
SOLID GROWTH UNDERPINS FIRST HALF 2019 RESULTS OF BOTH BANKING AND INSURANCE ACTIVITIES

Antwerp, 30 August 2019

Argenta confirms its strong position in the Belgian banking and insurance landscape and on the Dutch mortgage market by again presenting healthy growth figures in the first half of 2019. At the same time, the financial sector is under increased pressure from macroeconomic and geopolitical events that have produced a further and faster fall in market interest rates. Despite these challenges, Argenta is maintaining a stable recurring interest margin. Barring a change in the general environment, however, downward pressure on the interest margin is set to increase. Argenta's solvency and liquidity remain very strong.

Financial results

Argenta Spaarbank's balance sheet total broke through the EUR 40 billion in the first half of 2019, rising to EUR 42.4 billion on 30 June 2019. Outstandings on current and savings accounts in Belgium grew by EUR 1.4 billion.

On the credit side, new mortgage loans amounting to EUR 2.5 billion were granted, 13 % more than in the same period last year. In Belgium production decreased by 9 %, in the Netherlands it rose by 56 %.

The recurring net interest result rose by 4 % to 276 million and the net interest margin remained stable at 1.35 %. The increase in net interest income reflects increased interest income from a growing mortgage portfolio, the stable cost of financing from Belgian private savings and a lowering of the cost of institutional financing via bonds issued by Argenta.

The sharp fall in interest rates brought about a one-off decrease in the market value of hedging transactions. This mark-to-market loss decreased the reported net interest result to EUR 259 million, down 2 % on 2018.

The interest margin will also be under pressure in the coming months: the sharp fall in interest rates mean that new investments will generate less interest, while the legal minimum interest rate on regulated savings accounts remains unchanged.

Costs rose in 2019 due to investments in IT platforms and digitization and to higher bank levies. Under the combined effect of lower interest income and higher costs, Argenta Spaarbank's net result in the first half of 2019 fell to EUR 47 million, vs. EUR 71 million in the first half of 2018.¹ The liquidity position and capital base remain very strong.

¹ In accordance with IFRS accounting standards and adjusted for IFRIC21 (even distribution of bank levies).

PRESS RELEASE

Argenta Bank- en Verzekeringsgroep nv



Argenta Assuranties achieved a net result of EUR 29 million, as against EUR 28 million in the first half of 2018². Premium collection in the Life segment was unchanged from a year before and the active Non-Life segments grew by 8 %. Claims settlements in the Non-Life segment were also more favourable than in the first half of 2018.

At group level, the first half 2019 result is EUR 77 million, compared to EUR 94 million in the first half of 2018¹.

Funds raised from the public (bank and insurance together) grew strongly, by almost 5 % in 6 months, to EUR 47.1 billion. The investment funds grew by 6% and even by 16% if we take into account the impact of the stock market evolution. This movement ensured that the market share of the funds distributed at group level exceeded 4% for the first time.

Marc Lauwers, CEO: "Our commercial results confirm that the private customer remains attached to a bank-insurer that swims against the tide and practices unashamedly traditional banking. Customer proximity with a focus on personal advice and a simple, competitively priced offering. Sustained investments in response to regulatory requirements and digitization weigh on the cost-to-income ratio and on the results. The interest rate environment will continue for the foreseeable future to depress our results, which are still mainly interest-driven. We are bracing ourselves for this development. In such an environment, the support of a shareholder with a focus on long-term value creation is an important plus. "

Geert Ameloot, CFO: "The macroeconomic and geopolitical tensions, and in particular the negative evolution of market rates, are making life increasingly difficult for financial institutions. Nevertheless, Argenta continues its course with a long-term focus on the well-being of its customers and its shareholders. The financial results, excluding one-off and temporary effects, have continued to hold up well until now. Our stable net interest margin in particular is a good result in the current circumstances. With our excellent solvency and liquidity buffer, we remain focused on further growth."

² In accordance with BGAAP.

Overview of the results of Argenta Spaarbank ³

Income statement (consolidated) Argenta Spaarbank (in EUR millions)	1H2018	1H2019
Net interest income	265	259
<i>Interest income</i>	405	410
<i>Interest expenses</i>	-140	-151
Fee reimbursements	49	49
Commissions to agents	-71	-70
Financial gains and losses	3	-2
Other net income	30	26
Financial and operating income and expenses	275	262
Administrative expenses and depreciation	-217	-235
Impairment losses	1	0
<i>on loans and advances</i>	2	0
<i>on available-for-sale assets</i>	-1	0
Profit before taxes	59	26
Taxes	-13	-5
Net profit	46	21
Adjusted net result ¹	71	47
<i>ROE¹</i>	7.2 %	4.6 % ⁴
<i>Cost / Income</i>	66 %	69 % ⁵

Main elements in the first half 2019 result:

- Adjusted net profit¹ of EUR 47 million and return on equity of 4.6 %⁴.
- Net interest income of EUR 259 million with a net interest margin of 1.26 %. Increased interest income due to the increased loan portfolio and decreases interest costs through the diversification of financing sources were offset by one-off effects in the hedging portfolio. Excluding these one-off effects, the recurring net interest income amounts to EUR 265 million and the net interest margin is 1.35 %.
- Revenues from fee products remained stable. The share of management fees increased by EUR 5 million, offsetting an equal fall in entry costs due to commercial campaigns. These campaigns produced significant growth, which will support fee income in the future. End of June 2019, total investment products under management amounted to EUR 7.1 billion, up 13 % compared to the end of 2018.
- Administrative costs increased due to further investments in digital, IT and personnel. The recurring cost/income ratio is 69 %.⁵
- Decline in new production of mortgage loans for private individuals in Belgium (-9 %) and increase in the Netherlands (+56 %). The market share of mortgage loan production for private individuals is 6.3 % for Belgium and 2.8 % for the Netherlands.
- The quality of the mortgage loan portfolio remains very high. Only 0.36 % of the portfolio is not performing as expected.

³ For a complete overview of the consolidated income statement and balance sheet, the statement of changes in equity and the notes, we refer to the semi-annual report.

⁴ The ROE amounts to 6.2 % excluding certain non-operational one-off items.

⁵ Excluding certain non-operational one-off items and with an even distribution of bank levies. Including the non-operational items, the C/I is 75 %.

Overview of Argenta Spaarbank balance sheet³

Main balance sheet items (consolidated) Argenta Spaarbank (in EUR millions)	31 Dec 2018	30 June 2019
Balance sheet total	39,561	42,406
Loans and advances to customers	29,800	31,447
Financial assets (at amortised cost)	4,188	4,145
Financial liabilities (at fair value)	3,811	4,004
Deposits from customers and debt securities	34,398	35,559
Securitisation issues	2,047	2,740
Debt certificates issued to institutions	511	1,001
Equity	2,015	2,047
Selected ratios		
Solvency		
<i>CET-1</i>	23.1 %	22.3 %
<i>Leverage</i>	4.7 %	4.5 %
Liquidity		
<i>Net Stable Funding Ratio (NSFR)</i>	141 %	138 %
<i>Liquidity Coverage Ratio (LCR)</i>	170 %	170 %
Credit risk (loans and receivables)		
<i>Cost-of-risk ratio</i>	-0.01 %	0.00 %
<i>Non-performing credit ratio</i>	0.44 %	0.36 %
<i>Coverage ratio</i>	9.67 %	10.33 %

Main changes in the balance sheet for the first half of 2019:

- The balance sheet total increased by over EUR 2.8 billion or 7.2 % to EUR 42.4 billion. The liabilities side shows a EUR 1.4 billion increase in current accounts and customer deposits. The diversification into wholesale funding continued, rising by EUR 1.2 billion or 46 %.
- On the asset side, the loan portfolio to customers grew by almost EUR 1.7 billion or 5.5 % to EUR 31.5 billion.
- Core Equity Tier 1 rose by 11 % from EUR 1.94 million to EUR 1.97 million. With risk-weighted assets rising relatively more, reflecting mainly credit growth, the CET-1 ratio fell from 23.1 % to 22.3 %. The MREL⁶ ratio is 5.81 % compared to a minimum requirement of 4.85 % for Argenta Spaarbank.
- In addition to Argenta's strong solvency, the liquidity position is solid with an LCR of 170 % and NSFR of 138 %.

⁶ Minimum Requirement for own funds and Eligible Liabilities

Key indicators - Argenta Group

Overview (consolidated) Argenta Spaarbank (in EUR millions)	1H2018	1H2019
Financial and operating income and expenses	327	321
Administrative expenses and depreciation	-240	-255
Impairment losses	1	-1
Taxes	-22	-15
Net profit	67	50
Adjusted net result ¹	94	77
<i>ROE</i> ¹	7.2 %	5.9 % ⁷
<i>Cost/Income</i> ¹	62 %	63 % ⁸

Risk statement

The risk management data can be found in our annual reports and in our annual risk reports. These are available on www.argenta.eu.

END PRESS RELEASE

Press contact

Christine Vermylen, press spokesperson
Mieke Winne, press contact person
Contact via pers@argenta.be
Phone 03 287 48 25.
Argenta Bank- en Verzekeringsgroep nv
Registered office: Belgiëlei 49-53, 2018 Antwerpen

About Argenta

Argenta Bank- en Verzekeringsgroep is a bank and insurer company families, with operations in Belgium and the Netherlands, and 1.72 million customers. Argenta Spaarbank focuses on the banking activities and Argenta Assuranties on the insurance activities.

For further information, we invite you to surf to www.argenta.eu.

⁷ The ROE amounts to 6.5 % excluding certain non-operational one-off items.

⁸ Excluding certain non-operational one-off items and with an even distribution of the bank levies. Including the non-operational items, the C/I is 67 %.