable mobility of its employees. In 2020, Argenta will move to new and sustainable head office buildings.

In this way, Argenta wants to contribute to the transition to a low-carbon economy.

Building a sustainable future

In 2018, Argenta accelerated its digital transformation process. A new IT platform became operational in April, permitting the faster and better introduction of digital services. Already major innovations have been introduced via this new platform.

Since March 2019, thanks to the new IT platform, free instant transfers have been possible at Argenta: customers can use the app to transfer or receive an amount within 5 seconds to or from customers of other banks that also offer instant transfers.

New Chairman of the Board

Jan Cerfontaine will resign as chairman of the Board of Directors at the general meeting of 26 April 2019. For Jan it was an extraordinary honour in 2008 to be invited to succeed Karel Van Rompuy as chairman of Argenta. It has also been a particularly tough challenge. The past decade has been very successful, commercially and financially, for Argenta, with a 50% increase in total assets and a tripling of its equity.

But it has also proved a period of increasing complexity in both the banking and insurance business, in particular with an unbridled expansion of the regulatory framework. Governance and supervision has come onto senior management's desks in a previously inconceivable shape and volume.

It has been, ultimately, a period of major strategic questioning due to technological developments and disruption of the traditional banking and insurance model.

Jan Cerfontaine; “ *Argenta is not the Gallic village that wants to keep out the Roman Empire (with its fintech, cloud, ecosystems, chatbots and robo-advice) with a wooden palisade. But Argenta continues to claim its own very particular and recognizable place in that Empire, based on its own culture and corporate values and with a clear view of what really matters to the customer.*”

The challenge will be no less hard for his successor. But Marc van Heel will take over the chairman's hammer with enthusiasm for another successful decade.

Argenta Bank- en Verzekeringsgroep

<i>in EUR millions</i>	2018	2017	delta	%
Balance sheet total	45,857	44,068	+ 1,789	+ 4.1%
Loans to individuals	29,801	28,679	+ 1,122	+ 3.9%
Funds under management	44,960	44,114	+ 846	+ 1.9%
Gross insurance premiums	774	640	+ 135	+ 21.0%
Net profit	174,4	193,4	- 19	- 9.8%
Equity	2,685	*2,758	- 73	- 2.6%

*Equity 2017 restated after the implementation of IFRS 9: 2,594

<i>in units or %</i>		
Sales outlets in Belgium	466	481
Employees	2,575	2,535
Return on equity	6.7%	7.4%

Argenta Spaarbank

<i>in EUR millions</i>	2018	2017	delta	%
Balance sheet total	39,561	37,626	+ 1,934	+ 5.1%
Loans to individuals	28,996	27,072	+ 1,924	+ 7.1%
Securities portfolio	8,640	8,363	+ 277	+ 3.3%
Deposits and savings certificates	36,960	35,012	+ 1,948	+ 5.6%
Equity	2,015	1,972	+ 44	+ 2.2%

Net interest income	531	494	+ 36	+ 7.3%
Net fee income	-46	-49	+ 3	- 5.8%
Other operating income and expenses	59	64	- 5	- 7.3%
Admin. expenses, depreciation & amortization	-373	-337	- 35	+ 10.5%
Other	0	16	- 16	- 99.5%
Taxes	-41	-49	+ 8	- 16.9%
Net profit	130,0	139,0	- 9	- 6.5%

Argenta Assuranties

<i>in EUR millions</i>	2018	2017 (**)	delta	%
Balance sheet total	6,554	6,527	+ 361	+ 5.8%
Technical provisions - branch 21 and non-life	3,508	3,342	+ 102	+ 3.1%
Technical provisions - branch 23	2,392	2,513	+ 330	+ 15.1%
Equity	455	422	+ 43	+ 11.4%

Gross premium income	742	774	+ 135	+ 21.0%
Net operating costs	95	-92	- 7	+ 8.7%
Net profit	53	73	+ 13	+ 21.8%