
Argenta continues to build its future with rock-solid 2016 earnings and a new Executive Committee

2016 was another successful year for Argenta Bank en Verzekeringsgroep (hereafter "Argenta"). In 2016, Argenta celebrated its 60th birthday, continuing, with ever-increasing vigour as it has for the past 60 years, its mission of assisting families and individuals to live financially healthy lives.

In so doing, Argenta remains true to its strong cultural values of openness to the future, simplicity, approachability, pragmatism and independence. Argenta's strategy remains focused on building long-term relationships with its customers. Central to this are customer satisfaction, physical proximity, personal advice, and providing quality banking and insurance products and services for individuals and families in Belgium and the Netherlands.

Marc Lauwers, CEO: *"With an eye for the core values that have characterized Argenta for 60 years already, we are working on innovative and flexible solutions to continue to offer our customers, in this digital age, the best possible service at a fair price. Argenta still has major steps to take here. It is investing heavily in a new high-performance IT platform, to be fully operational in 2018."*

With strong earnings of EUR 246 million, Argenta in 2016 consolidated its strategic position in Belgium and the Netherlands, gaining market share in mortgages, savings and funds.

With its high capital ratios and a consistent and conservative risk policy in both banking and insurance, Argenta remains one of Europe's safest financial institutions. The stress test of the European Central Bank shows that Argenta's capital ratios are very strong, even under stress, thanks to the robustness of its recurring business and the health of the credit portfolios.

In 2016, the number of customers in Belgium and the Netherlands rose to 1.7 million, and the funds managed for them by 6% to EUR 42.5 billion. Both Belgium and the Netherlands Argenta achieved record mortgage production. In Belgium this amounted to EUR 3.6 billion, including EUR 0.9 billion of refinancing of existing Argenta mortgages. Mortgage production in the Netherlands amounted to EUR 2.4 billion.

Jan Cerfontaine, Chairman of the Board: *"Argenta has grown since 1956 from a bank with a starting capital of just 25,000 euros to Belgium's fifth largest bank and tenth largest insurer. Today we can proudly present rock-solid earnings. The new executive committee led by CEO Marc Lauwers will lay the foundation for a necessary transformation process to provide a lasting response to the challenges of the next 60 years in terms of interest rate environment, regulation and digitization."*

Argenta continues to build its future. This also applies very literally. In 2016, plans were made for a major renovation of the Antwerp headquarters buildings. The entire project will take approximately four years.

Key figures for Argenta Bank- en Verzekeringsgroep (IFRS)

Rock-solid results

Net profit (IFRS): EUR 246 million

- Return on equity: 10.4 %

Stable income

- Net interest income: EUR 666 million
- Non-interest income: EUR 50 million
- Premium income, insurance: EUR 640 million

An efficient company

- Cost-income ratio: 51% (42% excluding bank levy)

Taxes and bank levy

- Effective tax rate: 27 % (49 % including bank levy)

Customer confidence in Belgium and the Netherlands

- Total 1.70 million customers (+ 45,000)
- Belgium: 1.39 million customers (+ 27,000)
- Netherlands: 310,000 customers (+ 18,000)

Steady growth

- Customer funds under management: EUR 42.5 billion (+ 2.3 billion vs. 2015)

Healthy living - Belgium and Netherlands

- Residential loans to families in 2016: EUR 6.0 billion, including EUR 0.9 billion refinancing of existing residential loans at Argenta Belgium
- Residential loans in portfolio: EUR 26.8 million

Safe bank and insurer

- Common Equity Tier 1 ratio 25.1% (Danish compromise method, phased-in, IRB)
- Solvency II ratio for the insurer: 282 %
- Liquidity Coverage Ratio. 179 %

Growth in employment

2,523 employees at the headquarters in Antwerp, Luxembourg and Breda and in the 498 independent branches.

Strong results

The consolidated profit at group level (IFRS accounting principles) amounts to EUR 246 million 2016 as against 245 million in 2015. Argenta achieved this result in a challenging low interest rate environment.

This good result is based on a stable banking interest margin which, combined with the growing asset base, provides a rising interest income. The insurance business too posted attractive results, and fee income increased again.

The cost-income ratio increased slightly from 49% to 51%. The bank levy decreased in 2016 but is still a significant component of the cost-income ratio (9%).

The good result provides the impetus - and the financial resources - to continue in 2017 to address the challenges of the low interest rate environment and to invest in digitization.

The safety of very high solvency and liquidity - an excellent sales argument:

Argenta is one of the most strongly capitalized bank-insurance companies in Europe.

The reinvestment by the family shareholder of a significant portion of the dividend contributes year by year to the internal growth of equity at a constantly high level.

In the first half of 2016, Argenta, along with a large group of European banks, was stress-tested by the European Central Bank. The result demonstrates that Argenta's capital ratios remain strong even in negative market conditions, thanks to the robustness of Argenta's recurring business and the health of the credit portfolios.

On 17 May 2016 Argenta Spaarbank successfully launched its first subordinated Tier 2 issuance of EUR 500 million for subscription by institutional investors. The transaction contributes proactively to meeting the expected regulatory bail-in requirements (MREL) and enhances the quality of Argenta's A-/A-2 rating from Standard & Poor's. It also raises the total capital ratio and diversifies the financing of Argenta Groep's activities.

The regulatory core equity of Argenta Bank- en Verzekeringsgroep (CRR scope) grew by 10.6 % from EUR 1,680 million to EUR 1,858 million. The IRB common equity Tier 1 ratio rose from 24.9% to 25.1% (Basel III, phased-in without floor).

Argenta's strong creditworthiness was confirmed in late November 2016 by the transparency exercise of the European Banking Authority (EBA), which shows Argenta to be among the safest banks under European Central Bank (ECB) supervision..

At Argenta Assurantie the available capital is almost three times the legal requirement, giving a Solvency II ratio of 282% at consolidated level.

The liquidity position remains very healthy with a strong liquidity coverage ratio (LCR) of 179% at group level (CRR scope).



Argenta's distinctiveness

Almost 500 branch offices and their branch managers continue to play a central role in Argenta's business model in Belgium, and to embody the Argenta values of proximity, trust and local roots.

Argenta's distinctiveness continues to lie in its free payment and custody services, and in providing simple, honest and attractive banking and insurance solutions and offering excellent value for money. Customer satisfaction measurements show that customers appreciate this philosophy and that it brings in new customers.

Mortgage production in Belgium amounted to EUR 3.6 billion, including 0.9 billion of refinancing of existing Argenta mortgages. Excluding this internal refinancing, this is EUR 817 million or 42% more than in 2015. Mortgage production in the Netherlands amounted to EUR 2.4 billion, which is EUR 453 million more than in 2015.

Growth of investment products continued. The investment funds portfolio, including branch 23, grew by 16% to EUR 5.9 billion. The Argenta funds grew by 20 % to EUR 1.7 million and the Argenta pension savings fund by 13 % to EUR 1.4 billion .

Healthy growth for Argenta employees

Developing a recognition culture at Argenta is one of the major goals of Healthy Growth. In December, Argenta signed a collective agreement on a new pay policy for all of its Belgian employees. All functions are to be described in a transparent job classifications, with remuneration per function type matched to the reference market. Today already Argenta - in line with its core values - does not pay variable compensation for any function.

Argenta : Belgium's strongest banking brand

The Benchmark Company, an independent research firm, scrutinized the Belgian banking sector in spring 2016. Argenta emerged as the strongest banking brand from its survey, that examined five separate parameters: brand recognition, performance, relevance, affinity and reputation.

The Benchmark Company repeated the survey in the second half of the year for the Belgian insurance sector. This showed Argenta to be the third strongest insurance brand in Flanders. Argenta also scores best in terms of customer focus.

BankShopper.be also gave top marks to Argenta. Since 2010, the comparison site has organized an annual online vote for 'Bank of the Year'. After being voted Bank of the Year for five years in a row, Argenta had in 2016 to cede its first place for number two position. Argenta is all the more motivated to regain its Bank of the Year title in 2017.



Argenta Nederland

In 2016 Argenta Nederland successfully introduced a totally revamped IT platform. The administration system for savings products has been replaced. The website has been completely restructured with a more efficient system, a look & feel in line with the brand and also new customer processes. A new customer information system has also been introduced and various marketing and reporting tools brought into service. Argenta Nederland took great strides in 2016 and today offers a modern, flexible platform.

60 years Argenta (18 April)

In 2016, Argenta celebrated its 60th birthday. On 18 April 1956 Karel Van Rompuy launched Argenta. What started as a modest finance company has now become the fifth largest and the most reliable and safest bank in Belgium. 60 years on Argenta has over 900 internal employees, approximately 500 independent branches and 1.7 million customers.

Renewal of the Executive Committee

On 29 April 2016 Johan Heller resigned as CEO of Argenta after eight successful years. Since 1 September 2016, Marc Lauwers has stood at the helm as CEO of Argenta.

On 1 November 2016 Ann Brands started as new COO (Chief Operations Officer), responsible for directing Argenta's operational departments and customer support. With Ann Brands' appointment as COO, the Argenta executive committee now consists of two women and four men. At the end of 2014 it was still all-male.

On 23 January 2017 Dirk Van Dessel resigned as CIO, a position he had held since 2008. At the start of February 2017 the Board of Directors presented Geert Van Hove as Chief Information & Digital Officer. In this position he will be responsible for the group's IT infrastructure, architecture and applications, as well as their proper functioning and security. His mission includes creating a unifying digital vision for the group and coordinating the digital activities.

Annual figures

1. Argenta Bank- en Verzekeringsgroep (IFRS consolidated)

<i>In EUR millions</i>	2016	2015	delta	%
Balance sheet total	42,310	39,745	+ 2,565	+ 6.5%
Loans to individuals	27,490	25,187	+ 2,304	+ 9.1%
Funds under management	42,538	40,204	+ 2,334	+ 5.8%
Gross insurance premiums	373	355	+ 18	+ 5.2%
Net profit	246	245	+ 2	+ 0.6%
Equity	2,598	2,379	+ 219	+ 9.2%

<i>in units or %</i>		
Sales outlets in Belgium	498	503
Employees:	2, 523	2, 485
Return on equity	10.4%	10.9%

2. Argenta Spaarbank (IFRS consolidated)

<i>In EUR millions</i>	2016	2015	delta	%
Balance sheet total	36,156	33,862	+ 2,294	+ 6.8%
Loans to individuals	26,522	24,308	+ 2,213	+ 9.1%
Securities portfolio	8,105	8,409	- 304	- 3.6%
Deposits and savings certificates	32,826	30,902	+ 1,923	+ 6.2%
Equity	1,841	1,673	+ 168	+ 10.1%

Net interest income	579	559	+ 20	+ 3,6%
Net fee income	-59	-55	- 4	+ 6,4%
Other operating income & expenses	52	37	+ 15	+ 40,3%
Admin. expenses, deprec. & amortiz.	-313	-290	- 24	+ 8,2%
Other	-9	3	- 12	- 395,9%
Taxes	-60	-60	+ 1	- 1,3%
Net profit	190	193	- 3	- 1,5%

3. Argenta Assuranties (IFRS consolidated)

<i>In EUR millions</i>	2016	2015	delta	%
Balance sheet total	6,480	6,167	+ 313	+ 5.1%
Financial liabilities at fair value	1,840	1,670	+ 170	+ 10.2%
Technical provisions in respect of insurance contracts	2,593	2,480	+ 113	+ 4.6%
Equity	628	576	+ 51	+ 8.9%

Gross premium income	373	355	+ 18	+ 5.2%
Admin. expenses, depreciation & amortization	-24	-23	- 1	+ 2.6%
Net result	59	56	+ 3	+ 6.2%

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PRESS RELEASE

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