

## ARGENTA PERFORMED WELL IN 2019 AND WILL CONTINUE TO INVEST HEAVILY IN THE FUTURE IN 2020.

*In 2019 Argenta once again posted a strong financial performance, with attractive growth in all segments, a net profit of EUR 174.1 million, a return on equity of 6.5%, a cost/income ratio of 64.1% and excellent capital ratios and liquidity buffers despite the challenging low interest rate environment.*

*The results are also the fruit of a long-term strategy consistently applied, with which bank-insurer Argenta seeks to create sustainable value for all its stakeholders. Its success is demonstrated not only by the financial results, but also the impressive customer satisfaction score (NPS 44), the growth in number of customers, the growth in app users (+ 12% yoy) and the high employee commitment score.*

*The consistent investments in digitization enabled Argenta to switch extra quickly during the current crisis. In this way, half of the head office employees have been working from home since March 9 and all since 16 March. Since 16 March, branches have also been helping their customers by appointment, by mail or by telephone. In addition, Argenta is keeping its customers regularly updated about the impact of Coronavirus. Argenta is also constantly sensitising its customers to use the digital channels as much as possible for daily and other transactions.*

*Argenta branch managers are gearing up to handle questions from 27 March from Belgian borrowers with repayment problems due to the Coronavirus crisis. The arrangements for this are currently being worked out at sector level.*

*Thanks in part to its sustainable long-term vision, Argenta remains a safe bank-insurer with strong capital and liquidity ratios in these Corona times.*

### Argenta strengthens its position through the financial results in 2019

Despite the persistently low interest rate environment and the cost of major investments, **Argenta Bank- en Verzekeringsgroep** was able in 2019 to maintain its consolidated net profit and return at the same level as in 2018.

Production of home loans for Belgian and Dutch families rose by 18% to EUR 5.9 billion. In Belgium house purchases increased ahead of the abolition of certain tax advantages ('housing bonus') in Flanders at the end of 2019. The funds raised via current and savings accounts also increased, to EUR 5.4 billion and EUR 27.8 billion respectively. Savings account balances remain at a historical high despite the low interest rate of 0.11 %.

The net profit at group level in IFRS amounts to EUR 174.1 million, which is stable compared to the net profit of EUR 174.4 million in 2018. Despite the low interest rate environment, net interest income increased by EUR 6.7 million owing to further growth in the mortgage portfolio and more favourable financing on the capital markets. Investment fund sales increased significantly in the favourable investment climate and reinforced by marketing campaigns. These funds will support non-interest income in the future. The return on equity in 2019 was 6.5 %.

Regulatory core equity of (CET1 ratio CRR scope) grew in 2019 by 6 % from EUR 2,082 million to EUR 2,201 million. The CET1 ratio (CRR scope, Danish Compromise) has risen from 23.0 % to 24.4 % (Basel III) thus remaining well above the SREP requirement of 9.75 %. IFRS equity amounts to EUR 2,863 million.

In 2019, Argenta again invested heavily in IT, digitization and consultancy, which increased both investment and operating costs. Despite this, the cost-income ratio remains under control at 64.1 %.

## PRESS RELEASE

Argenta Bank- en Verzekeringsgroep nv



As a result of changes in the market value of hedging instruments, results were impacted by one-off timing effects. Excluding these, ROE improved to 6.9% and the cost-income ratio to 62.6%.

Argenta continues to grow in its own strength. At the same time it is looking to collaborate with other financial institutions to keep costs under control. A recent example is Jofico, the joint venture for managing ATMs that was founded in 2019.

The IFRS net profit of **Argenta Spaarbank** amounted to EUR 117.5 million, which is EUR 12.5 million lower than in 2018. The Bank Pool's liquidity and capital ratios remain excellent and among the strongest in Europe. In 2019, rating agency Standard & Poor's maintained Argenta's A- rating with stable outlook.

**Argenta Assuranties** achieved a net profit of EUR 51.3 million (BGAAP), following on an exceptionally strong result of EUR 52.5 million in 2018. This is a solid result, with the insurer remaining an important and stable contributor to group profit.

**Marc Lauwers**, CEO: *"Argenta's core capital ratio is 24.4% percent. The fact of holding a large amount of capital means that our return on equity is relatively low. With the many investments in IT, digital channels, people, regulations and compliance, costs have risen sharply in recent years, but they are under control. Argenta aims for a cost/income ratio of maximum 65 percent, which is more than respectable in the given circumstances."*

**Geert Ameloot**, CFO: *"2019 was a difficult year for the financial sector. On the one hand, returns on assets decreased, in our case mainly those on home loans. On the other hand, Argenta finances itself primarily through our customers' savings, remunerated at the legally determined rate of 0.11% which is above the market rate. In 2019, the resulting reduction in net interest margin was offset by growth in the loan portfolio. 2020 will also present the inevitable challenges from the impact of the Covid-19 virus on financial markets and the economy, but Argenta is well-armed owing to its conservative policy and particularly strong solvency, supplemented by a strong focus on cost control"*.

## Argenta invests in sustainable and personal customer relationships

As a customer-driven bank-insurer, Argenta has a simple but complete product range tailored to families and individuals. Argenta continues to place great store by personal, long-term customer relationships, proximity and human contact.

In addition to the digital channel, the 441 Argenta branches remain crucial for providing personal, customer-tailored advice. The number of branches fell slightly in 2019 with the merging of some small bank branches into larger branches. In 2019, 17 new branch managers started, showing that a job as an Argenta branch manager remains attractive for young entrepreneurs. Argenta has 73 second or third generation branch managers

## Argenta invests in a diverse and simple product range

Argenta uses consistently transparent rates and very correct pricing in its product range. Even today, Argenta believes in the importance of offering a range of free payment services.

To be able to continue to do this in the current low interest rate environment, in which funds in current and savings accounts negatively affect profits, Argenta is investigating the possibilities of pricing services outside the basic offering. At the same time, Argenta is strongly committed to cost control in its day-to-day operations with a resolute choice for simplicity in all areas.

Argenta is working on a diversified income model: in addition to attracting funds through current and savings accounts and providing home loans, Argenta is increasingly focusing on offering investment and insurance products.

In terms of investment, Argenta continues to grow strongly: in 2019, with a positive stock market year and the increasing confidence of Argenta customers, the milestone of EUR 10 billion in assets under management was passed. Of these, EUR 7.7 billion are already managed by the Group itself. Argenta's pension savings fund achieved the highest annual return of the Belgian pension savings funds at 20.5%.

Argenta is strongly committed to sustainability and consistently applies an extensive exclusion list for all investment products it offers, including investment products that are not officially labelled as 'sustainable'. This exclusion list is also consistently applied to proprietary investments.

12 investment products in the Argenta investment range carry the 'Towards Sustainability' label introduced by Febelfin in 2019 and thus officially qualify as 'sustainable'.

Argenta's insurance activity accounts for 30 to 35% of income. In particular the combined offering of fire and family insurance through the 'Insured Housing +' policy is experiencing strong growth. To perpetuate this growth, Argenta will invest heavily in a new insurance platform in 2020.

## Argenta invests in digital services for offices and customers

Argenta opts consciously for a multi-channel strategy focused on the customer experience. In addition to the branch network, that continues to occupy an important place, Argenta is further expanding its digital channel (website, internet banking and the Argenta app).

The Argenta app was reloded in 2019, with a simpler interface that greatly improves the customer's user experience. The app was also expanded with new functionalities, including a chat function that allows customers to converse with customer service employees, registration via Itsme, and simulations of certain products.

This effort is clearly bearing fruit: Argenta's app ranks number three in the D-rating of the digital offerings of Belgium's retail banks.

In November 2019, the Argenta app reached a new milestone of over 500,000 customers now managing their banking affairs through this app.

A number of important innovations were also made on the Argenta website in 2019.

## Argenta invests in its employees

Argenta invests in its employees and communicates clearly on important decisions and strategy. As a result, employees feel well recognised and appreciated, as evidenced by the high engagement score of 80%.

A concrete example of such investment is the training offering: Argenta encourages its employees to develop further with a view to increasing its and their flexibility. For this, Argenta signed in 2019 a multi-year partnership with Antwerp Management School (AMS). More specifically, an initial project has been started with the Next Generation Work expertise centre headed by Prof. Dr. A. De Vos, to identify which expertise and skills will be crucial for the future.

Argenta has also invested heavily in technology and training to facilitate home working. In this way working from home has become routine for all employees. This move is definitely paying off today, enabling Argenta to act extra quickly to guarantee the well-being of employees and business continuity in the present health crisis.

## New CIO

From 1 April Brigitte Buyle reinforces Argenta as new CIO (Chief Information Officer). Her arrival leads to an equal representation of men and women within the Executive Committee, demonstrating once again the importance that Argenta attaches to the equal representation of men and women at all levels within the group.

Brigitte Buyle's appointment is subject to approval by the supervising authorities.

## Argenta in the days of Corona

From 9 March, Argenta introduced various measures to limit the risk of contamination between head office employees: higher risk colleagues work from at home, zero mobility between Argenta sites, all meetings, including with external parties, in digital format.

From 16 March, these measures at head office were further tightened with a quasi-generalization of home working, other than for a limited number of functions (security and print and mailroom). The home working is going well; Argenta is 100% operational also from home.

Our branches are open by appointment between 09.00 and 12.00; at other times or where branches present a possible risk of contamination, they can be reached by phone or email. We ask our customers to bank as much as possible digitally, to avoid cash transactions and to request bank statements digitally.

Argenta is strongly committed to providing information to our customers through our digital channel [argenta.be/corona](https://argenta.be/corona). Argenta has considerably expanded the “do-it-yourself zone” in the App.

With everyone now physically isolated, Argenta is focusing even more on communication with the customer via social media, email and via the [argenta.be/corona](https://argenta.be/corona) website. For example, Argenta is communicating with its investment customers on the impact of corona on stock markets, on the government support measures and the management decisions by our own fund managers.

In addition, Argenta's branch managers are gearing up to be ready to handle, from 27 March onwards, inquiries from Belgian borrowers facing repayment problems due to the corona crisis. The form these arrangements will take is currently being worked out at sector level.

Finally, Argenta is warning all its customers of the increased risk of phishing and giving them concrete tips to prevent this.

The impact of corona on Argenta itself has to date been relatively limited: Argenta has a limited equity position, no exposure to aviation, transportation, travel or other short-cycle sectors, and has significantly reduced its exposure to government bonds.

The impact on the retail credit and insurance portfolios will depend among other things on the ultimate economic impact of corona in Belgium and the Netherlands. The impact of the sector-wide deferral measures is currently difficult to estimate.

To date there has been no impact on capital and liquidity ratios, which remain excellent.

## Financial results 2019

### Satisfactory results

- Net profit (IFRS): EUR 174.1 million
- Return on equity: 6.5 %

### Stable income

- Net interest income: EUR 631 million
- Non-interest income: EUR 69 million
- Premium income, insurance: EUR 649 million

### An efficient company

- Cost/income ratio: 64.1 % (52.2 % excluding bank levy)

### Taxes and bank levy

- Effective tax rate: 25.7 % (59.4 % including bank levy)

### Customer confidence in Belgium and the Netherlands

- Total 1.782 million customers (+ 35,600)
- Belgium: 1.468 million customers (+ 30,500)
- Netherlands: 313,000 customers (+ 2,900)
- Net Promotor Score customers: 44

### Strong growth

- Customer funds under management: EUR 48.7 billion (+ 3.8 billion vs. 2018)

### Healthy living - Belgium and Netherlands

- Residential loans to families in 2019: EUR 5.9 billion, including EUR 0.3 billion refinancing of existing residential loans at Argenta Belgium
- Residential loans in portfolio: 31.6 billion (+1.8 billion vs 2018)

### Safe bank-insurer

- Core capital ratio: 24.4 % (Danish compromise method, IRB)
- Solvency II ratio for the insurer: 265 %
- Liquidity Coverage Ratio: 172 %

### Growth in employment

2,585 employees at the head offices in Antwerp, Luxembourg and Breda and in the 441 independent branches.



## Argenta Bank- en Verzekeringsgroep

<i>in EUR millions</i>	<b>2019</b>	<b>2018</b>	<b>Delta</b>	<b>%</b>
Balance sheet total	49,995	45,857	+ 4,138	+ 9.0 %
Loans to individuals	31,883	29,963	+ 1,920	+ 6.4 %
Funds under management	48,710	44,960	+ 3,751	+ 8.3 %
Gross insurance premiums	649	742	- 93	- 12.6 %
Net profit	174	174	- 0	- 0.2 %
Equity	2,863	2,685	+ 178	+ 6.6 %

<i>in units or %</i>		
Sales outlets in Belgium	441	466
Employees	2,585	2,575
Return on equity	6.5 %	6.7 %

## Argenta Spaarbank

<i>in EUR millions</i>	<b>2019</b>	<b>2018</b>	<b>delta</b>	<b>%</b>
Balance sheet total	43,021	39,561	+ 3,460	+ 8.7 %
Loans to individuals	30,844	28,996	+ 1,849	+ 6.4 %
Securities portfolio	7,142	8,063	- 921	- 11.4 %
Deposits and savings certificates	39,886	36,960	+ 2,926	+ 7.9 %
Equity	2,124	2,015	+ 108	+ 5.4 %

Net interest income	538	531	+ 7	+ 1.3 %
Net fee and commission income	- 42	- 30	- 11	+ 37.3 %
Operating expenses and bank levy	- 345	- 326	- 19	+ 5.9 %
Other	+ 8	- 4	+12	- 302.7 %
Taxes	- 41	- 41	- 1	+ 1.3 %
Net profit	117	130	- 12	- 9.6 %

## Argenta Assuranties

<i>in EUR millions</i>	<b>2019</b>	<b>2018</b>	<b>delta</b>	<b>%</b>
Balance sheet total	6,966	6,576	+ 390	+ 5.9 %
Technical provisions - branch 21 and non-life	3,513	3,502	+ 11	+ 0.3 %
Technical provisions - branch 23	2,753	2,392	+ 361	+ 15.1 %
Equity	480	455	+ 25	+ 5.5 %

Gross premium income	649	742	- 93	- 12.6 %
Net operating costs	-102	-97	- 5	- 5.3 %
Net profit	51	53	- 2	- 2.3 %



## PRESS RELEASE

Argenta Bank- en Verzekeringsgroep nv



This press release contains prior knowledge of the annual figures of the following entities:

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

None of these entities' shares are listed, but Argenta Spaarbank is an issuer of bonds that are listed on the Luxembourg stock exchange.

This press release is distributed to the press on 26 March 2020 at 10.45. The press conference takes place at 11.00.

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END OF PRESS RELEASE

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

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### Background information on Argenta

Argenta Bank- en Verzekeringsgroep is a bank-insurer for families, operating in Belgium and the Netherlands, and serving 1.78 million customers. The banking activity is grouped around Argenta Spaarbank and the insurance activity around Argenta Assuranties.

The Group has total assets of EUR 49.995 billion (31 December 2019). The annual net profit of Argenta Bank- en Verzekeringsgroep amounted to EUR 174. 1 million for the year ending on 31 December 2019.

Argenta's press releases can also be found on the Argenta website under "Investor relations". Over Argenta op [Persberichten](#).