
Argenta continues to build its customer-driven future.

Today, the Executive Committee of Argenta Bank- en Verzekeringsgroep nv presented the group's annual results.

In 2017, Argenta strengthened its foundations so as to be able to serve its customers even better, and increasingly in digitally mode. Despite the low interest rate environment, rising costs and investments, Argenta does not pass these costs on to its customers, but opts resolutely for long-term growth.

Financial results

In 2017, **Argenta Bank- en Verzekeringsgroep** achieved, despite the interest rate climate, a satisfactory result of EUR 193 million at group level, supported by the strong performance of the insurer.

At **Argenta Spaarbank**, persistently low interest rates depressed the interest margin. This pressure was partly offset by the strong growth in fee products such as investment funds. Costs also increased with heavy investments in IT platforms and digitization, while bank taxes also rose further.

The net result of Argenta Spaarbank was EUR 139 million. Its liquidity and capital ratios remain excellent and among the strongest in Europe.

Argenta Assuranties achieved a net result of EUR 72.6 million. Underlying this excellent result were favourable claims levels, increased production in branch 23, and the merger with the Dutch subsidiary Argenta-Life Nederland. Without the merger, the net result would still have been EUR 58.5 million.

Marc Lauwers, CEO: "Customer trust in Argenta remains strong. Incoming funds continued to grow thanks to strong growth in our investment products. Home loan production in Belgium declined with the strong fall in refinancing. Even so, our residential mortgage portfolio grew more strongly than the market, notwithstanding the highly competitive mortgage lending environment and despite our strict acceptance policy in order to maintain the high quality of our loan portfolio. Major investments in the IT platforms form the basis for further digitization of our services. The launch of the new App and the periodic updates illustrate this."

Geert Ameloot, CFO: "As expected, the impact of the persistently low interest rate environment is clearly visible in the 2017 figures. The EUR 139 million net result of the bank is the result of a decrease in the net interest result combined with higher costs, partly offset by increased income from fee products and a reversal of provisions for loans. The high CET1 ratio and liquidity ratio meanwhile confirm our excellent solvency and liquidity position."

Satisfactory results

- Net profit (IFRS): EUR 193 million
- Return on equity: 7.4 %

Stable income

- Net interest income: EUR 575 million
- Non-interest income: EUR 63 million
- Premium income, insurance: EUR 774 million

An efficient company

- Cost-income ratio: 58 % (46 % excluding bank levy)

Taxes and bank levy

- Effective tax rate: 28 % (56 % including bank levy)

Customer confidence in Belgium and the Netherlands

- Total 1.72 million customers (+ 21,000)
- Belgium: 1.41 million customers (+ 19,000)
- Netherlands: 311,000 customers (+ 2,000)

Steady growth

- Customer funds under management: 44.1 billion (+ 1.6 billion vs. 2016)

Healthy living - Belgium and Netherlands

- Residential loans to families in 2017: EUR 4.1 billion, including EUR 0.2 billion refinancing of existing residential loans at Argenta Belgium
- Residential loans in portfolio: EUR 27.8 million

Safe bank insurer

- Common Equity Tier 1 ratio 25.2 % (Danish compromise method, phased-in, IRB)
- Solvency II ratio for the insurer: 275 %
- Liquidity Coverage Ratio. 162 %

Growth in employment

2,535 employees at the headquarters in Antwerp, Luxembourg and Breda and in the 481 independent branches.

Building the Argenta 2020 strategy

Argenta wants to profile itself as an efficient, customer-driven organization with a product range tailored to families and individuals, and with an increased focus on fee income. In this scenario branches will take on a more advisory role than they do today, supported by digital servicing and by the head office. The branches, head office and the digital channels share responsibility for providing the customer with the most efficient service possible.

Building a digital future together with the branches

As part of the digitization process and its 'mobile first' strategy, Argenta is expanding the Argenta Banking app to provide customer-friendly access to all its banking and insurance services in order to serve customers even better. The complete makeover of the app in October was a first important step here. Argenta has opted for a modern dynamic look with a registration screen animated with video images and a conversational style throughout.

For Argenta, despite the digitization of its product offering, the branch network remains crucial in providing personal advice to customers. Argenta continues to place great store by proximity, local anchoring and human contact.

The Branch Excellence programme is giving branches a better insight into how they work internally and into commercial opportunities. Commercial and technical product training courses are enabling branch managers and employees to better able serve their customers with tailored services. Some 30 branches are taking part in this process every month.

At the end of 2017, the Belgian branch network consisted of 481 outlets, slightly down on a year before following the integration of a handful of relatively small bank branches into larger branches. Argenta expects a similar development in the coming years.

Building a new IT platform

In 2017, a new, high-performance IT platform was developed. This goes live at Easter 2018, forming the basis for the development of the new digital services.

300 employees are involved, 150 of them permanently, in this 3-year project. In all, 45,000 man-days were budgeted for replacing a platform with 600 different services. EUR 45 million was set aside for this over several years.

The Netherlands is Argenta's second home market and an important growth area. The Argenta branches in the Netherlands have also made significant changes in IT, processes and operations in the past year, ready also to play a significant role on the Dutch market into the future.

Building healthy growth for Argenta employees

The 'Healthy Growth' programme is an important pre-condition for achieving the ambitions of the 2020 strategy. The 'Healthy Growth' programme focuses on the sustainable development of four core competences: **customer focus, results focus, collaboration, development** . These give direction to the way Argenta works on a daily basis.

In 2017, major steps forward were taken with the following initiatives:

- The new and contemporary Argenta work concept was introduced. An adapted work environment with room for interaction but also concentration work, and a focus on flexibility, effective collaboration, performance and well-being are the basis of the new concept.
- Argenta is keen to extend this flexibility in workplace design with the organization of home working. At the end of 2017, a collective labour agreement was concluded with the social partners for the phased introduction of home working in almost all departments.
- In 2017 the new wage policy for all employees was implemented on the basis of an updated function house, a proprietary wage house, a system for performance-based salary increases and a cafeteria plan.
- To assist employees in giving direction to their performance, Argenta undertook a company-wide feedback and valuation cycle in 2017.
- At Argenta Nederland, the "High Performance Organization" ensures that employees are deployed even more in their areas of strength and are given greater responsibility, with room for growth and development and demonstrating entrepreneurship. The effects are clearly visible in the organization. They are also reflected in the employee satisfaction survey, with the significantly improved survey results in all areas in 2017.

Building on extending even more credit to families and individuals

77% of the money it raises from households and private individuals through current accounts, traditional savings, pension savings and insurance contracts Argenta channels back to households and private individuals in the form of home loans and instalment loans.

With demand for home loans outrunning the growth in incoming funds in 2017, owing in part to the success of the investment funds, Argenta launched Green Apple 2017-I-NHG in October. In this transaction, EUR 1.2 billion of bonds secured by an underlying portfolio of Dutch residential loans were successfully placed with other banks, insurers, investment funds and elsewhere.

In this way, Argenta can continue to guarantee lending availability to its customers.

Building an efficient customer-driven organization

Customer satisfaction is crucial for Argenta. Every decision is tested against the interests of customers, individuals and families, and the focus values "close, enterprising, pragmatic and simple". This has been a success formula for more than 60 years.

This is also reflected in the product range:

- In 2017, the main focus was on improving the customer experience by simplifying and digitizing the product range and expanding the availability of instalment loans.
- Argenta reconfirms its choice for an integrated bancassurance offering. Customers prefer to receive support for the full range of their financial needs, which definitely includes life and non-life insurance policies.
- Argenta insists on correct pricing and on offering its basic banking services free of charge. In this way mobile and internet banking, payment services (current accounts, savings accounts, bank card and standard credit card) and securities custody are free.
- By offering these basic banking services free of charge, Argenta knowingly passes up EUR 26.6 million of profit (calculated at the rate of the cheapest major bank).

That Argenta customers appreciate this is visible every year in the metrics of the Net Promoter Score (NPS) and the customer satisfaction survey.

- For the NPS measurement, Argenta customers are asked whether they would recommend Argenta to friends, family or colleagues. In Belgium the score is + 41, which is a very high score in the Belgian banking sector. The Netherlands also scores strongly with + 17;
- For customer satisfaction, Argenta scores 8.3/10 in the Netherlands and 8.7/10 in Belgium.

These scores motivate Argenta to set its sights ever higher and to serve its customers even better through its branches, digital channels and head office.

Building a safe organization

In 2017 the European Banking Authority (EBA) held the balance sheets of Europe's 132 systemically important banks up to the light. This review showed Argenta to be strongest capitalized retail bank in Belgium. An IRB capital ratio of 25.2% makes Argenta one of the best capitalized banks in Europe.

In 2017, rating agency Standard & Poor's confirmed Argenta's A- rating, while improving the outlook from stable to positive.

Building a sustainable future

Based on a sustainability survey of Argenta customers, employees, directors and shareholders, Argenta has drawn up a sustainability strategy.

Argenta is expanding its sustainability-directed product range, including loans for ecological cars and bicycles at competitive rates.

Through its public banking portfolio Argenta is also financing numerous sustainable projects.

Argenta's investors too are increasingly opting for sustainable investment funds.

Building a new home base

The Investar holding company owned by the Van Rompuy family is investing in a major expansion of the head office in Antwerp, at and around the Argenta Group's historic location on the Belgiëlei. The new head office will provide 35,000 m² of office space, ready for 1,400 employees ¹ by 2021.

On 26 March 2018, 250 employees will move into the completely renovated Papyrus building in the Lamorinièrestraat, an important first step in this renovation process.

For this project Argenta opted for sustainable, energy-efficient building with responsible materials and for maximum limitation of its energy footprint.

¹ At the end of 2017, Argenta had 1,042 salaried employees, of whom 983 at the Antwerp head office. In addition to these permanent employees, Argenta also employs temporary external employees at the head office. As well as its head office employees Argenta has an extensive network of self-employed branch managers with their own employees. In 2017, 1,493 people worked for Argenta daily in the branch network, bringing the total number of Argenta employees to 2,535 in 2017.

Key figures: Argenta Bank- en Verzekeringsgroep

in EUR millions	2017	2016	delta	%
Balance sheet total	44,068	42,310	+ 1,759	+ 4.2%
Loans to individuals	28,679	27,490	+ 1,189	+ 4.3%
Funds under management	44,114	42,538	+ 1,576	+ 3.7%
Gross insurance premiums	774	640	+ 135	+ 21.0%
Net profit	193	246	- 53	- 21.5%
Equity	2,758	2,598	+ 160	+ 6.1%

in units or %		
Sales outlets in Belgium	481	498
Employees:	2,535	2,523
Return on equity	7.4%	10.4%

Key figures Argenta Spaarbank in IFRS

in EUR millions	2017	2016	delta	%
Balance sheet total	37,626	36,156	+ 1,470	+ 4.1%
Loans to individuals	27,637	26,522	+ 1,116	+ 4.2%
Securities portfolio	8,363	8,105	+ 259	+ 3.2%
Deposits and savings certificates	34,339	32,826	+ 1,513	+ 4.6%
Equity	1,972	1,841	+ 130	+ 7.1%

Net interest income	494	579	- 84	- 14.6%
Net fee income	-49	-59	+ 10	- 16.3%
Other operating income and expenses	64	52	+ 12	+ 23.0%
Admin. expenses, depreciation & amortization	-337	-313	- 24	+ 7.6%
Other	16	-9	+ 25	- 291.0%
Taxes	-49	-60	+ 11	- 18.0%
Net profit	139	190	- 51	- 26.8%

Key figures Argenta Assuranties in BGAAP

in EUR millions	2017 (**)	2016 (*)	delta	%
Balance sheet total	6,527	6,167	+ 361	+ 5.8%
Technical provisions - branch 21 and non-life	3,342	3,240	+ 102	+ 3.1%
Technical provisions - branch 23	2,513	2,183	+ 330	+ 15.1%
Equity	422	379	+ 43	+ 11.4%
Gross premiums	774	640	+ 135	+ 21.0%
Net operating costs	-92	-85	- 7	+ 8.7%
Net profit or loss	73	60	+ 13	+ 21.8%

(*) 2016 : Argenta Assuranties Belgium + subsidiary in the Netherlands, bgaap consolidated

(**) 2017: after merger with subsidiary in the Netherlands: Argenta Assuranties Belgium bgaap incl. branch office in the Netherlands



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