
ARGENTA - FIGHTING FIT AT 65

On 18 April 1956, Karel Van Rompuy founded Argenta with a starting capital of 25,000 euros. Since then it has grown into the fifth largest banking player in our country, with a primary focus on families and private individuals. Among its peers, the bank-insurer stands in a category of its own, with its offering built on the values of proximity, simplicity, price-consciousness and long-term thinking.

A successful formula, as the figures show: 65 years on, Argenta manages 52 billion euros of customer funds, earns a net profit of 219 million euros, achieves a return on equity of 7.6 % and a cost-income ratio of 59 %, and presents excellent capital ratios and liquidity buffers.

The attractive results for 2020 were achieved notwithstanding continuing pressure on the interest margin, increasing regulation and the corona pandemic.

Argenta's success formula produced not only good financial results, but also a still very high customer satisfaction score (NPS +40), a growing customer base (gross +9%) and a strong increase in the number of digital customers (+22 %). And, despite the mandatory teleworking, we see among our employees a high engagement score (87%) and strong ambassadorship (24%).

In the context of the corona pandemic, rapid and efficient changes were made in various areas to guarantee continuity of service to the customer and to digitize this service where possible.

Argenta granted a deferral of payment to 5,134 lenders and policyholders . This represents approximately 800 million of the Belgian loan portfolio under a government-mandated moratorium, and 27 million euros of the Dutch loan portfolio. Argenta has set aside a provision of 5.8 million euros for losses on retail mortgages.

2020: Argenta deliver strong performances in a challenging environment

Argenta Bank- en Verzekeringsgroep again achieved good results in 2020 despite the persistently low interest rate environment and the Covid-19 pandemic that held society in a tight grip. The result exceeds that of 2019 and the return on equity was also higher, even when corrected for one-off effects. Argenta has clearly benefited from the diversification inherent in its bancassurance model.

The net profit at group level in IFRS amounts to 219 million euros, up 45 million euros on the 174 million euros realised in 2019. Much of this increase is due to the sale of the Dutch insurance portfolio, which produced a one-off net profit of 19.6 million euros net. Even after adjusting for this one-off effect, there remains a solid result of 196 million euros. The return on equity in 2020 was 7.6 %, or 6.9 % when adjusted for one-off results, which is again higher than the figure of 6.7 % in 2019.

PRESS RELEASE

Argenta Bank- en Verzekeringsgroep nv



In 2020, funds under management also passed a number of milestones. Total funds under management rose well above the 50 billion euros to 52.4 billion euros (+ 7.3 % compared to 48.7 billion euros in 2019). Retail investment funds also rose above 10 billion euros, thanks to the strong growth in sales of investment funds and the positive evolution of the market value despite the market turmoil related to the COVID-19 crisis. The strong interest in Argenta's own investment funds shows that in uncertain times customers attach all the more importance to having a trusted partner managing their assets. In this way the share of fee in our operating income grows to 13.1%. This diversification of income makes Argenta less sensitive to the low interest rate environment.

The banking sector remains under pressure from the low interest rates, which make intermediation between savings and borrowing less lucrative. Despite the low interest rates, we again saw record amounts of 29.7 billion euros and 6.1 billion euros in savings and sight balances respectively at the end of 2020. The sale of home loans, on the other hand, got off to a slow start in 2020, following the rush on homes at the end of 2019 with the abolishment of the Flemish Housing Bonus and the impact of the lockdown. But a revival in the market in the second half of the year resulted finally in 6.0 billion euros of new home loans being granted to Belgian and Dutch families, an increase of 5.8 % on 2019. In this way, decreasing margins were offset by strong commercial volumes. In combination with a higher number of early repayments by our Dutch customers, for which a reinvestment fee is paid, this leads to an increase in net interest income of 17 million euros compared to 2019.

Provisions for loan losses increased by 21.4 million euros in 2020, of which 15.1 million euros is Covid-19 related. 5.8 million euros of this is linked to mortgage loans, with the other 9.3 million related to the bond portfolio.

In 2020, Argenta again invested heavily in IT infrastructure, digitization and its advisory services in order to remain a safe and reliable bank and to provide customers with the digital tools with which to manage their personal finances. Despite these investments, the cost/income ratio decreased from 64.1% in 2019 to 58.6% in 2020 thanks to strict cost control and the diversification of income.

Solvency remained very strong with a Common Equity Tier 1 ratio of 23.7 %, putting Argenta at the top in the Eurozone. With dividends limited in line with ECB recommendations, core capital grew by 177 million euros to 2,459 million euros, an increase of no less than 7.8 %.

The net result of **Argenta Spaarbank** amounted to 136.3 million euros, well above the figure for 2019. The Bank Pool's liquidity and capital ratios remain excellent and among the strongest in Europe. In 2020, rating agency Standard & Poor's maintained Argenta's A- rating with positive outlook. In so doing, S&P confirms the steady expansion of Argenta's access to the capital markets, providing a supplementary source of funding to customer deposits, and reducing its average funding costs.

Argenta Assuranties achieved a net result of 80.6 million euros (BGAAP) after 51.3 million euros in 2019. This large profit increase is mainly due to the sale of the insurance portfolio in the Netherlands. At the same time we observe a very solid underlying performance with strong results in both the non-life and life insurance businesses. In this way the insurer remains an important and stable contributor to group profits.

Ready for the next 65 years

These robust results do not mean that Argenta is resting on its laurels. Argenta is preparing for the next 65 years and is not avoiding the challenges of the current market environment.

Cushioning the pressure on the interest margin

Customers are increasingly entrusting Argenta with their savings and current accounts, despite the low interest rates. Argenta also granted more than 6 billion in new mortgage loans. However, the interest margin is tighter due to the low interest rate environment and competition in the mortgage loan market.

In order to continue to grow healthily, Argenta is focusing on diversifying its sources of income, including fee income. We see, for example, strong growth in asset management, with the total portfolio of investment products up by 1.7 billion euros from 9.2 billion euros in 2019 to 10.9 billion euros in 2020. This increase is the result of increased net production, along with a positive evolution of the market value. In today's low interest rate environment, investment funds are increasingly becoming an important alternative to savings accounts.

At the same time the proportion of Argenta-managed funds in customer portfolios is growing strongly in relation to externally managed funds, with assets under management of the Argenta funds now standing at over 6 billion euros. This increase is mainly the result of the growing confidence of Argenta customers. The Argenta pension savings funds and the investment funds based on them are also doing very well, with assets under management of 3.6 billion euros.

As part of the further diversification of income, Argenta announced in 2020 the launch of payment packages for its banking services as of February 2021. 80 % of customers have now opted for the Green package, which is the most comprehensive free package on the market. The other customers opted for Silver, Gold or professional packages. This is fully in line with expectations.

Argenta also launched Assurando, a new platform for non-life insurance. The new software makes it possible to flexibly follow market developments.

Close to the customer

Proximity and human contact remain the backbone of Argenta's commercial strategy. This translates into what is, for the banking world, very high customer NPS of +40.

Which is precisely why Argenta continues to focus on its locally anchored branch network that currently has 428 branches. The offices serve to showcase Argenta's corporate values, with the branch manager serving as a financial trusted partner for Argenta's individual and family customers. Argenta's 72 second or third-generation branch managers are proof that its long-term perspective extends through to the branch network.

19 new branch managers started in 2020. Overall, the number of branches reduced slightly in 2019, with a handful of relatively small branches merging with larger branches in the same locality. These larger branches are able to offer the customer an even more specialized service. Argenta expects this trend to continue in the coming years.

Throughout the corona crisis, Argenta's branches have remained open by appointment, with every effort made to receive customers in a safe manner.

Digital proximity

Complementing the branch network is the digital service. In line with the Argenta brand values, the digital channels (app and IB) focus on simplicity and ease of use, concentrating on what customers really need for their day-to-day financial transactions.

App usage increased by 20 % to 552K users, across all age categories. The rating of the apps rose along with the number of users, with achieving today a strong score of 4.5 in iOS and Android, demonstrating that customers appreciate the extreme focus on ease of use.

Internet banking also was simplified and made more intuitive in 2020. The number of online banking visits too has risen sharply from 1 to 1.6 million per month.

In addition, the further digitization of the services around Loans, Insurance and Investments was accelerated in response to COVID-19, with various processes adapted to remote operation, such as the signing of credit applications and credit offers or the remote valuation of real estate.

Argenta also stimulates the digital enthusiasm of its employees internally through various training courses.

Homeworking obligation

In the fight against corona, teleworking has been mandatory for almost every Argenta head office employee since March 2020. This has gone very smoothly from the start, with no loss of business pace. Nor does corona appear to have impacted employee satisfaction. Engagement (degree of connection with the company) increased further to 87% and ambassadorship (degree of active promotorship) jumped strongly from +4 to +24.

Argenta has paid attention from the start to maintaining the mutual ties, with solutions that will sound familiar to many home workers: personal greeting cards, informal video moments, online quizzes, aperos, escape rooms, joint Strava challenges and other game elements. In addition, CEO Marc Lauwers gives a webinar information session every 2 to 3 months for all employees, with updates on all important items Argenta is working on, and on the roll-out of the Argenta strategy.

Even so the long period of working from home is starting to weigh on many employees, which is why Argenta is continuing to work on its “digitally close” action plan in 2021.

New contemporary headquarters

At exactly the same place where Karel Van Rompuy started the first Argenta office 65 years ago, the renovated and enlarged Argenta headquarters has risen out of the ground.

The owner Investar, from whom Argenta rents the buildings, has provided a very modern office building that responds to the contemporary way of working, combining comfort with numerous digital but also sustainable and energy-efficient techniques.

With the transformations, 30,000 m² of work space is now available for around 1,200 employees.

This is a contemporary building with individual workplaces and cockpits, as well as large and small, formal and informal meeting rooms with numerous digital technologies.

The building complies with the latest building regulations regarding sustainability: solar panels, climate ceilings, daylight-controlled LED lighting, automatic sun blinds and a UTE (underground thermal energy) field with 50 km of underground pipes for geothermal energy to heat the building and reduce use of fossil fuels up to a minimum.

The lease of the temporary locations at De Veldekens has been terminated and, after 8 years apart, Argenta employees can once again work together on a single campus in the Belgiëlei and Lamorinièrestraat. Everyone is very much looking forward to returning to the head office step by step, in accordance with the corona measures.

Marc Lauwers, CEO: *“Argenta is first and foremost a bank of people. A vibrant head office where people enjoy coming together to work is part of this and is exactly what we have in mind with our head office. After many months of teleworking where people continue to give the best of themselves, we are looking forward to returning to Antwerp. At the place where Argenta’s history and future converge.”*

Financial results 2020

Solid results

- Net profit (IFRS): 219 million euros
- Return on equity: 7.6 %

Increasing income

- Net interest income: 669 million euros
- Net income from asset management: 89 million euros
- Premium income, insurance: 558 million euros

A turnaround in the cost/income ratio

- Cost/income ratio: 58.6 % (47.2 % excluding bank levy)

Taxes and bank levy

- Effective tax rate: 26.9 % (54.1 % including bank levy)

Loyal customers in Belgium and the Netherlands

- Total 1.71 million customers
- Belgium: 1.40 million customers
- Netherlands: 0.31 million customers

Strong growth

- Customer funds under management: 52.4 billion euros (+ +3.6 billion 2019)

Healthy living - Belgium and Netherlands

- Residential loans to families in 2020: 6.6 billion euros, including 0.6 billion euros refinancing of existing residential loans at Argenta Belgium
- Residential loans in portfolio: 33.6 million euros

Safe bank insurer

- Core capital ratio: 23.7 % (Danish compromise method, IRB)
- Solvency II ratio for the insurer: 229 %
- Liquidity Coverage Ratio: 160 %

Healthy employment growth

2,612 employees at the head offices in Antwerp, Luxembourg and Breda and in the 428 independent branches.

Argenta Bank- en Verzekeringsgroep

<i>in millions euros</i>	2020	2019
Balance sheet total	52,992	49,995
Loans to individuals	33,854	31,769
Funds under management	52,415	48,847
Gross insurance premiums	558	649
Net profit	219	174
Equity	3,116	2,863

<i>in units or %</i>	2020	2019
Sales outlets in Belgium	428	441
Employees	2,612	2,585
Return on equity	7.6 %	6.5 %

Argenta Spaarbank

<i>in millions euros</i>	2020	2019
Balance sheet total	46,232	43,021
Loans to individuals	32,808	30,844
Securities portfolio	7,386	7,142
Deposits and debt certificates	42,705	39,886
Equity	2,288	2,124

Net interest income	569	538
Net fee and commission result	- 8	- 30
Operating expenses and bank levy	- 349	- 345
Impairments	- 20	- 3
Other	+ 3	- 1
Taxes	- 59	- 41
Net profit	136	117

Argenta Assuranties

<i>in millions euros</i>	2020	2019
Balance sheet total	6,717	6,966
Technical provisions - branch 21 and non-life	3,178	3,513
Technical provisions - branch 23	2,643	2,753
Equity	560	480

Gross premium income	558	649
Net operating costs	-112	-102
Net profit	81	51

PRESS RELEASE

Argenta Bank- en Verzekeringsgroep nv



This press release contains prior information about the annual results of the following entities:

- Argenta Bank- en Verzekeringsgroep nv
- Argenta Spaarbank nv
- Argenta Assuranties nv

The shares of none of these entities are listed, but Argenta Spaarbank nv is an issuer of bonds listed on the Bourse de Luxembourg.

This press release will be distributed to the press on 01.04.2021 at 10.45 am, with the press conference taking place at 11.00 am.

END PRESS RELEASE

Press contact

Christine Vermynen and Mieke, press spokespersons
Reachable via pers@argenta.be, 0472 85 02 67

Argenta Bank- en Verzekeringsgroep nv, Belgiëlei 49-53, 2018 Antwerp

Background information on Argenta

Argenta Bank- en Verzekeringsgroep is a bank-insurer for families, with operations in Belgium and the Netherlands, and 1.71 million customers. The banking activity is grouped around Argenta Spaarbank and the insurance activity around Argenta Assuranties.

The Group has total assets of 52.992 billion euros (31 December 2020). The net annual profit of Argenta Bank- en Verzekeringsgroep amounted to 219 million euros for the year to 31 December 2020.

You can also find Argenta's press releases at www.argenta.be. at About Argenta [Pressmessages](#).
