



Argenta Bank- en Verzekeringsgroep nv

2013

Combined annual report and sustainability report



In accordance with articles 95, 96 and 119 of the Belgian Companies Code, the Board of Directors of Argenta Bank- en Verzekeringsgroep nv (hereinafter *the Company*) has prepared this report on the statutory (unconsolidated) and consolidated financial statements, addressed to the shareholders of the Company and its subsidiaries.

The annual report is a combined report within the meaning of Article 119, final paragraph of the same Code and provides the required information separately for the Company, which together with its subsidiaries forms the consolidated whole (hereinafter the *Argenta Group, Argenta or the Group*).

Further information regarding the annual reports of the consolidated companies can be obtained from the Board of Directors of the Company.

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1. Message from the Chairman of the Board of Directors



The past year 2013 was one of historically low interest rates. This faced both savers and financial institutions with significant challenges. Private individuals looking to supplement their income with interest on their savings were forced to move to higher risk investments if they wanted to maintain their income from capital at the same level. Banks wanting to place the surplus collected savings that they do not convert into credits into Government bonds had to be satisfied with very lean percentages. Also, insurers who were still required to pay high guaranteed interest rates on older contracts, had to set aside additional provisions.

Financial markets, too, were under the spell of interest rates. For months, tapering was the most used word. When, and by how much, would the U.S. Central Bank reduce its support to the economy through a policy of cheap money. The speech made in May by Ben Bernanke, then chairman of the U.S. Federal Reserve, formulating the U.S. Central Bank's desire to adapt its policy of extremely low interest

rates if the U.S. economy continued its upward path, was a tipping point.

Not only the financial environment, but also the regulatory, fiscal and supervisory framework saw significant developments over the past year. Regulatory pressure continued to increase and the European regulation on the SSM (Single Supervisory Mechanism) was adopted, transferring the monitoring of over 125 major banking groups – including Argenta – to the European Central Bank by the end of 2014. The various bank levies were again adjusted and substantially increased by the Act of 30 July 2013, in what is a very disproportionate manner for savings and retail banks and their banking model.

The low interest rates did not prevent Argenta from continuing to play its role in the economy. On a commercial level, 2013 was even, in many ways, a good year. The savings amounts that customers entrusted to the bank continued to grow. A further EUR 1.2 billion were placed in regulated savings accounts. Our lending activity also grew. After providing over EUR 1.8 billion in mortgage loans in 2012, this figure rose in 2013 to EUR 2.2 billion, a new record for Argenta, that also went against the market trend.

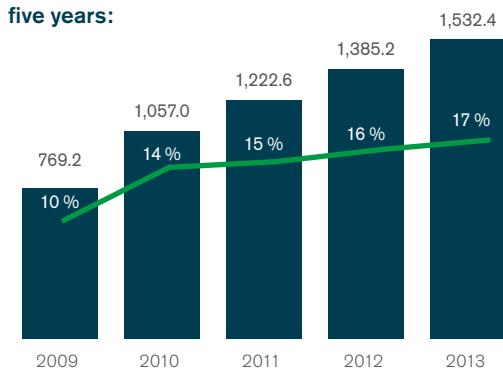
In insurance too, Argenta performed very nicely. Over the past three years, it has been the strongest grower in auto and fire insurance. In April, the company passed the milestone of 100,000 car insurance policies. And fire insurance too produced a record performance. Argenta's bank-insurer model is particularly powerful. Where other financial groups are backtracking, often because they have no choice, and weakening or even disconnecting the links between insurance and banking activities, Argenta continues to believe in its integrated approach. Argenta retains its focus on providing services to families in Belgium and the Netherlands, with a complete range of payments, savings, investments, and insurance. The basis of all this is its knowledge of the customer.

More and more families are therefore opting for Argenta as their primary financial partner. But for Argenta, too, changing customer behaviour (due, among other things, to digitization) and the ever growing importance of personal advice, are enduring points of attention and strategic challenges.

Argenta posted a particularly strong operating result in 2013. At EUR 157.4 million, the profit was substantially higher than in 2012. Moreover, the quality of earnings was high. It gives the bank-insurer room to continue to invest in an attractive product offering for its customers.

Car lending is the driving force of the development of equity at Argenta, providing the solid financial basis needed to continue to support growth. Equity, which guarantees the group's obligations to its customers, increased in 2013 by EUR 137 million to EUR 1.55 billion. The bank now has a Tier 1 ratio of 16.9 %, as against a minimum standard of 4.5 %. The insurance business has a solvency ratio of 199 %, against a requirement of 100 %.

Evolution of the Argenta Bank- en Verzekeringsgroep's Tier 1 capital ratio over the last five years:



■ Tier 1 Capital
— Tier 1-ratio

Since 2011, the Tier 1-ratio has been measured in a stricter way than previously: the weighted risks for the insurer obtained by the Solvency I capital are multiplied by 12.5 (cf. 8 % rule for the banking activity).

This makes Argenta not only an attractive financial partner but also an attractive employer, with 126 new employees. Total employment at headquarters and in the branches increased from 2,264 to 2,368.

Argenta cherishes its strong cultural values and is very much aware of where its success comes from. Simplicity, transparency, a sober, 'no-frills' approach, and honesty remain the cornerstones of Argenta's product and operations. This will be strengthened through the precise development and implementation of the 2013-2015 Sustainability Plan.

Sustainability is moreover in Argenta's genes. This the Group owes to Karel Van Rompuy. The founder and inspirer of our bank-insurance group died on 19 May 2013. For forty years he was responsible for the operational management of our institute. Afterwards, he continued for 15 years as Chairman of the Board of Directors. Until his last days, he followed events at Argenta closely.

There was no Karel Van Rompuy without Argenta, and there was no Argenta without Karel Van Rompuy. It is due to him that Argenta has grown to become the fifth largest bank and the tenth insurer in Belgium. The fact that he did this on his own, and with his own vision, made him an exceptional entrepreneur.

The continuity of Argenta as a family business and the enduring bond between the Van Rompuy family and Argenta beyond his own death, was a favourite theme of Karel Van Rompuy on the regular consultations he organized between himself, his wife, their two sons, and four grandchildren.

There is no better way to honour the memory of this remarkable man, than for everyone to contribute, to the extent he or she can, to this dream and this ambition.

Jan Cerfontaine
Chairman of the Board of Directors



2. In memoriam Karel Van Rompuy

On 19 May 2013 Karel Van Rompuy died. The founder and driving force of Argenta was 83 years old. Under his leadership, the company grew to become the fifth largest bank and the tenth largest insurer in Belgium. His core values – honesty, simplicity, transparency and a sober ‘no frills’ approach – still form the basis of the company.

Karel Van Rompuy was born on 15 October 1929 in the municipality of Begijnendijk in Flemish Brabant. From his youth he revealed himself as a driven entrepreneur. Shortly after World War II, he was active in the buying and selling of simple family houses, an activity which later evolved into loan brokerage. This in turn led him in 1956 to create his own finance company. In 1965 this was also licensed to take customer deposits. This was the start of the Argenta success story.

“Karel Van Rompuy’s life story is further proof that we have to give every opportunity to entrepreneurial talent. It is a lesson for every one of us. He knew exactly how to deal with opportunities and threats.”

Kris Peeters,
Flemish Minister-President during
the presentation of the Golden Spur

In the ensuing nearly six decades, Karel Van Rompuy developed the small deposit bank to the fifth largest financial institution in Belgium, with more than 1.5 million customers, 2,368 employees at headquarters and in the branches and total assets of EUR 35 billion. In addition to this, he also founded an insurance company and expanded its activities beyond the national borders. Argenta now offers a comprehensive range of banking, insurance and investment activities and is active in Belgium and the Netherlands.

Above all, Van Rompuy succeeded in piloting an independent family business through all the developments in the financial sector. This was his life's work, and Argenta remains one of the few businesses to retain its original name, stay in the hands of the same owners, and not have to call on government assistance.

Employees were given opportunities by Van Rompuy to develop themselves at Argenta. This could happen at the head office but also, and in particular, in the branches, where an agent – young or old – proved to be successful a branch manager. Many of them remained faithful to the institution. Ninety one branches are now operated by second- or third-generation branch managers.

Van Rompuy wanted, in particular, a bank that would be close to its customers. 'If it's good for the customer, it's also good for the branch manager and good for Argenta', he always said.

'Keep it simple', was another favourite saying, and 'I'm not interested in problems, I'm only interested in solutions.' A conversation that ended with 'problem stated and solved' was a good conversation. All the others were unnecessary or wasted time.

For the first 40 years, Karel Van Rompuy led Argenta personally and with a steady hand. For the next 15 years, he was Chairman of the Board of Directors. When he handed over the chairmanship in 2009, his main concern was the development of a 'responsible and committed ownership' for his family. For this, he involved not only his wife Florentina Van Gestel, his two sons Dirk and Bart Van Rompuy, but also his four grandchildren; inculcating into them the importance of their continuing role in a family business like Argenta, even after a portion of the bank-insurer's capital had been opened to branch managers and customers.

“Argenta is a name that is synonymous in many Flemish households with a warm and human bank. It is a name that innumerable Flemings associate with the house they have been able to buy, with savings accounts for their children and grandchildren, and with the assurance that their money is being well-managed.”

Kris Peeters,
Flemish Minister-President during the presentation of the Golden Spur

He continued to follow his life's work very closely up until his dying day.

On 11 July 2013, on the Day of the Flemish Community, Mrs Van Rompuy received on behalf of the family and Argenta the Golden Spur for Economic Performance of the Flanders-Europe Movement. This recognition honours people and organizations that, through their commitment and their performance, have left a strong mark on a cultural, general social, or socio-economic level, and who demonstrate a positive commitment to Flemish society.

The Board of Directors, the Executive Committee, the staff of the Head Office and all branch managers and employees wish to continue this life's work in the spirit of the founder. Honesty, simplicity, transparency and a sober, 'no frills' approach remain for the future the absolute core values of Argenta.



3. Macro-economic environment



3.1. The iron grip of interest rates on financial?

The financial markets experienced a calmer course in 2013 with the perspective of a recovery of

economic activity and the further stabilization of the eurozone and its banking environment.

Table I

Country	(A) Interest rate 1/01/2013	(B) Interest rate lowest point	(C) date	(D) Interest rate 31/12/2013	(D) - (A) Difference end-start	(D) - (B) Difference end-time low
	%	%		%	%	%
USA	1.79	1.63	2/May	3.01	1.22	1.38
Netherlands	1.50	1.50	1/Jan	2.23	0.73	0.73
IRS Europe	1.58	1.47	30/Apr	2.18	0.60	0.71
Germany	1.36	1.19	2/May	1.94	0.58	0.75
Belgium	2.07	1.93	2/May	2.56	0.49	0.63
France	2.05	1.67	2/May	2.37	0.32	0.70
Japan	0.79	0.44	4/Apr	0.74	-0.05	0.30
Italy	4.46	3.84	8/May	4.09	-0.37	0.25
Spain	5.23	4.01	3/May	4.14	-1.09	0.13
Ireland	4.60	3.39	6/May	3.44	-1.16	0.05

Interest rate developments in the European interbank market were dominated by internal monetary and economic considerations. Longer-term interest rates, however, were to a large extent determined by developments in the U.S.

On the international bond markets, the watershed date for interest rates was the speech of Ben Bernanke, then chairman of the Federal Reserve in May 2013, when he spelled out the desire of the U.S. Central Bank to revise its policy of extremely low interest rates if the U.S. economy continued its upward path, basing his remark on the excellent development of the U.S. construction industry and the economic forecasts for both manufacturing and services. The low inflation expectations and somewhat modest progress in the area of employment gave, however, no sense of urgency to this change in monetary policy.

The bond markets reacted with a marked upturn in long-term interest rates. After a steep, albeit hilly, climb and a cooling phase in September, interest rates on 10-year U.S. government bonds climbed as far as 3 % at year end, taking U.S. rates away from the absolute low of 1.63 % that had been recorded as late as early May.

Chart 1: 10-year U.S. treasury rates



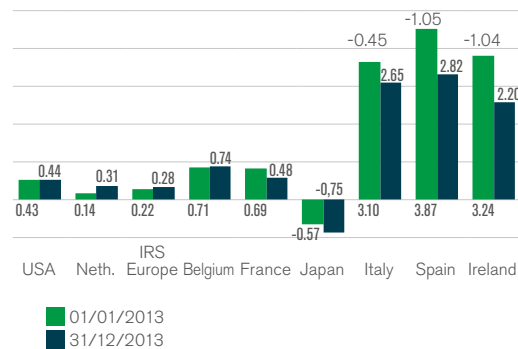
Source: Thomson Reuters Datastream.

This movement was only partially followed by the comparable German and Belgian interest rates, which rose by year-end to 1.94 % and 2.56 %, after falling as low as 1.19 % and 1.93 %, respectively, in May. (See table 1 on previous page)

Both in Europe and elsewhere in the world, interest rate movements were not uniform. In Ireland, Spain, and Italy, long-term interest rates fell significantly in 2013, in sharp contrast to U.S. and German interest rates. The message was clear: the interest

rate differentials between Germany and several European countries, which a year earlier had been cause and marker of a profound crisis of confidence, had largely reduced. The spreads with Germany on ten-year government bonds reduced in 2013 for Italy, Spain and Ireland by 0.45 %, 1.05 % and 1.04 % respectively.

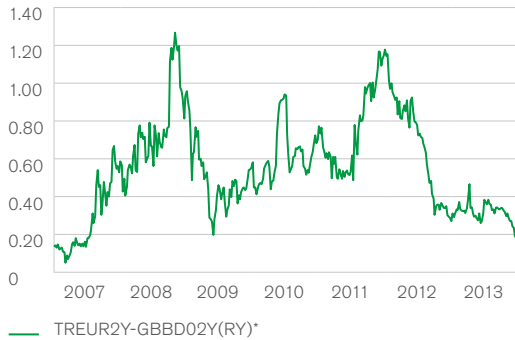
Chart 2: Interest rate differential between various countries with Germany on 10-year government bonds.



These interest rate movements relative to Germany in the former problem countries reflect a recovery of confidence and renewed stability of the eurozone. A typical illustration of the reducing mistrust in the durability of the euro structure can also be found in the difference between the rates on the professional European market for interest rate swaps and German interest rates on government bonds, both here for a term of 2 years. This differential measures the premium for the 'flight to quality', which the German government was able to receive in the form of lower interest rates to compensate for the higher perceived credit quality. The stabilization of this 'premium' reflects a clear decrease in uncertainty regarding the survival of the euro.



Chart 3: The 'flight to quality' premium for Germany, measured as the spread between the European IRS rate and German 2-year government bonds.



Source: Thomson Reuters Datastream.

This fundamental turnaround is based on significant progress in real, effective exchange rates and the current accounts of Eurozone countries. These have been improved by sustained savings which have enabled both local authorities and industry to recover part of their competitive position, albeit at a significant social cost.

The differences in budgetary situations between Member States of the euro area – largely resulting from differing rates of unemployment and government spending – remain substantial. They suppose a continued solidarity within the eurozone.

The interest rate spread between Belgian and German government 10-year bonds ended 2013 virtually unchanged from the level at the beginning of the year but experienced, in the intervening period, several upward movements. These were, however, limited in scope and mainly caused by the overreaction of the international bond markets to the statements of the President of the U.S. Central Bank; with the result that countries with higher debt/GDP ratios were seen as more vulnerable to rising interest rates in financing their debt. Following the easing of fears of an abrupt increase in long-term rates, the Belgian spread stabilized around the level reached before the speeches by the Federal Reserve President in early May 2013.

Chart 4: Rate differential between Belgian and German government 10-year bonds



Source: Thomson Reuters Datastream.

The European banking environment stabilized systematically. This improvement was partly initiated by the predicted economic recovery and by progress on the creation of a European banking union.

The bulk of the progress was, however, accomplished by the sustained liquidity injections by the ECB, which it combined with historically low official interest rates on short-term placements.

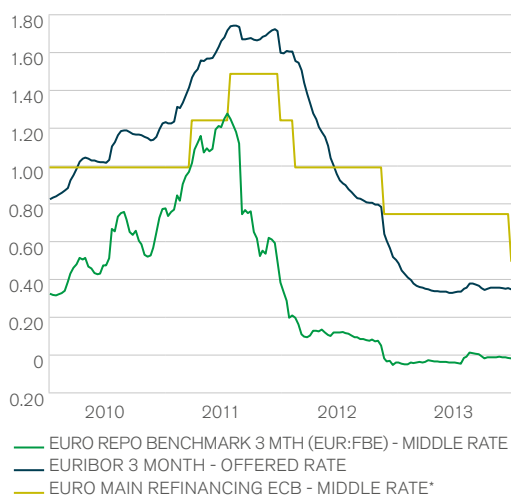
The uptake of credit by banks from the ECB was encouraged by strongly-eased guarantee schemes, even if these were slightly tightened towards the end of the year. This kept the base rate (the repo rate) particularly low in 2013, in turn holding interbank rates at historically low levels.

This fact constitutes a basic element of the ECB's policy, so as to remove any room for possible increases in money market rates over the coming period. To ensure this the ECB, in autumn 2013, reduced its ceiling rate (the 'refi rate') to an absolute low 0.25 %.



These very low interbank rates make it less attractive to investors and banks to place their surpluses in bank deposits or interbank lending than in providing loans to businesses. This should allow the money created by the monetary authorities to find its way into the real economy faster, instead of remaining blocked in interbank positions. This is viewed as an essential condition for economic recovery in the eurozone.

Chart IV: Evolution of interbank rates (3 month) and official ECB rates



Source: Thomson Reuters Datastream.

3.2. The bank levy

The Belgian bank levy represents significant costs for Argenta Spaarbank. This levy was introduced following the 2008 financial crisis, under the Programme Law of 23 December 2009, as compensation for the government deposit guarantee scheme.

- Since December 2011, the calculation of contributions to the DGS (Special Deposit Protection Fund) also takes into account the risks that financial institutions create for society. With its prudent risk profile, Argenta Savings belonged, for all risk factors considered, in the best class ('very low risk' according to the Royal Decree of 22 April 2012). The risk weighting for the institution was 75 %, compared to an industry average of 87 %.

For healthy banks, the DGS-charge is significantly above the level of the economic cost of the national deposit guarantee. For 2013, in addition to the recurring DGS, an additional levy was imposed on the banking sector.

- In December 2011, a law was passed that imposes on credit institutions governed by Belgian law a limited contribution to ensure the stability of the financial sector (FSC).
- The classic subscription tax on regulated savings accounts was increased sharply in 2013 by the federal government, for purely budgetary reasons.

The subscription tax, until then fixed at 0.08 %, was amended by the Act of 17 June 2013. The new rates were 0.0965 % from 1 January 2013 and 0.0925 % from 1 January 2014.

The Act of 30 July 2013 includes new increases of the subscription tax to 0.12 % for 2013 and even 0.1929 % for 2014.

All in all, this represents a doubling of the subscription taxes.

- The 'contribution to financial stability' (FSC), till then 0.035 %, was reduced by the aforementioned Law of 17 June 2013, with effect from 1 January 2014, to 0.0325 % and made risk-based made for system-relevant banks.

This reduction has almost zero effect for a savings bank.

- A fourth tax is the annual tax on credit institutions. This is also based on the deposits in regulated savings accounts, with a weighting coefficient as a function of the loan to deposit ratio. This measures the ratio between the authorized credits and the collected savings. For Argenta Spaarbank, this came out at 85 %. This weighting is no longer applicable for 2014.

This also represents an increase in taxation.

- In 2013, Argenta Spaarbank received a repayment from the Deposits and Financial Instruments Protection Fund, equal to the additional charge. This had the effect of somewhat mitigating the total bill, though it remains heavy to carry.

The net bill for Argenta Spaarbank amounted in 2013 to EUR 46.7 million. Alongside this, Argenta Assuranties also paid levies of EUR 5.3 million. These charges are in addition to the usual corporate taxes.

The whole system of bank levies creates unequal treatment of banks. Despite the Constitutional Court ruling on the DGS, banks that focus exclusively or mainly on private savers are still treated unequally

and are significantly more affected by the various banking taxes than the universal banks.

This unbalanced relationship, between taxes on monies raised from the public versus deposits from large institutions, is accentuated by the legislative changes in 2013.

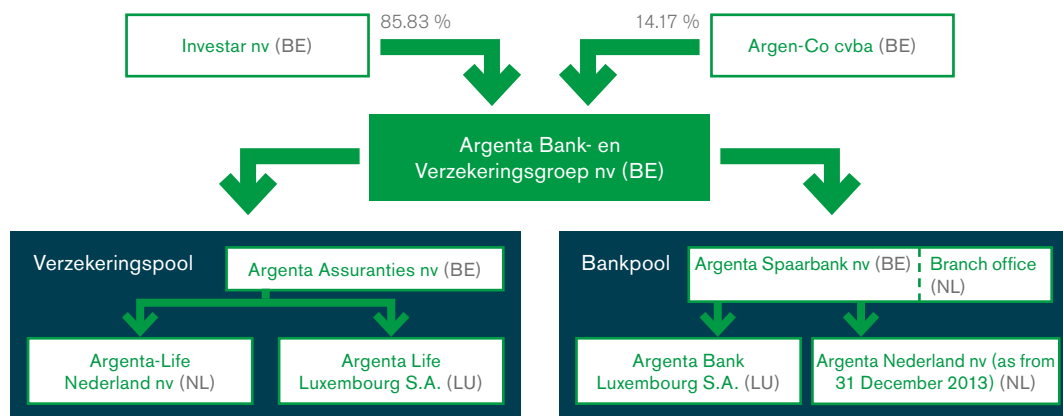
Seven Belgian savings and retail banks, including Argenta Spaarbank, introduced in January 2014 new proceedings in front of the Constitutional Court to roll back the increases in the subscription tax introduced by the Act of 30 July 2013. The matter is currently pending before the Constitutional Court.



4. Description of the structure and activities of the Argenta group



4.1. Organizational chart



All participating interests are (almost) 100 % owned by group companies

4.2. Description of the activities of the Company

Argenta Bank and Insurance Holding is the holding company of the Argenta Group. Its operational activities consist of cross-cutting control functions (i.e. Internal Auditing, Compliance and Group Risk Management) and the shared services Human Resources, Mediation Service, Facilities, Distribution (commercial and support) and Inspection, which are organised at group level.

The Company has the status of a mixed financial holding, in accordance with Article 49 bis 5 of the Law of 22 March 1993 on the legal status and supervision of credit institutions.

The Company consolidates and provides the joint management of the insurance operations of Argenta Assuranties nv and the banking activities of Argenta Spaarbank nv. Argenta Assuranties has the status of a Belgian insurance company; Argenta Spaarbank nv that of a Belgian credit institution.

Argenta Assuranties and Argenta Spaarbank have themselves several subsidiaries. Argenta Assuranties and its subsidiaries will hereinafter be called the **Insurance Pool**. Argenta Spaarbank, including its branch in the Netherlands and its subsidiaries form the **Bank Pool**.

The activities of the Bank Pool focus mainly on two areas: on the one hand attracting funds in the retail market in the form of savings accounts, current accounts, retail savings certificates, and bonds and, on the other hand, reinvesting these funds in mortgage loans. Shares in collective investment funds, as well as structured notes, are also offered.

The activities carried out by Argenta Spaarbank in the Netherlands are organised as a branch office rather than as a subsidiary.

Argenta Spaarbank consolidates its activities with those of Argenta Bank Luxembourg S.A. and Argenta Nederland nv, a Dutch company for the issuance of bonds.

Argenta Luxembourg S.A. has the status of a Luxembourg credit institution, but currently only acts as manager and administrative agent of Argenta-Fund Sicav and Argenta Fund of Funds.

The activities of the Insurance Pool comprise both the life insurance sector and the non-life and health insurance, particularly car insurance, private civil liability, fire, hospital, and legal expenses insurance.

Argenta Assuranties consolidates the activities of Argenta-Life Nederland nv and Argenta Life Luxembourg S.A.

Argenta-Life Nederland has the status of a Dutch insurance company. It operates exclusively in life insurance linked to mortgage savings loans.

Argenta Life Luxembourg S.A. had, until the end of 2013, the status of a Luxembourg insurance company. However, with the termination of the last investment-linked policies, this status was relinquished on 25 November 2013.

The geographical markets in which the Argenta Group is active are Belgium and the Netherlands.



5. Overview of 2013

January

- 1 January 2013: The legislative and fiscal framework for mortgage loans in the Netherlands changes radically.
- Argenta celebrates its 100,000th car policy.
- 7 January 2013: Argenta announces it is looking for 200 new employees.

February

- 1 February 2013: Argenta announces an attractive profit sharing for 2012 for its branch 21 life insurance policyholders.
- 27 February 2013: Full repayment of the LTRO.

March

- 20 March 2013: The expert blog of Prof. Dr. Stefan Duchateau is launched.
- 28 March 2013: Argenta announces that 2012 was the best ever year for the group.
- 28 March 2013: Argenta presents its first sustainability report with GRI A+ rating.

May

- 6 May 2013 Argenta's social media strategy is adopted (in collaboration with Jo Caudron - Dear Media).
- 19 May 2013: Karel Van Rompuy, the founder of Argenta, dies.

July

- 4 July 2013: European Court ruling on notional interest.
- 22 July 2013: Argenta Life Plan is launched.
- 15 July 2013: The renewed Outstanding Balance Insurance is introduced by Argenta-Life Nederland.
- On 11 July 2013, the Flemish holiday, Mrs. Van Rompuy receives, on behalf of the family and Argenta, the Golden Spur for Economic Performance from An De Moor, President of the Flanders-Europe Movement.
- 30 July 2013: Significant increase in bank levies for banks with savings.

August

- 5 August 2013: The Belgian National Bank announces that Argenta, as a local systemically important financial institution, is required to provide recovery plans.
- 22 August 2013: Argenta 'Highly Defensive' Fund of Funds is launched.

September

- 21 September 2013: Argenta organizes the 'Week of the Customer'.



October

- 1 October 2013: The loyalty bonus is now paid every 3 months.
- 18 October 2013: The social media guidelines are approved by the works council.
- In the run up to the ECB's monitoring, it was announced on 23 October that a *comprehensive assessment* will be conducted of the 124 major European banks, including Argenta.
- On 23 October 2013, Argenta Assuranties is honoured with a trophy in class 23, at the Life Insurance Trophies event organized by DECAVI.
- According to the Assuralia ranking, published in October, Argenta was at end-2012 Belgium's tenth largest insurer. Argenta Assuranties is Belgium's seventh life insurer.

November

- 5 November: The last Argenta Life Luxembourg customer terminates his policy.
- 13 November: Notary Jozef Lievens is appointed as Director and Chairman of the Board of Directors of Investar.
- 14 November: General Meeting of Argenta Coöperatieve cvba, Argen-Co, pays a dividend of 3.95 %.
- 15 November: Start of the pre-default process within the Credit department.
- 19 November: Mr. Emiel Walkiers is appointed member of the Board of Directors of the Argenta Group.
- 20 November 2013: Argenta-Fund Responsible Growth Fund Defensive is launched.
- 25 November: The new Credit acceptance policy is rolled out.
- 25 November: Changes are introduced in the context of SEPA.
- Test-Achats/Test Aankoop places Argenta as top buy for free transaction banking and winner in the bank switching service.

December

- 19 December: Argenta wins the De Financiële Telegraaf's Audience Award Prize with its Argenta Extra Mortgage Annuity product
- 31 December: During the year new mortgage production of EUR 2.0 billion in the Netherlands and 2.2 billion in Belgium.
- 31 December: Dematerialisation is now a fact. Belgian physical shares no longer exist.
- 31 December: 24 new branch managers started work in 2013.
- 31 December: Argenta Fund has more than EUR 500 million under management.
- 31 December: 99 % of the independent branch managers in Belgium meet the requirements of the continuing education points system.
- 31 December: Intercompany transaction transferring all shares of Argenta Nederland from the Company to Argenta Spaarbank.



⁽¹⁾ Belgische Beroepsvereniging van verzekeringsondernemingen

6. Argenta in 2013

6.1. Distribution

6.1.1. Distribution in Belgium

Argenta's branch network in Belgium consisted at the end of 2013 of 510 outlets. In this way, customers always have a contact point in their own neighbourhood. Argenta aims, especially in Flanders, to have a branch within 10 minutes' travelling distance of every customer.

Region	branches 2011	branches 2012	branches 2013
Brussels	11	13	13
Flanders	474	473	471
Wallonia	28	26	26
Total	513	512	510

The Belgian branches are managed by 417 self-employed branch managers and their 1,120 employees, and by 47 colleagues directly employed by Argenta. They work exclusively for Argenta.

Exclusivity means that branch managers can only offer Argenta products and those of Argenta-selected partners, in contrast to other marketplayers where all insurance and credit products are freely selected by the banking agents.

Argenta selects its branch managers with great care. They are assessed for their cultural fit with Argenta's values, personality features and competencies, their proven knowledge and experience, financial strength and specific compliance issues. In this way, Argenta seeks to guarantee the interest of its customers at all times. In practice, this means that the products have to be of high quality and that branch managers are trained in the special characteristics and administrative processing of these products, so that they can be correctly offered. Moreover, Argenta takes care to ensure that controls are built into the process to ensure maximum quality.

In 2013, 24 new branch managers started their activities, 9 of whom either succeeded branch managers from the same family or were former branch employees.

The number of second- and third-generation agents already stands at an impressive 91. This is a unique feature of Argenta's distribution policy. It is the best reflection of the pursuit of long-term relationships between customers and their advisors. Familial transfers are assessed in the same manner as candidate branch managers from outside the company.

Finally, Argenta can state with satisfaction that 99 % of the effective managers and distribution



“Argenta Belgium relies on a high quality branch network, where sound advice is central!”

Carl Van Dyck,
Commercial Director





Branch managers are paid on a commission basis for their sales and management activities. The remuneration by product area has become more balanced in recent years. In 2013, commissions for insurance and mortgage business rose sharply.

6.1.2. Distribution in the Netherlands

Argenta Spaarbank has been providing mortgages in the Netherlands since 1997. Instead of building a network with its own branches, Argenta has opted from the outset to offer its mortgages through independent consultants. This network of intermediaries, which in 2012 was pared back from over 3,000 to around 800, was in 2013 optimized to just less than 600. This move is based on a concern for closer general and quality control of the way the consultants operate. Argenta produced and distributed scorecards with quality indicators and, during the second half of 2013, discussed improvement opportunities on a quarterly basis with the service and franchise organizations for intermediaries.

In 2004, Argenta started offering savings accounts in the Netherlands through intermediaries. Mid-2012 it switched to a simple direct online channel (Direct Savings). Since then, the number of its customers has grown explosively.

Argenta is keen to tighten its hold on the business partners to whom the operational and commercial processes are outsourced. Through the introduction of an operational excellence framework with mortgage servicer Quion, an initial collaboration has been set in motion to apply the 'lean six Sigma' principles and methodology to the outsourced mortgage processes. In 2014, this will produce a more customer-oriented and quality-driven service.

Meanwhile, Argenta is experienced in the Netherlands as a positive player. In 2012, the Argenta Online Savings Account received the 'Golden Savings Award'. This success was nearly replicated in 2013 with two second places in comparable award processes. The 'Argenta Extra Mortgage Annuity' was nominated in December by De Financiële Telegraaf as 'Financial Product of the Month'. As icing on the cake, this product won the 'Financial Product of the Year 2013' audience award.



officers in the branches meet the requirements of the continuing education points system imposed by the law of 22 March 2006, on the brokerage of banking and investment services and the distribution of financial instruments ('Willems Law'), and the law of 27 March 1995 ('Cauwenberghs Law'). Both laws seek to ensure the adequate training of persons in the financial sector who come into contact with the public. The exceptions concern long-term illness and transfer of branch ownership.

A constant factor in 2012 and 2013 was the new commercial agency agreement between the self-employed branch managers and Argenta. This replaces the old mandate agreement and reflects the most recent legislation. More than 60 % of the branch managers have now signed this modern partnership agreement.

Within the branch network both branch managers and head office continued to invest in the quality of the buildings. In 2013, the branches moved into 36 new premises. 47 ATMs were installed, bringing the total to 248.

6.1.3. Distribution in Luxembourg

The retail operations of the Luxembourg bank were halted in 2011. Argenta Luxembourg today acts only as the administrator and administrative agent of Argenta-Fund sicav and Argenta Fund of Funds. In November 2013, the last Argenta Life Luxembourg policy was redeemed, and the CAA was requested to revoke the licence. Argenta therefore no longer has any retail business in Luxembourg.

6.2. Marketing, communication and customer service

6.2.1. Argenta's marketing policy in Belgium

Argenta's marketing policy is supported by three themes: Healthy Banking, Healthy Saving & Investing, and Healthy Housing & Living. The term 'healthy' represents here 'safe and right for the customer'.

Argenta works with a modest marketing budget. A sober 'no frills' approach is one of Argenta's core values. This is visible in the simple, but no less effective, campaigns. From the outset, Argenta has seen its own customers and word-of-mouth advertising as its best marketing channel. The branches throughout Belgium are responsible for the marketing campaigns in their local areas, supported by national-level advertising in newspapers, social media, thematic magazines, and sporadically on radio or television.

In 2013, Argenta undertook a number of headline-making campaigns, with pension savings in the spotlight twice. In the initial campaign, young people were encouraged to start retirement savings already.

In the second campaign, people were made aware of the importance of having 'a nest egg'.

During the summer campaign, new customers were encouraged to move to Argenta and we emphasized the advantages of secure internet banking to our existing customers. To give additional force to these messages, Argenta sent out a promo team to support thirty local events supported by branch managers.

Finally, in 2013, Argenta undertook two prominent advertising campaigns around the hundred thousandth car policy and the 'For us, you are King!' themes, in response to the change of monarch in Belgium.

6.2.2. Argenta's house style or corporate identity

Argenta wants to be seen to reflect the values of healthy, safe, simple and sober – 'no frills'. From the outset, Argenta has been a bank for families, giving high priority to safe banking.

In order to convey this message more clearly, Argenta developed a new communication identity in 2013. The word 'family' takes central place on all commercial media, which feature a recognizable family, with various generations, different people, and different life stories. These are people who also want to make the right financial decisions, with advice from a trusted branch manager of a safe bank.

Argenta will use this new communication identity to distinguish itself from other financial institutions. The theme of family is a very strong and valuable asset that sharply contrasts Argenta's position with that of its competitors.



“In marketing and communication, we also remain committed to our core values: proximity, honesty and transparency.”

Anne Coppens,
Director of Marketing and Communications

6.2.3. Argenta and social media

In 2013, Argenta put together a social media strategy. Social media are no longer merely a channel on which people tell friends and acquaintances of their activities and interests, but also a place where people with brands and companies are looking for interaction. Through these channels, the importance of individual opinions has risen. Argenta has organized itself to use social media to bring it closer to its customers. The social media channels on which Argenta is represented are: Facebook, Twitter, Google+, YouTube and LinkedIn. Argenta wants to use the social media first and foremost to listen to his customers.

The Argenta pages contain not just marketing stories, but also little stories from customers and branch managers. In 2014, branch managers are receiving training in launching their own Facebook pages. In this way they not only help put out the message of healthy banking, savings, and investments, housing and living, but can use the new media also to spotlight local stories and personal service.

6.3. Human Resources

In 2013, the strategic HR policy was defined for the coming years, along with a new HR management structure.

HR has since become more professional. Like 2012, 2013 was a busy year for recruiting. In 2013, 126 new employees started work at Argenta, of whom 39 in the branch network.

The management structure introduced in 2011 has remained almost unchanged. The presence of women has remained the same, numbering 9 of the 30 directors and Executive Committee members.

In 2013, we worked on mapping out a leadership profile that supports the recruitment and evaluation of senior managers.

Recruitment and training support for the branch network was made more professional, with an emphasis not only on policy definition but also on outlining the processes.



“I experience Argenta as a company in full bloom. On the one hand, there is the realization that we still have a long way to go. On the other hand, there is the will to continue to invest and continue to grow.”

Philippe Neel,
HR Business Partner

Total head offices workforce by type of work, employment contract and country:

		2011	2012	2013
Total employees by country	Belgium	661	725	775
	Netherlands	16	23	31
	Luxembourg	29	28	25
Distribution full-time/part-time employees	Full-time	78 %	76 %	75 %
	Part-time	22 %	24 %	25 %
Distribution by gender	Male	41 %	43 %	44 %
	Female	59 %	57 %	56 %
Distribution by contract type	Permanent	98 %	99 %	99 %
	Temporary	2 %	1 %	1 %
Distribution by age	< 30 year	26 %	22 %	19 %
	30 - 50 year	62 %	66 %	67 %
	>= 50 year	12 %	12 %	14 %

Employee turnover

		2011	2012	2013
Departures by country	Belgium	76	68	65
	Netherlands	1	2	1
	Luxembourg	18	0	5
Departures by gender	Male	52	33	36
	Female	43	37	35
Departures by age	< 30 year	26	18	20
	30 - 50 year	61	43	44
	>= 50 year	8	9	7

Employee turnover in Belgium and the Netherlands is limited and remains at a low level, despite the strong growth in lower level staff (+125 employees in 2 years). Argenta pursues an active retention policy with an open business culture, investment in training and coaching, leadership development, and a competitive wage policy. With a 8.2 % employee turnover rate in Belgium and the Netherlands, and the very low level of 1.6 % of employees being asked to leave, Argenta may be justifiably qualified as a sustainable employer. The situation in Luxembourg is different because of the termination of the retail activities.

6.3.1. Remuneration policy for administrative staff and employees

The Board of Directors of the Argenta Group establishes the general principles of the

remuneration policy for executives and administrative staff, with the advice of the Remuneration Committee, and monitors its implementation (see **Pay Policy** below). The Executive Committee of the company in question is responsible for the execution of the general principles via the Pay Policy.

Human Resources proposes the draft Pay Policy for all functions in the Argenta Group operating companies. Where necessary, Human Resources also proposes changes as a function of the internal and external conditions.

For '*Identified Staff*', the remuneration principles are the same as for other positions in the Argenta Group. The individual targets in this group are formulated in a way that cannot hinder independent operation. This means that no business-related targets will be agreed where the staff member is likely to be in a position to control them.

6.3.2. Pay Policy

6.3.2.1. General

The Pay Policy determines which salary scales apply to which positions, taking into account degree of difficulty, responsibility, the level of required training, and specialization.

The salaries of the employees, administrative staff and executives of the Argenta Group consist solely of a fixed amount. For the sake of technical business unity and for practical reasons, e.g. in the case of intercompany transfers within the Argenta Group, the Group Pay Policy is aligned primarily with the collective bargaining agreement for savings banks (JC 308).

Human Resources monitors the Pay Policy. The Argenta Group strives to remunerate its employees in line with market conditions. This means that salary levels are in line with remuneration that employees would receive elsewhere in similar positions.

6.3.2.2. Extra-legal benefits

In addition to the standard remuneration (monthly salary, single and double holiday pay, 13th month), all staff members of the Argenta Group receive hospitalization insurance, group insurance and luncheon vouchers. The hospitalization insurance can be extended to the whole family for a small monthly fee, regardless of the number of family members. Company cars may be allocated for specific positions.

Overview of group insurance reserve

	2011	2012	2013
Overview of group insurance reserve (in EUR millions)	25	29	32

“By embedding a sense of correct working in the organization, we are keen to differentiate ourselves from other banks and insurers.”

Margareta Pyckhout,
Director Compliance and Integrity

Staff members have access to the Argenta Group's products and services at preferential customer rates.

6.4. Internal auditing

A fully-fledged audit function has been structured within the Argenta Group. The objective is to provide independent, objective, high quality and consistent assessment and reporting of the company's processes to the management committees, the Audit, Risk and Compliance Committee (ARC-Co) and the Boards of Directors, as well as making proposals for improvements.

The Internal Auditing department of the respective companies of the Argenta Group is managed and organised at the Company level. It covers all activities of the subsidiary companies, particularly Argenta Assuranties and Argenta Spaarbank and their respective subsidiaries.

All reports are discussed by the Executive Committee and the ARC Committee. Weak points in the organisation are highlighted and improved.

6.5. Compliance

The compliance policy of the Argenta Group is controlled by the compliance function, which is organized within Argenta Bank- en Verzekeringsgroep. The subsidiaries in Belgium apply this policy in full. In the Netherlands and Luxembourg, this group policy is refined and/or modified in line with local laws and regulations. Compliance officers in the Netherlands and Luxembourg report functionally to the compliance function at the level of Argenta Bank- en Verzekeringsgroep. In 2013, a revised compliance charter was approved by the Boards.



The main task of the Compliance and Integrity department is guarding Argenta's reputation and creating awareness in the area of compliance risks, in order to continue to ensure an honest, proper and professional service to our customers.

The main areas of attention in 2013 were combating the use of financial services for money laundering, the fiscal prevention policy and MiFID-compliant trading. As well as continuing to supervise the updating of the people database, the full data disclosure process, up as far as loan disbursement, was re-screened for compliance risks as part of the reconfiguration of the credit granting system.

6.6. Inspection

The Inspection service is part of the Compliance and Integrity department. It consists of both mobile and headquarters staff.

The focus of this department is on risk management and control in the branch network. In determining priorities and operating procedures, the Compliance and Integrity universe is taken into account; involving the work and task areas of the Compliance, Inspection and Mediation Service departments.

The fundamental approach of this department is that prevention is better than cure.

In 2013, the focus was on fully identifying the operational and fraud risks in the branch. To place greater focus on the partnership aspect, the job title of 'Inspector' was changed to 'Branch Risk Expert'.

With the advent of the Online Branch Application (Online Kantoor – the software used for banking transactions), it is possible to undertake more frequent and more efficient inspections in remote mode. The frequency and duration of inspections on the ground is considerably improved.

Each branch is subject to inspections. Their purpose is preventive, awareness-raising, and direction-providing.

Inspections are done largely in remote mode and fed back on a regular basis to the branch in question. Prior to an on-site inspection, the Branch Risk Expert takes time to talk with the Branch Manager about specific difficulties and risks in the branch. The Branch Risk Expert uses the output from this conversation to make sure that account is taken

of the specific context. During the discussion, the Branch Risk Expert goes over the 'old' problems and tracks their status. After each inspection, points for attention and improvement are discussed with the manager. They result in action points that the branch manager carries out in order to mitigate the risks highlighted.

Should serious breaches be found, the Branch Risk Expert passes the information up the line, so that the Branch Manager can receive an appropriate approach from headquarters. The Compliance-Distribution consultation (CODI) ensures the follow-up. After consultation with the Distribution division, additional measures can be imposed. As well as sanctions, training and coaching are also available (for example in the administrative field). It can also be decided to place a particular branch under the increased scrutiny of the Inspection department. The number of inspections is increased, with a focus on specifically-defined risks. In the most serious cases it is possible – following a decision by the Executive Committee – to immediately stop the Branch Manager's activity. In this case, the branch is taken over by Argenta. This did not happen in 2013.

6.7. Mediation Service

6.7.1. Mediation Service in Belgium

Argenta values a good relationship with its customers. This also includes effective handling of complaints. A central complaints management ('mediation') service exists within the Group, as part of the Compliance and Integrity department. Customers, agents and third parties can address their complaints to this service. The Mediation Service also mediates where necessary between customers and the company.

Anyone who is not satisfied with the efforts of the Argenta Complaints Management service can address themselves to the Financial Ombudsman (the Banking-Credit-Investments mediation service) and the Insurance Ombudsman. Argenta Spaarbank is a member of the Financial Ombudsman system, and Argenta Assuranties of the Insurance Ombudsman service.

The Mediation Service operates with periodic reporting and an internal annual report that serves as a source of information to improve internal



processes and controls. As such it has a signalling function vis-à-vis the various operating departments and the Executive Committee.

6.7.2. Mediation Service in the Netherlands

Argenta attaches paramount importance to customer-friendliness in the Netherlands, too. Even so, it can happen that a customer is not satisfied. Argenta therefore offers its customers the opportunity to report complaints. Verbal complaints can be made through the Contact Center. Written complaints may be submitted by letter, by e-mail or using an online web form.

Complaints are handled by a complaints manager. The Netherlands Branch and Argenta-Life Nederland each have a complaints manager, who is responsible for recording the complaint in the register of complaints, and for handling it according to the appropriate procedures and service levels. The complaints manager of the Netherlands Branch also looks after the complaints received via partners Stater Quion and Quion, which take care of back-office activities (including a Contact Center) on Argenta's behalf.

Customers who are not satisfied with the end result may make a complaint to the 'Kifid' financial complaints institution. This option is always specified in the response to the customer's complaint. The Institute's website is also listed as a click-through option on the Argenta website.

6.7.3. Mediation Service in Luxembourg

In 2013, the Mediation Service received no complaints in Luxembourg.

6.7.4. Overview of complaints - Group

Complaints about customer privacy violations

	2011	2012	2013
Justified complaints	6	24	3
Inadmissible complaints	1	8	5
Total complaints received	7	32	8

Total number of complaints

	2011	2012	2013
Total complaints received	2,724	3,452	2,332
Inadmissible complaints	1,009	1,482	1,049
Admissible complaints	1,484	1,556	1,068
Unjustified complaints	869	982	681
Justified complaints	615	574	387
Number answered by complaints management service.	231	414	215

Inadmissible complaints are those considered by the Mediation Service on preliminary examination to be unjustified. The admissible complaints are considered by the Mediation Service, in the first instance, as valid. After investigation, it turns out that a portion of these complaints are not justified. Justified complaints are those that prove to be valid after further treatment. Complaints not passed on to the appropriate management departments for investigation are answered directly by the Mediation Service staff. All complaints from previous years, including 2013, have been closed.

6.8. Risk and Risk Management

The mission of Risk Management is to ensure that an adequate risk policy is operated internally, taking the various external factors into account.

A detailed discussion is included in the note 'Risk and Risk Management' at the end of this report.



6.9. Information & Communication Technology (ICT)

The updating of the customer and transaction applications in the branches, which started in 2011, was extended with an online people management application, the beginning of workflow management, and optimization of branch and back office operating processes. Through this implementation, all branch servers could be disposed of in November 2013, thereby limiting the risk of fraud and also consuming a lot less electricity. Other important strategic projects can build on this system in the coming years, including an online information platform with all office and portfolio data, renewing and expand the functionality of internet banking, and online lending support to the branches.

In 2013, several projects were completed to meet changes in European and national regulations. These include: connection to the European payments system (SEPA), alignment with European savings taxation, preparation for the introduction of the Solvency II regulation, TPPN (enhanced data encryption imposed by card scheme holders on ATM processing), finalization of On Line To the Bank (online authorization of transactions with Argenta debit cards at payment terminals based on the customer's available balance), alignment with FATCA, CAP Banking Secrecy, Deposit Guarantee (DGS) requirements.

The growth of Argenta in the Netherlands was supported by the further introduction of *straight-through processing*. Health statements are completed online by customers and assessed by a specialized agency. The *straight-through* arrangement for a new 'Mortgage Savings' product was prepared. Infrastructure-wise, the Oracle infrastructure was upgraded to HP Superdôme, making more capacity available on the database server.

The *disaster recovery* tests to be carried out on the advice of the NBB, were prepared in 2013. The rollout is planned for 2014.

The innovations in the portfolio and project management organization and processes that were implemented in 2012 were further stabilized in 2013. Argenta achieved improved project risk management and closer alignment between business strategy and project implementation, and between the various departments and the IT organization.



**“Okapi (Online branch application) ...
 a growing process for all of Argenta!**

Join the Okapi team

It is voluntary

But not without obligation

It is connected

But not bound

It is fun

But also hard work

It is bringing about change

It is also changing oneself

It is thinking positively

It is acting positively

And never giving up

Even when things get more difficult

With the sole purpose,

For yourself and all others,

Of feeling good!”

Myriam Thomas,

Director of Process Excellence



7. Description of the activities of the Bank Pool



Argenta Spaarbank, together with its subsidiaries, forms Argenta's Bank Pool. For situating the activities of the Bank Pool within the Group as a whole, the reader is referred to section 4 of this report.

7.1. Savings and payments

Argenta Spaarbank had another stable year in 2013, with a growing number of customers and rising overall deposit amounts.

7.1.1. Trends in payment traffic

- The number of current accounts increased by

just 4 %. The number of cards in circulation (both Bancontact and MasterCard) increased to over 1.3 million. Subscriptions to online banking, which is offered in Belgium and the Netherlands, increased by 12 % and 11 % respectively.

- Bancontact/Mister Cash started a test project on mobile payments with nine Belgian banks, including Argenta.
- Digitization of payment payment traffic is clearly on the rise. Argenta will introduce a smartphone application in 2014 and update and expand the online banking application.

On all Savings and Payment products together, there was an increase of more than EUR 700 million in Belgium. Certain significant internal shifts should be observed:

Figures (in EUR millions)

	Regulated (Maxi + e-Savings + Growth)	Non-regulated (Savings accounts + Plus)	Term Products (retail savings certificates + term deposits)	Current accounts (Giro + Golden + Internet)
31-12-2012	18,907	454	4,863	2,276
31-12-2013	20,133	361	4,473	2,244
Growth	6.48 %	-20.48 %	-8.02 %	-1.41 %

- With the persistently low interest rates, fixed-rate term products are losing popularity.
- The balance on the regulated savings accounts grew in 2013 by 6.5 %.

7.1.2. Savings trends

The most significant market feature is the strong savings propensity of Belgian retail customers. The savings quota in 2013 remained at a high 15 %, according to the NBB annual report, after first falling to a low level following the 2011 recession, and then growing exceptionally strongly in 2012. Since mid-2013, one can observe a change in direction in Belgians' savings behaviour; with growing consumer confidence leading families to relax their renewed saving efforts.

In October 2013, inflation in the euro area fell to 0.7 %, well below the ECB's price stability norm. Partly for this reason, the base rate was reduced in November from 0.5 % to 0.25 %, setting off a new wave of interest rate cuts by the Belgian banks. The growth of savings accounts, which had come to a halt from mid-2013 onwards, dropped further towards the end of the year.

Good stock market performances, combined with continued low interest rates and increased consumer confidence, attracted traditional savers back to alternatives to savings accounts. Mutual funds and insurance products experienced a rise. Despite this trend break, Belgians remain avid savers. At the end of 2013, there was a record EUR 250 billion on savings accounts. Argenta recorded an increase of more than EUR 1 billion on its regulated savings accounts.

7.1.3. Main legal changes

7.1.3.1. Regulated savings deposits

On 27 September 2013, a Royal Decree was published with the intention of increasing the transparency of regulated savings accounts. This decree includes the following reforms:

▪ Quarterly payment of fidelity premiums

The fidelity premium for balances remaining on accounts for at least twelve months, added to the base rate, will henceforth be paid on a quarterly basis. The basic interest remains payable annually on 1 January. The new regulation was first implemented on 1 October 2013.

▪ Portability of accrued fidelity premiums between regulated savings accounts with the same bank

Subject to certain conditions, a customer can, from 1 January 2014, transfer money from one savings account to another with the same bank without losing his fidelity premium.

▪ Calculator

Each bank must provide a calculator, allowing the customer to assess the impact on the fidelity premium of a withdrawal or transfer from a regulated savings account.

▪ Three-month interest rate guarantee

Any time a bank raises its interest rate, it must wait at least three months before lowering it, unless the ECB lowers its base rate within this three month period.

▪ Abolition of restrictions on the opening of regulated savings accounts

Special offers for 'new customers' and 'fresh money that has not previously been with the same bank' are no longer allowed. When opening a regulated savings bank a bank can continue to require a minimum deposit.

▪ Limiting the maximum number of regulated savings accounts

In order to maintain an overview of the number of regulated savings accounts for customers, the number of authorized regulated savings accounts at a bank is limited to six.





7.1.3.2. Thematic Citizens' Lending

On 26 December 2013, the Law on Thematic Citizens' Lending was published. This aims to encourage long-term savings through term deposits and bank savings certificates in such a way as to facilitate long-term lending to socio-economically and socially valuable projects.

Total production of instalment loans amounted to EUR 49 million in 2013. This is below the 2012 figure of EUR 61 million. It is Argenta's policy to concentrate on mortgage lending.

A new credit acceptance policy has been in force since 25 November 2013. It aims to enhance the quality of the loan portfolio and focuses on avoiding defaults. Greater attention is paid to borrowers' repayment capacity.

7.2. Loans and advances

7.2.1. Belgium

In 2013, Argenta granted EUR 2.2 billion of mortgage loans in Belgium. This represents an increase of 25 % compared to 2012, when almost EUR 1.8 billion was made available.

The sale of mortgage loans was influenced by the historically low interest rates. This allowed competitive rates to be offered, while maintaining an attractive margin for Argenta. Low interest rates also encouraged consumers both to refinance and to shop around. In conjunction with Argenta's pricing policy, this made for a very busy and productive year.

7.2.2. Netherlands

In the Netherlands, a significant change in the tax laws and regulations came into force in 2013. For new mortgages, there is a gradual reduction of the mortgage interest deductibility, and new mortgage loans have to feature mandatory redemption of the debt during the life of the loan. Most of the new mortgage production was in the form of loans with annuity repayments.

The Netherlands Branch posted a good result, granting a total of EUR 1.8 billion new mortgage loans. At the same time, repayments amounted to over EUR 700 million.



This includes partial mortgage repayments and scheduled annuity repayments. The Dutch government is applying various measures to stimulate the repayment of mortgage debt, so as to achieve a healthy relationship between mortgage debt and the value of the home.

Argenta Assuranties has been active in the Dutch mortgage market too, granting a total of EUR 166 million of new mortgage loans. In contrast to the Netherlands Branch, Argenta Assuranties has mortgages with longer fixed-rate periods.

These commercial results are remarkable for being achieved in a far from favourable market. Uncertainties in the Dutch population about the government's role in housing policy mean that the number of housing transactions and house prices both fell for the fifth year in a row.

7.3. Investments

The portfolio of units of Undertakings for Collective Investment (UCI) placed by the Company on behalf of customers grew in 2013 by EUR 264 million, or 16.4 %, to a total of EUR 1.874 billion.

Among the most successful UCIs are the Argenta pension savings funds managed by Petercam. Their success stems from good returns over a long period, a low cost structure and their good reception in the distribution network.

Over a ten year period, the Argenta Pension Savings Fund has moved into number 1 position.

In 2013, the net growth in customer assets amounted to EUR 89.65 million, better than the already strong figure of 2012. The Argenta Defensive Pension Savings Fund was also successful, with deposits increasing by EUR 22.3 million in 2013, and gradually carrying the fund towards the EUR 100 million mark.

Argenta-Fund sicav is an open-ended investment company under Luxembourg law. Established in 1987, its main objective is to provide shareholders with an attractive return by investing in a selection of securities, in light of the customer's desired risk level.

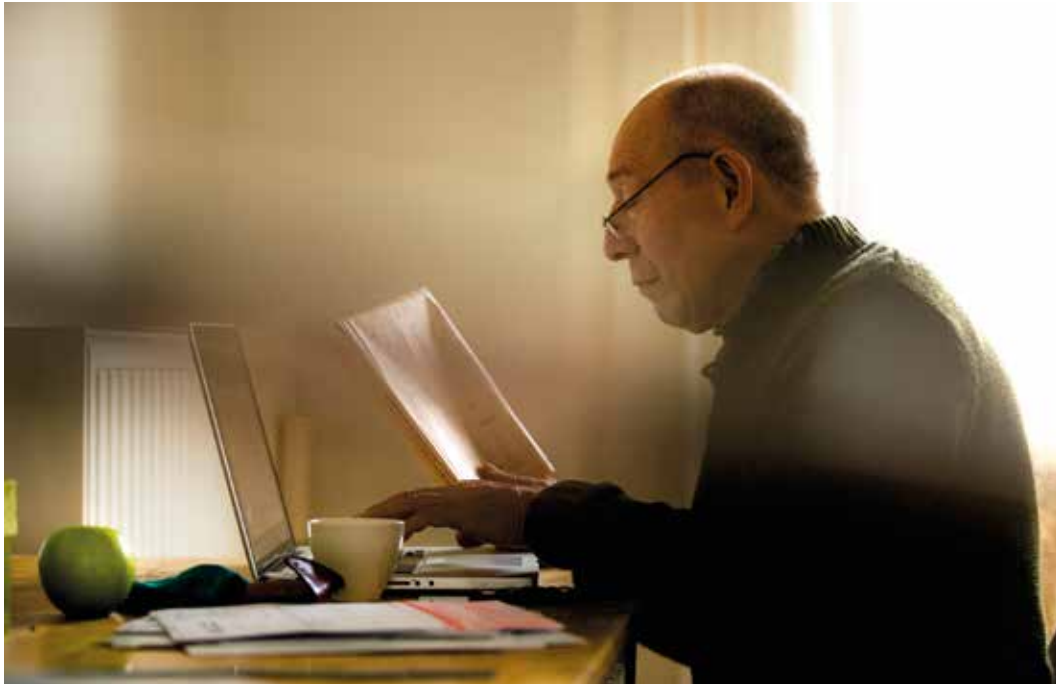
11 sub-funds invest exclusively in equities, spread across different countries, regions, and sectors. There is also one bond-only sub-fund and two mixed bond+equities sub-funds. In 2013, a new sub-fund was created in the form of the Argenta-Fund Responsible Growth Fund Defensive.

Launched at the end of 2009, Argenta Fund of Funds is an open-ended investment company under Luxembourg law with four sub-funds (Highly Defensive, Defensive, Neutral and Dynamic). It is a fund of funds that invests primarily in units of other UCIs. Via Argenta Fund of Funds, Argenta offers investors the opportunity to invest in a simple and transparent way in highly defensive, defensive, neutral or dynamic sub-funds according to their chosen investment profile. By investing in one of these sub-funds, the investor achieves a risk-weighted distribution over various asset categories. With the highly defensive sub-fund added to the range in late August, Argenta now has an offering for all investor profiles.

“We can be justifiably proud of our house funds. We invest in a healthy manner, and our customers pick this up.”

Matthieu De Coster,
Product Manager Investments





Argenta Fund sicav and Argenta Fund of Funds sicav are two funds managed directly by Argenta, in this case by Argenta Bank Luxembourg. In late December, the milestone of EUR 500 million was passed, with total assets under management amounting to EUR 504,414,000 on 31 December.

Argenta Spaarbank also distributes UCI units in open architecture, in the form of UCIs managed by Petercam nv, by Carmignac Gestion SA, by Edmond de Rothschild Asset Management and by GS&P. With a combination of own funds supplemented by funds from selected partners, Argenta consciously opts for a compact but complete offering.

Argenta Spaarbank also distributes structured notes issued by BNP Paribas nv, BNP Paribas Arbitrage Issuance bv and Securasset SA. In 2013, there were thirteen new issues. Total sales amounted to EUR 165.4 million, including entry fees. On 31 December 2013, the total structured bonds portfolio amounted to EUR 837.4 million.

Among fixed-income products, the less popular 1 and 7 year maturities are, since early December 2013, no longer offered in retail savings certificate form. The same applies to the 7 year subordinated certificate.



7.4. Impact of the general financial economic situation

Argenta Spaarbank can, like last year, publish excellent results for 2013. The core business continued its solid growth.

The increase of incoming funds onto the balance sheet was stronger than in 2012. With interest rates low, there was a further, but again less pronounced, transition from retail savings certificates to savings accounts.

The portfolio of mortgages to individuals increased significantly. Its quality also remained very high. The investment policy remained cautious. Argenta is beginning to lend to local governments and local projects.

Argenta continues to promote its Investment pillar, in order to diversify both its income and the product offering for its customers. Production in the funds has increased. With the slow recovery of the global economy, investors are returning to the stock market.

The excellent commercial results resulted, as in 2012, in a strong increase in earnings. After a record year in 2012, profits rose, despite the heavy bank levies, to the highest level ever in the history of Argenta. Profit retention enabled equity to rise further.

The solvency and liquidity ratios also evolved positively.

7.5. Rating

Standard & Poor's confirmed Argenta Spaarbank's BBB+/A-2 rating at the end of 2013, with a continued stable outlook. The liquidity and capital position, profitability, conservative risk policy, and its moderate systemic importance in the Belgian banking system remain the major strengths of Argenta Spaarbank.



8. Description of the activities of the Insurance Pool



Argenta Assuranties, together with its subsidiaries, forms Argenta's Insurance Pool. For the situation of the Insurance Pool's activities relative to the Group as a whole, the reader is referred to section 4 of this Report.

Argenta Assuranties continued to grow in 2013. According to the overview prepared by Assuralia, Argenta Assuranties climbed to tenth place in the list of insurers in Belgium, measured by premium income in 2012. For life insurance, Argenta Assuranties was seventh placed in Belgium.

Argenta Assuranties offers a wide range of products for private customers. For other target groups and special insurance products, the company cooperates with Baloise Insurance. In the Netherlands, Netherlands Argenta Life offers outstanding balance insurance and manages the portfolio of endowment policies accumulated until the end of 2012.

Argenta frequently conducts tests to verify the soundness of the provisions set up in order to meet future obligations. Analyses of the embedded value, the combined ratio, the value new business

and profit tests are good tools for controlling the profitability and risk management for both life and non-life insurance. Argenta is anticipating the new Solvency II regulatory framework by participating in QIS (Quantitative Impact Study) exercises and ORSA (Own Risk and Solvency Assessment) in the Netherlands and Belgium.

8.1. Life Insurance Belgium

In 2013, the portfolio remained stable, with new contracts volume falling to EUR 590 million. The decline in comparison with 2012 reflects the lower interest rates on the international financial markets. In branch 21 insurance especially, Argenta Assuranties experienced a drop in newly-invested volume from EUR 639 million to EUR 330 million (including reserve transfers). This decrease was partially offset by strong growth in the branch 23 investment insurance products. Production (including transfers from existing contracts) grew from EUR 207 million in 2012 to EUR 260 million in 2013. The sale of life insurance fits into the framework of 'Healthy Savings and Investments'.

Life insurance forms an important component in advisory discussions on asset transfer and succession planning. Argenta's branch managers and specialists situate these contracts in an increasingly broad consultation discussion.

Outstanding balance insurance, usually related to the sale of credit products by Argenta Spaarbank, experienced exponential growth.

Branch 23 takes Decavi trophy



In 2013, Argenta Assuranties took a DECAVI® trophy for its life insurance products. This recognition was obtained in the 'class 23 funds of the Medium and High Risk type' category, with Argenta Fund Plan Farma-Chemie. In addition to the intrinsic merits of the fund in question, the panel of judges also took into account the insurer's representativeness on the Belgian market.

Class 21 product range enhanced with no-maturity product: Argenta Life Plan (ALP).

Argenta customers needed a product with a long maturity. Argenta introduced in August 2013 a new product, Argenta Life Plan, the main characteristic of which is the absence of an end date (open end). Subscriptions have already exceeded EUR 100 million.

8.1.1. Profit sharing

For certain life insurance policies in effect on 31 December 2013, a profit-sharing bonus was granted subject to a number of criteria.

Guaranteed interest rate	Profit sharing in 2013	Gross return in 2013
1.80 %	1.10 %	2.90 %
2.00 %	0.90 %	2.90 %
2.10 %	1.10 %	3.20 %
2.25 %	0.65 %	2.90 %
2.30 %	0.60 %	2.90 %
2.40 %	0.55 %	2.95 %
2.60 %	0.40 %	3.00 %
2.75 %	0.25 %	3.00 %
2.80 %	0.20 %	3.00 %

For supplementary payments into Capital Plus, customers have a guaranteed interest rate of 1 % and a profit sharing of 0.40 %. For life insurance policies with guaranteed rates of 3.00 % to 4.75 %, no bonus is paid in respect of 2013.

8.2. Non-life insurance Belgium

The indemnity and health insurance portfolio continued to grow. Premium income amounted to EUR 110 million.



“Not without pride, we can view Argenta Assuranties’ reaching tenth place among Belgian insurance companies as a culmination of our daily efforts to serve our customers and branch managers better and better.”

Edmond Es,
Director of Operational Services
Argenta Assuranties

In January, the portfolio reached a total of 100,000 car insurance policies. By the end of 2013 the total number of policies had increased by 12 % to 108,200.

Third party insurance rates were increased by 5 % in 2013. This is a generic premium increase.

Argenta Assuranties is a major provider of individual hospitalization insurance. In 2013, the company adjusted its premiums here in line with the consumer price index.

For claims settlement, Argenta collaborates with Van Ameyde Group, a specialized service.

8.3. Life Insurance Netherlands

Argenta-Life Nederland is Argenta's Dutch life insurer. Argenta entered the Dutch life insurance market in 2005 with savings insurance linked to the Argenta mortgage loans offered by the branch office. From 2013 onwards, the concluding of single instalment mortgages and deposit account mortgages has been discouraged by changes in tax treatment in favour of linear and annuity mortgages.

Argenta Life Nederland updated its 'Mortgage Protection Life Insurance' product to make it more competitive. This reorientation led to a rapid and profitable growth. By the end of 2013, Argenta-Life Nederland managed a portfolio of 27,457 policies.

8.4. Life Insurance Luxembourg

The sale of new policies was stopped in 2011. The portfolio was reduced and by 31 December 2013, all insurance policies had been redeemed.

8.5. Impact of the general financial economic situation

Argenta Assuranties continued to grow in 2013. In life insurance, premium income declined. The low interest rates made term savings products less attractive. The portfolio remained stable.

Branch 23 insurance experienced strong growth, as investors found their way back to the stock market. To guarantee future payouts, Argenta Assuranties reinvests a portion of the collected premiums. In doing so, it adheres to the rules of its own financial policy.

Since 2011, the Company has been required to contribute to the deposit protection scheme. This levy amounted to EUR 3.2 million in 2012 and 4.0 million in 2013, in addition to the subscription tax of 1.6 million. Administrative costs were kept under control.

The Company easily meets all solvency requirements. Work continues on the transition to the new Solvency II solvency framework, including a comprehensive ORSA. See also 19.2.

Argenta Assuranties achieved a significant increase in profit. This positive result enabled it to set up additional provisions for life, hospitalization and car insurance, on top of paying policyholders one of the best profit-sharing percentages on the Belgian market, and also strengthening its capital position.



9. International network

9.1. Information concerning the existence of branch offices

Neither the Company nor Argenta Assuranties has branch offices. Argenta Spaarbank nv has had a branch in the Netherlands since 2003. It is located in Breda, Essendonk 30. In April 2006, new mortgage production was also effectively placed in the Dutch branch office, alongside the existing banking activities.

9.2. Information concerning foreign companies of the Argenta Group

9.2.1. Foreign subsidiaries of Argenta Spaarbank

Argentabank Luxembourg is a Luxembourg credit institution which, since 2011, has focused solely on its activity as a fund manager and administrative agent.

Since 2011, Argentabank Luxembourg has limited its activities to a number of institutional customers for which it provides the custody of securities issued by itself or Argenta Nederland.

Argentabank Luxembourg currently retains its role as paying agent for its own bonds. With the cessation of new issues, this portfolio is running down of its own accord and will completely disappear in 2014.

The retail banking activity has been discontinued.

Argenta Nederland is an issuing vehicle under Dutch law. Its activity is limited to the management of an earlier bond issue, the remaining EUR 50 million of which matures in mid-2014.

9.2.2. Foreign subsidiaries of Argenta Assuranties

Argenta-Life Nederland has the status of a Dutch insurance company. It operates exclusively in life insurance linked to mortgage loans.

Argenta Life Luxembourg had the status of a Luxembourg insurance company. In the last quarter of 2013, the last life insurance policy was repaid. Liquidation of this company began in 2014.

9.2.3. Foreign UCIs promoted by Argenta Spaarbank

Argenta-Fund sicav is an open-ended investment company under Luxembourg law.

Argenta Fund of Funds sicav is also an open-ended investment company under Luxembourg law. It is a fund of funds (also known as an umbrella fund). This means that the assets of various sub-funds are invested in other investment vehicles.



10. Notes to the annual financial statements

10.1. Discussion of the unconsolidated financial statements of the Argenta Bank-en Verzekeringsgroep for the 2013 financial year

The total assets of the Company have risen by EUR 55,389,339, giving a balance sheet total of EUR 871,089,418.

In addition to non-current financial assets in the form of investments in affiliated companies amounting to EUR 848,602,671, the Company has EUR 22,486,747 of current assets.

In June 2013, an interim dividend of EUR 46,544,944 was paid. A capital increase of EUR 46,902,514 was also done.

The profit to be appropriated for the financial year amounts to EUR 74,117,984. It is proposed that this be appropriated as follows:

- to the statutory reserve:	EUR 3,705,899
- to the other reserves:	EUR 49,973,396
- profit to be distributed:	EUR 20,438,689

After the proposed profit appropriation, shareholders' equity amounts to EUR 847,695,148 according to the balance sheet as at 31 December 2013.

The present financial statements need to be read in combination with the Company's consolidated financial statements in order to obtain a more complete view on the current status of the Company.

10.2. Discussion of the consolidated financial statements of Argenta Bank- en Verzekeringsgroep for the 2013 financial year

10.2.1. Balance sheet and income statement

The consolidated balance sheet total amounts to EUR 35,416,111,377, down EUR 101,092,972 or 0.28 % from 31 December 2012.

The consolidated profit for the financial year amounts to EUR 157,382,574. This is a 42.71 % increase compared with the previous year. Interest income fell slightly by 4.87 % to EUR 1,141,589,010.

Interest expenditure decreased by 28.15 % to EUR 568,435,613.

The premiums and other insurance revenues (including reinsurance) decreased to EUR 659,615,858.

The technical costs of insurance products also increased by 57.46 %, to EUR 725,825,631.

Commission income of EUR 70,624,454 is 9.22 % higher than the preceding year. Commission expenses increased by EUR 7,521,865 or 4.75 % to EUR 165,868,603.

In the past year only a very small profit was achieved on financial operations. This illustrates that the quality of earnings (i.e. recurring earnings) has become better over the past few years.

Remuneration, social security charges and pensions increased by 14.26 % to EUR 53,089,334.

Other administrative expenses increased by 15.18 % to EUR 127,538,920.

10.2.2. Shareholders' equity and ratios

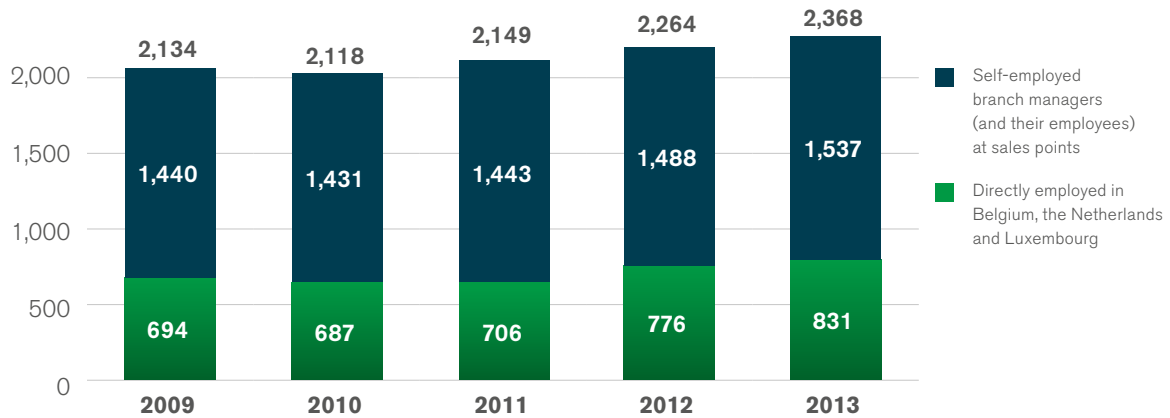
After the proposed profit appropriation, shareholders' equity amounts to EUR 1,549,287,764 according to the balance sheet as at 31 December 2013. Compared with EUR 1,411,987,069 at 31 December 2012, this is an increase of 9.72 %.

The Tier 1 ratio is 16.9 % and the leverage ratio 4.33 %.

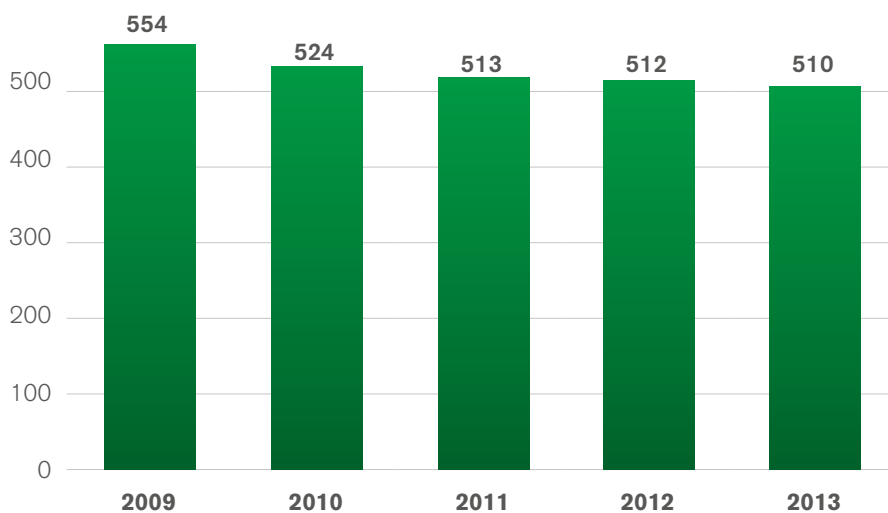


11. Key financials Argenta Bank- en Verzekeringsgroep

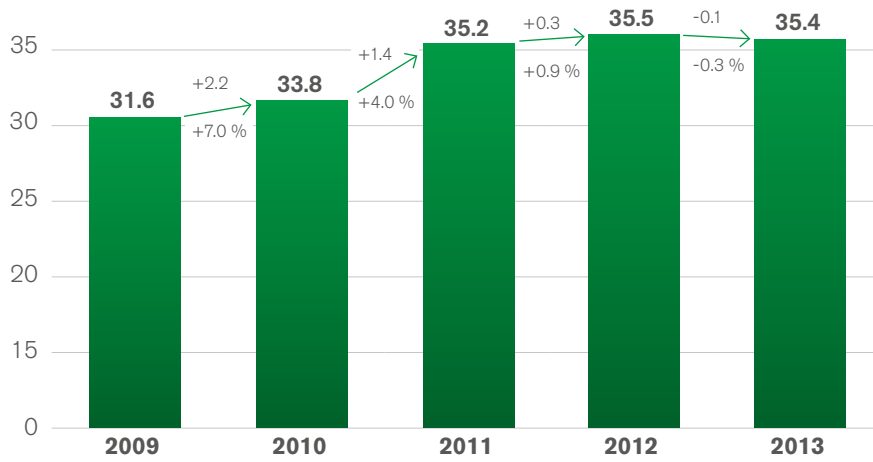
Employment



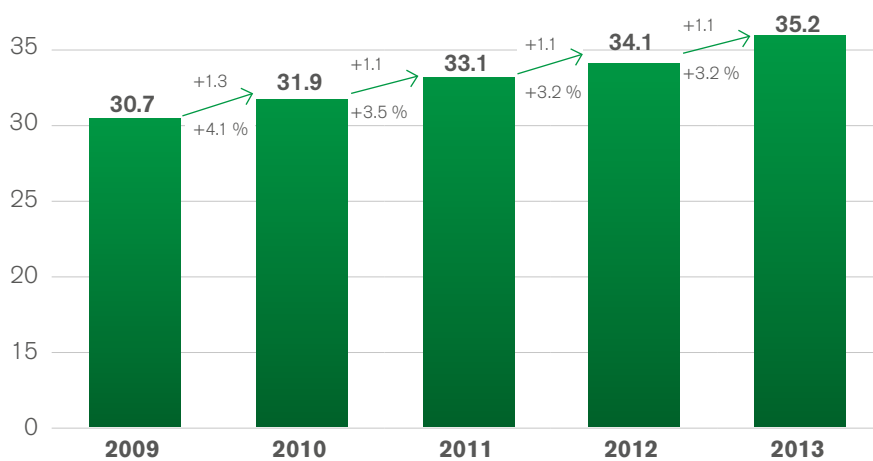
Number of sales points in Belgium



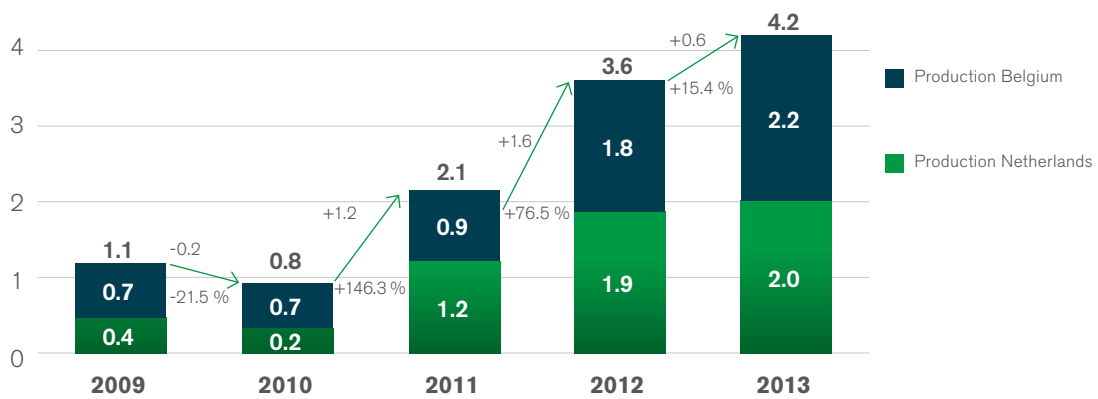
Consolidated balance sheet (Euro in billions)



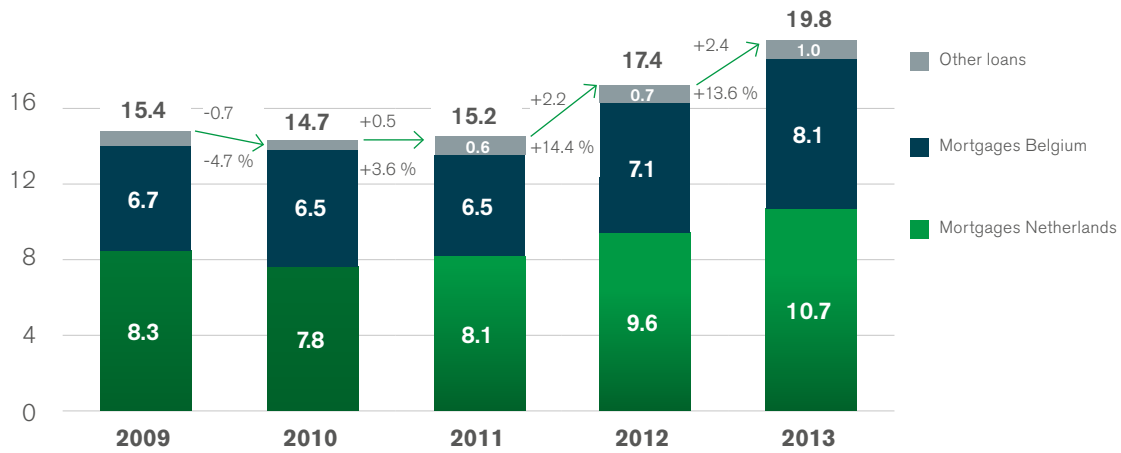
Funds collected from the public (Euro in billions)



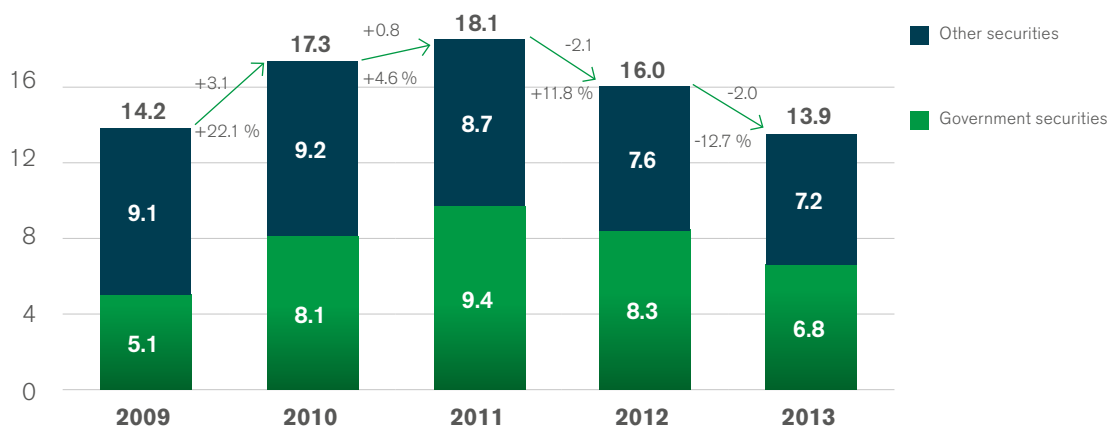
Mortgage production (Euro in billions)



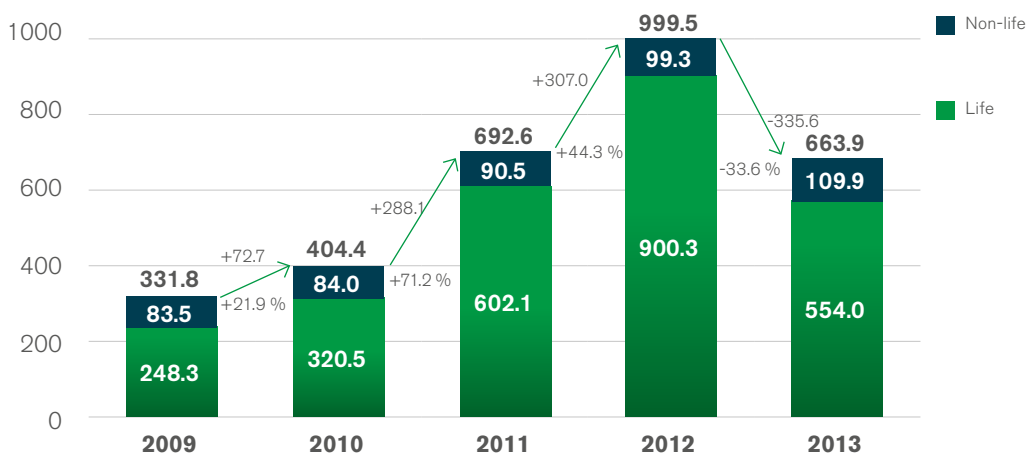
Retail lending (Euro in billions)



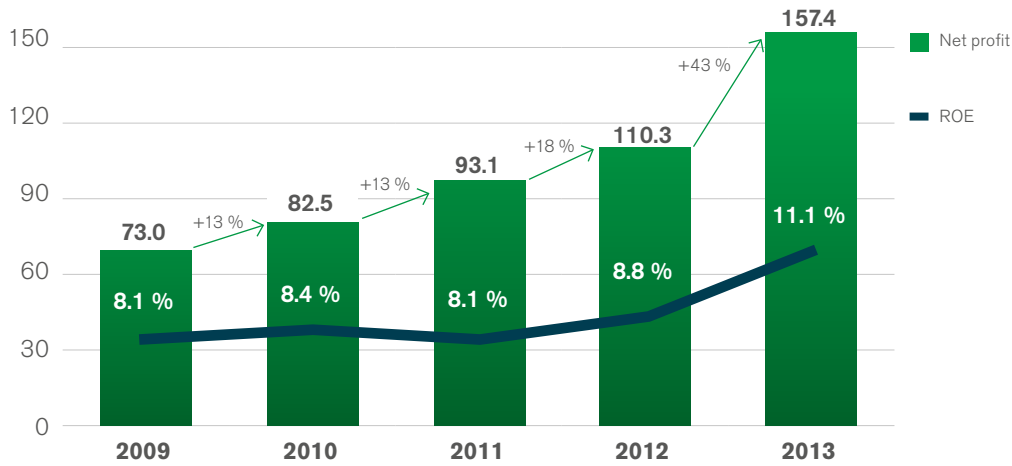
Bonds and fixed-income securities in investment portfolio (Euro in billions)



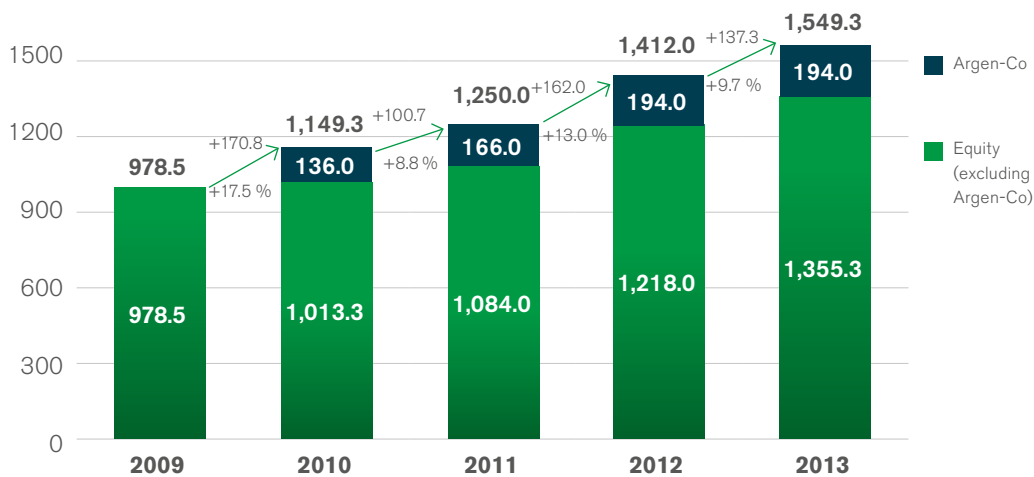
Insurance premium income (Euro in millions)



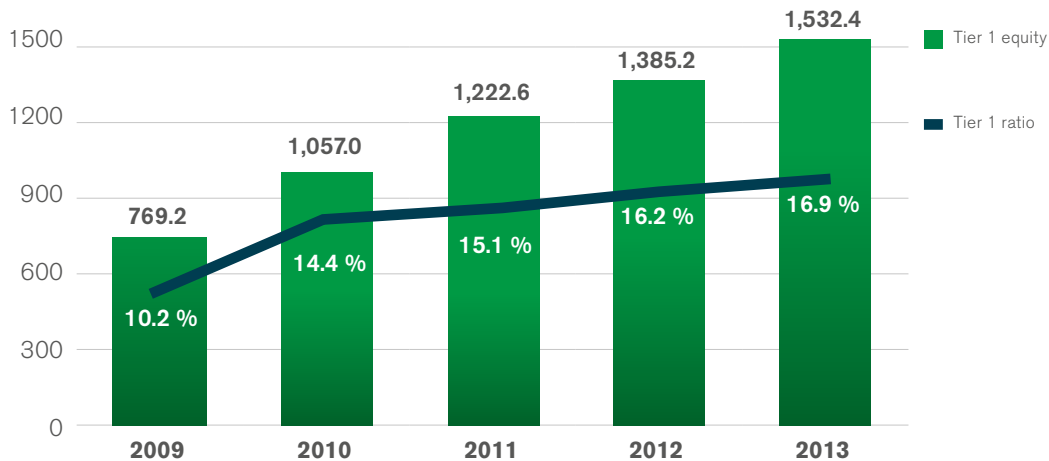
Net profit en ROE (Euro in millions)



Balance sheet equity (Euro in millions)

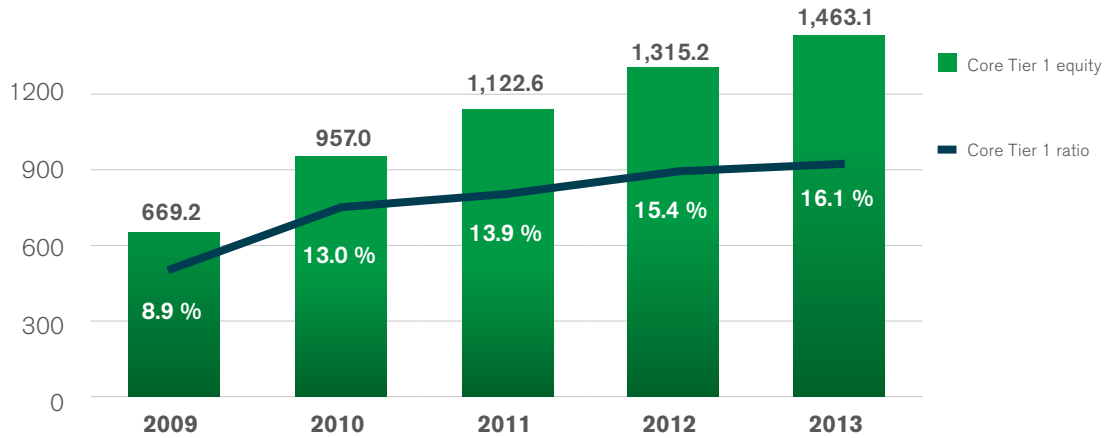


Tier 1 equity and ratio (Euro in millions)



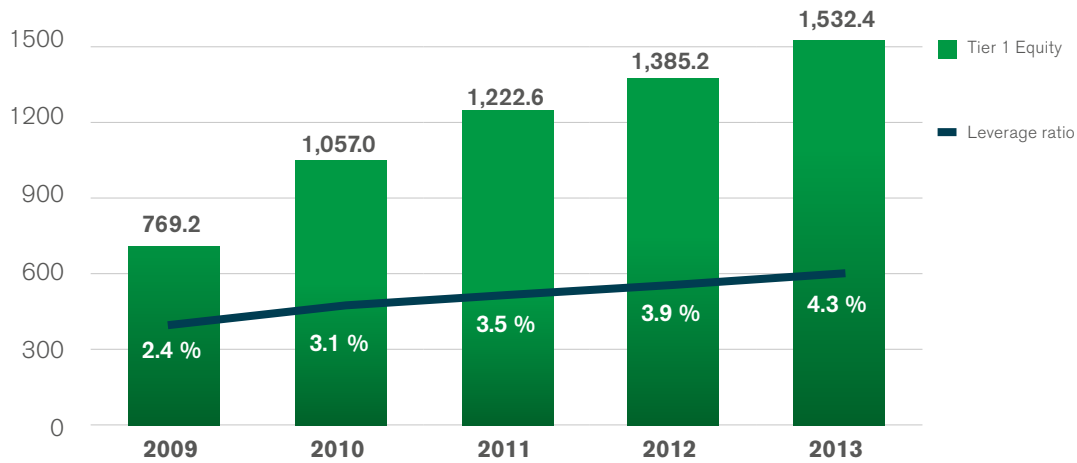
Since 2011, the Tier 1- ratio has been measured in a stricter way than previously: the weighted risks for the insurer obtained by the Solvency I capital are multiplied by 12.5 (cf. 8 % rule for the banking activity)

Core Tier 1 equity and ratio (Euro in millions)



Since 2011, the Core Tier 1- ratio has been measured in a stricter way than previously: the weighted risks for the insurer obtained by the Solvency I capital are multiplied by 12.5 (cf. 8 % rule for the banking activity)

Tier 1 equity and leverage (Euro in millions)





Board of Directors

From left to right: Jean Paul Van Keirsbilck, Dirk Van Dessel, Dirk Van Rompuy, Emiel Walkiers, Marie Claire Pletinckx, Johan Heller (seated), Bart Van Rompuy, Jan Cerfontaine, Walter Van Pottelberge, Elke Vanderhaeghe, Geert De Haes, Geert Ameloot, Gert Wauters, Marc Mathijssen and Marc De Moor.

12. Corporate governance

12.1. The composition and functioning of the Boards of Directors of the Argenta Group

The Boards of Directors of the Company and of the other companies of the Argenta Group have similar structures. They include in each case:

- the members of the Executive Committee of the company concerned (the **executive directors**);
- a number of independent directors;
- a number of directors representing the family shareholder (together with the independent directors, the **non-executive directors**).

The number of directors for each Board of Directors should, preferably, not exceed fifteen.

In principle, directors' mandates are for six years and are renewable.

The following age limits apply to directors:

- executive directors are legally required to resign on reaching the age of 65;
- non-executive directors legally required to resign on reaching the age of 70 years;
- directors reaching the age limits may continue to exercise their mandates until a successor is appointed.

The Board of Directors may permit exceptions to these rules on a case-by-case basis.

The Boards of Directors are composed in such a way that none of the three groups (the directors representing the family shareholder, independent directors and directors who are members of the Executive Committee) are in the majority. The majorities of the Boards are always formed by non-executive directors.

The independent directors on the Board of Directors of the Company are also members of the Boards of Directors of Argenta Spaarbank and Argenta Assuranties. In this way, all Boards of Directors of the Group have the same independent directors.

They must meet all the requirements as stipulated in Art.526ter of the Companies Code. At the General Meeting of 25 April 2014, the mandate of Mr. Jean Paul Van Keirsbilck will come to an end. Mr Van Keirsbilck has for twelve years been an independent director on the Boards of Directors of the Company, Argenta Spaarbank, and Argenta Assuranties. Mr. Van Keirsbilck also chaired of the Audit, Risk and Compliance Committee of the Argenta Group. Pursuant to Art. 526ter, 2 of the Companies Code, an independent director may not exercise more than three successive terms as a non-executive director on the Board, with an overall limit of twelve years.

The division of tasks between the Boards, and the interaction with the various committees (see below under 12.2 and 12.3), is documented in the Internal Governance Memorandum.

12.1.1. Meetings of the Boards of Directors

12.1.1.1. The Company

The Company's Board of Directors met nine times in the past year and discussed various relevant items.

12.1.1.2. The Argenta Group

The Boards of Directors of the various Argenta Group companies met regularly during the past year to discuss the various relevant items.

12.1.2. Suitability and evaluation

On 22 October 2013, the Board approved the 'Suitability of Key Executives' Charter. This charter has been produced for the whole Argenta Group, including the foreign subsidiaries Argenta Life Nederland and Argenta Bank Luxembourg. The charter describes the governance and structured framework that Argenta has developed to ensure the suitability of key staff.



'Suitability' means that the person in question has the expertise (*fit*) and professional integrity (*proper*), as specified in the NBB Circular of 17 June 2013 on the 'expertise' and 'professional integrity' required of executive committee members, directors, heads of independent control functions and senior managers of financial institutions.

'Key functions' refers to directors or statutory auditors, executive committee members, senior managers, and heads of independent control functions (internal audit, risk management, compliance, and actuarial function), in accordance with the above NBB circular.

In addition to assessing the suitability of individual directors based on the stated suitability criteria, the Board also periodically evaluates its operation, its performance and the performance of individual directors. Following an evaluation of the organization of the Board based on an internal survey by the chairman in 2011, a more comprehensive evaluation of the operation and performance of the Board - facilitated by Guberna - took place in 2013.

To carry out a qualitative evaluation of the board, Guberna has developed a *Board Effectiveness Tool*. This evaluation methodology is the result of years of detailed research, complemented by the vision of practitioners and an international comparison of corporate governance codes. This instrument is also continuously adjusted based on the expertise of the Guberna team and feedback from its members. In essence, this method starts from the added value that a board of directors is expected to deliver. It develops the two pillars upon which rest the ability of the board to create this added value. The first pillar is an optimal interpretation of the role of a board of directors. The second pillar is effective decision-making. Guberna's analysis runs along these two axes, each of which groups several governance aspects in turn. Together they form a powerful lever for the quality and relevance of the Board of Directors. From the evaluation, conclusions were then drawn for the future operation of the Board. These conclusions were and are being implemented.

Each director is encouraged to organize his personal and professional activities in such a way as to avoid conflicts of interest with the Argenta Group (in line with Article 523 of the Companies Code).

The boards of directors of the Argenta Group companies have, in their internal rules of procedure, established policies including organizational and administrative arrangements (including keeping information on the application of the same), and procedures for identifying and forestalling conflicts of interest or, where this is not reasonably possible, managing the conflicts of interest without harming the interests of customers.

12.2. Audit, Risk and Compliance Committee

There is a single Audit Committee for the Argenta Group, consisting of certain members of the Company's Board of Directors. Based on a waiver granted by the supervisory authority, the Audit Committee operates at group level and no separate audit committees have been set up within the Boards of Directors of either Argenta Spaarbank or Argenta Assuranties.

By a resolution of 24 September 2013, the Company's Board of Directors extended the mandate of the Audit Committee to include detailed discussion of risk and compliance issues, which until then took place in the Board of Directors. This creates more space for the Board of Directors to handle strategy, market position, HR, and distribution. Following this extension of the responsibility, the name of the committee has also been changed to Audit, Risk and Compliance Committee (below **the Committee**).

The Committee consists of members from the Company's Board of Directors. These are primarily the independent members, plus one director representing the family shareholder, and the chairman of the Company's Board of Directors. The Committee is chaired by an independent director.

The Company's Committee met five times and reported to the Board of Directors after each meeting.

The Committee assesses whether the business risks have been sufficiently identified by management and whether appropriate measures have been taken to keep these risks under control. The Committee takes care to ensure that it obtains sufficient information on the workings of the business.



Priority is given to the activities displaying the highest risks.

The Committee primarily relies on the investigations and reports of the Internal Auditing department. This department's work is planned in such a way that all business activities are investigated at least once every four years. The Committee also discusses reports from the auditors, actuaries and the Risk and Compliance departments.

It is important that these departments can work and report completely independently. The Committee ensures that this does indeed happen, and that the employees of these departments possess the necessary skills and experience.

In most cases, reports come with a list of recommendations. The Committee ensures that these areas for consideration and action are signed off by management and implemented within a reasonable timeframe. For this purpose, each recommendation scores, using a uniform scoring method recorded in the common risk database, which emphasizes the seriousness of the problem and the urgency of the solution. The Committee keeps a very close watch on the implementation of the high-scored recommendations.

12.3. Remuneration Committee

There is a single Remuneration Committee for the Argenta Group, consisting of certain members of the Company's Board of Directors. Based on a waiver granted by the supervisory authority, the Remuneration Committee operates at group level and no separate remuneration committees have been set up within the Boards of Directors of either Argenta Spaarbank or Argenta Assuranties.

The Remuneration Committee is composed of three members: an independent director from the Board of Directors of the Company, a director who represents the family shareholder and the chairman of the Company's Board of Directors. The Remuneration Committee is chaired by an independent director.

The Company's Remuneration Committee met twice in 2013, reporting to the Board of Directors after each meeting.

The Remuneration Committee is responsible for monitoring the Pay Policy of the Argenta Group. The Committee monitors developments in the compensation and incentive programmes in the Group, and makes general recommendations to the Board of Directors. The committee investigates annually whether the Group's compensation behaviour is compliant with the Pay Policy.



The Remuneration Committee assesses the remuneration of executive and non-executive directors annually, from the perspectives of the Pay Policy adopted by Argenta and the conformity of the remuneration with legal and regulatory provisions. This includes recognising when the remuneration could create a conflict of interest between the directors and the institution.

The Committee established in 2013 that the remuneration of non-executive directors consists solely of a fixed monthly fee, plus a fixed amount per Board committee meeting attended. The Committee confirms that this remuneration is consistent with Argenta's Pay Policy and with the business strategy, objectives, values, and long-term interests of the institution. The remuneration is not such as to potentially create conflicts of interest between the non-executive directors and the institution.

The Committee further established in 2013 that the remuneration of the executive directors consists solely of a fixed monthly fee, plus premium contributions into two group insurance schemes; one for creating a supplementary pension capital and the other a disability insurance. The basic fixed remuneration primarily reflects the relevant professional experience and organizational responsibilities, as set out in the job description, which is part of the Executive Director mandate. There is no variable remuneration depending on performance criteria.

The Committee has determined that the remuneration of the executive directors is in line with Argenta's Pay Policy and with the business strategy, objectives, values, and long-term interests of the institution. Nor is the remuneration such as to create conflicts of interest between the non-executive directors and the institution.

The Committee further proposed to the Board that a number of employees be identified as *Identified Staff*. The decisive factor in this qualification is the fact of exercising significant influence on the risk profile of the financial institution.

12.4. Composition of the Executive Committees of the Argenta Group

The Executive Committee of the Company stipulates the limits within which the various group companies can perform their activities and exercise their responsibilities. The Executive Committees of the various Argenta Group companies (see table on page 60) met regularly during the past year to discuss the various relevant items.

The Executive Committee of the Company consists of a Chairman of the Executive Committee (CEO), a Chief Financial Officer (CFO) and a Chief Risk Officer (CRO). These three members are also part of, and exercise the same functions in, the Executive Committees of Argenta Spaarbank and Argenta Assuranties. Policy decisions related to corporate social responsibility (including economic, environmental and social impact) are monitored directly by the CEO.

The Executive Committees of Argenta Spaarbank and Argenta Assuranties also have a common member responsible for IT, the Chief Information Officer (CIO). Both Argenta Spaarbank and Argenta Assuranties have Executive Committee members who are not part of the other Executive Committees of the Group. They are responsible for product management and operations within the banking or insurance businesses, respectively as Chief Operations Officer (COO) Bank and Chief Operations Officer Insurance. At Argenta Spaarbank, the COO Bank and the COO Netherlands are members of the Executive Committee. At Argenta Assuranties, the COO Insurance is a member of the Executive Committee.

The Executive Committee of Argenta Spaarbank is composed of executive directors having strong banking experience, or else extensive training and/or experience that is not specific to banking but valuable in the managing of a bank (e.g. ICT), and who have also clearly demonstrated leadership qualities.



The Executive Committee of Argenta Assuranties is composed of executive directors having strong insurance experience, or extensive training and/or experience that is not specific to insurance but valuable in the managing of an insurance business, and who have also clearly demonstrated leadership qualities.

Only natural persons may be appointed as Executive Directors.

12.5. Remuneration of senior Argenta Group management

The remuneration of the executive and non-executive directors of the Argenta Group companies is established by the respective Boards of Directors, following a proposal from the Remuneration Committee. This proposal is also presented to the general meetings of the respective companies for ratification. The remuneration awarded during 2013 was ratified unanimously by the shareholders of Investar SA (the family holding that combines the interests of the Van Rompuy family).

12.5.1. Remuneration of non-executive directors

The remuneration of the non-executive members of the Boards of Directors of the Argenta Group companies consists solely of fixed remuneration established by the respective general meetings. This remuneration is the same for all independent directors and directors representing the family shareholder.

Non-executive directors receive additional compensation for each meeting attended, and when participating in special committees set up within the Board of Directors (Audit, Risk and Compliance and Remuneration Committees). This fee is the same for all members of such a committee, but with the chairman receiving a higher fee.

The chairman of the respective Boards of Directors is a director who represents the family shareholder. He receives a fixed remuneration that differs from that of the other non-executive directors.

The remuneration of all non-executive directors is paid by the Company, with the costs apportioned among all Argenta Group companies in which the director concerned has a mandate, via the Cost-Sharing Association Agreement.

12.5.2. Remuneration of executive directors

Executive directors receive fixed annual remuneration. They do not receive variable remuneration. In this way their pay does not contain elements that could encourage the pursuit of short-term objectives that are inconsistent with the longer-term objectives of the Argenta Group. The remuneration meets the provisions of the CBFA Regulation of 8 February 2011 concerning the remuneration policies of financial institutions.

The remuneration is the same for all members of the Executive Committees, with the exception of the chairman.

In addition to the fixed annual remuneration, executive directors also benefit from two group policies (pension capital and disability). The composition and division of responsibilities within the Executive Committees of Argenta Group's three core companies (the Company, Argenta Assuranties and Argenta Spaarbank) are largely integrated.

For this reason, the remuneration of the members and the chairman of the Executive Committees is determined at group level and apportioned among the three above-mentioned core companies, in accordance with the rules of the 'Cost Apportionment Agreement' entered into by these companies.

The subsequent reporting provides explanations of the remuneration of the executive directors of the Argenta Group, regardless of the company that actually paid the remuneration.

In 2013, the basic salary of Johan Heller (CEO of the Argenta Group and chairman of the Executive Committees of the Company, Argenta Spaarbank, and Argenta Assuranties) amounted to EUR 394,800. The contribution to the supplementary pension and disability group policies in respect of Johan Heller was EUR 55,875.



This is an overall increase of 10 % compared with 2012.

In 2013, the total direct remuneration of the executive directors/Executive Committee members of the Argenta Group (excluding that of the CEO) amounted to EUR 1,879,200. The contribution to the supplementary pension and disability group policies in respect of Executive Committee members (excluding those of the CEO) was EUR 139,266. This is an overall increase of 7 % compared with 2012.

The median base salary in the Company in 2013 amounted to EUR 48,700. The median salary increase, compared to 2012, amounts to 3.20 %. No entry bonuses or severance payments were made to directors or members of the Executive Committee in 2013.

Executive directors are entitled to a severance payment which, except for withdrawal of the mandate due to serious misconduct, is equal to 18 months' remuneration. The amount of this remuneration is based on the annual gross remuneration, calculated over the 24 months prior to the decision to terminate the contract, or calculated over the entire period of office if less than 24 months.

The 18-month period is reduced to (i) 12 months if the termination occurs after the director reaches age 58, but before age 61; (ii) 9 months if the termination occurs after the director reaches age 61, but before age 63; and (iii) six months if the termination occurs after the director reaches age 63, but before reaching age 65.



13. Overview of the individual Argenta Group companies

Argenta Bank- en Verzekeringsgroep

HOLDING COMPANY

Public limited liability company
Belgiëlei 49-53
B - 2018 Antwerp
RPR Antwerpen BTW BE 0475.525.276

Argenta Spaarbank

CREDIT INSTITUTION

Public limited liability company
Belgiëlei 49-53
B - 2018 Antwerp
RPR Antwerpen BTW BE 0404.453.574

Argenta Spaarbank nv has a branch office in the Netherlands Netherlands branch office

Essendonk 30,
NL - 4824 DA Breda

Argenta Assuranties

PUBLIC LIMITED LIABILITY COMPANY

Belgiëlei 49-53
B - 2018 Antwerp
RPR Antwerpen BTW BE 0404.456.148

Argentabank Luxembourg

CREDIT INSTITUTION

Public limited liability company
under Luxembourg law
27, Boulevard du Prince Henri
L - 1724 Luxembourg
R.C. Luxembourg B 35185

Argenta Life Luxembourg

LIFE INSURANCE COMPANY

Public limited liability company
(until 25 November 2013)
27, Boulevard du Prince Henri
L - 1724 Luxembourg
R.C. Luxembourg B 36509

Argenta Nederland

MANAGEMENT COMPANY

Public limited liability company
under Dutch law
Prins Bernhardplein 200
NL - 1097 JB Amsterdam
H.R. Amsterdam 33215872

Argenta-Life Nederland

LIFE INSURANCE COMPANY

Public limited liability company
under Dutch law
Essendonk 30
NL - 4824 DA Breda
H.R. Amsterdam 33301491



14. Boards of directors ⁽¹⁾

	Argenta Group	Argenta Spaarbank	Argenta Assuranties	Argenta Nederland	Argenta-Life Nederland	Argentabank Luxembourg	Argenta Life Luxembourg	Argenta-Fund	Argenta Fund of Funds
Chairman:									
Jan Cerfontaine									
Johan Heller									
Stefan Duchateau									
Members:									
Emiel Walkiers									
Raco bvba ⁽²⁾									
Advaro bvba ⁽³⁾									
Jean Paul Van Keirsbilck ⁽⁴⁾									
Ter Lande Invest nv ⁽⁵⁾									
MC Pletinckx bvba ⁽⁶⁾									
Johan Heller									
Geert Ameloot									
Gert Wauters									
Dirk Van Dessel									
Geert De Haes									
Marc De Moor									
Marc Mathijssen									
Cristal Investment S.à.r.l. ⁽⁷⁾									
Stefan Duchateau									
Michel Waterplas									
Edmond Es									

⁽¹⁾ pursuant to Belgian or Luxembourg commercial law. For ALN = supervisory board.

⁽²⁾ with Bart Van Rompuy as permanent representative

⁽³⁾ with Dirk Van Rompuy as permanent representative

⁽⁴⁾ sitting as an independent member

⁽⁵⁾ with W. Van Pottelberge as permanent representative, sitting as an independent member

⁽⁶⁾ with Marie Claire Pletinckx as permanent representative, sitting as an independent member

⁽⁷⁾ with Roland Frère as permanent representative



15. Audit, risk and compliance committee

The following non-executive members of the Board of Directors of the Company are on the Audit, Risk and Compliance Committee:

- Jean Paul Van Keirsbilck*, also chairman of the Audit, Risk and Compliance Committee of the Company;
- Ter Lande Invest nv*, permanently represented by W. Van Pottelberge;
- Jan Cerfontaine;
- Raco bvba, permanently represented by Bart Van Rompuy;
- MC Pletinckx bvba*, permanently represented by Marie Claire Pletinckx.

Mr Jean Paul Van Keirsbilck, Mr Walter Van Pottelberge and Ms Marie Claire Pletinckx have worked for many years in the financial sector, both in banking and insurance. Mr Van Keirsbilck has experience in the financial sector as an auditor, Mr Van Pottelberge as chairman of the Executive Committees of a bank and an insurance company and Ms Pletinckx as chairman and member of various Executive Committees of a bank-insurer. All members have guaranteed independence, along with expertise in internal audit and accounting.

**Independent members of the Audit, Risk and Compliance Committee within the meaning of Article 526ter of the Belgian Companies Code*



16. Remuneration committee

The following non-executive members of the Board of Directors of the Company are on the Remuneration Committee:

- Ter Lande Invest nv*, permanently represented by Walter Van Pottelberge, also chairman of the Remuneration Committee of the Company;
- Jan Cerfontaine;
- Advaro bvba, permanently represented by Dirk Van Rompuy.

**Independent members of the Remuneration Committee, within the meaning of article 526ter of the Belgian Companies Code*

17. Executive committees, management and managing directors

	Argenta Groep	Argenta Spaarbank	Argenta Spaarbank Branch Office ⁽¹⁾	Argenta Assuranties	Argenta Nederland ⁽¹⁾	Argenta-Life Nederland ⁽¹⁾	Argentabank Luxembourg	Argenta Life Luxembourg	Argenta-Fund	Argenta Fund of Funds
Chairman:										
Johan Heller	■	■		■						
Erik Schoepen							■			
Members:										
Geert Ameloot	■	■		■						
Gert Wauters	■	■		■						
Dirk Van Dessel		■		■						
Geert De Haes		■								
Marc De Moor		■	■							
Dietrich Heiser			■							
Marc Mathijsen				■						
Johannes Henricus Scholts					■					
Dirk Peter Stolp					■					
Stefan Van Engen						■				
Peter Arrazola de Oñate						■				
Michel Waterplas							■		■	■
Frank Lommelen								■		
Isabelle Collin									■	■

⁽¹⁾ to read as a board of directors pursuant to Dutch company law



17.1. External appointments and personal interests of the directors

The directors report that during the financial year, no actions or decisions have taken place that fall under the application of Article 523 of the Belgian Company Code.

The following directors of the Company have held external appointments in the previous fiscal year (outside the Argenta Group or their own management companies):

1. Walter Van Pottelberge (permanent representative of Ter Lande Invest nv) holds external appointments at:
 - Justitia nv, with its registered office at Plantin en Moretuslei 295, 2140 Borgerhout, not listed on a regulated market, as a director;
 - Private Insurer nv/sa, with its registered office at avenue Tedescolaan 7, 1160 Brussels, financial institution, not listed on a regulated market, as a director;
 - Unibreda nv, with its registered office at Plantin en Moretuslei 303, 2140 Borgerhout, not listed on a regulated market, as a director;
 - Vanbreda Risk & Benefits nv, with registered office at Plantin en Moretuslei 297, 2140 Borgerhout, not listed on a regulated market, as a director;
 - Cryo-Save Group nv, with its registered office at 7201 HB Zutphen, IJsselkaai 8, a public limited liability company under Dutch law (naamloze vennootschap), listed on Euronext Amsterdam, as a Supervisory Board member;
 - Inventive Designers nv, with its registered office at Sint-Bernardssesteenweg 552, 2660 Antwerp, a public limited liability company (naamloze vennootschap), not listed on a regulated market, as a director;
 - TheraSolve bvba, with its registered office at Jozef Cardijnstraat 1, 2070 Zwijndrecht, a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid), not listed on a regulated market, as a director;
 - Xenarjo cvba, with its registered office at Jef Denynplein 14, 2800 Mechelen, a cooperative company with limited liability (coöperatieve vennootschap met beperkte aansprakelijkheid), not listed on a regulated market, as a director;
2. Marie Claire Pletinckx (permanent representative of MC Pletinckx bvba) holds external appointments at:
 - Nationale Suisse Assurances nv/sa, with its registered office at Rue des Deux Eglises/Tweekerkenstraat 14, 1000 Brussels, not listed on a regulated market, as a director;
 - Europese Goederen-en Reisbagage Verzekeringsmaatschappij nv/sa, with its registered office at Rue des Deux Eglises/Tweekerkenstraat 14, 1000 Brussels, not listed on a regulated market, as a director;
 - Mensura Gemeenschappelijke Verzekeringskas, with its registered office at Place du Samedi/Zaterdagplein 1, 1000 Brussels, not listed on a regulated market, as a director.
3. Jean Paul Van Keirsbilck has an external mandate at:
 - Parus Consult bvba, with its registered office at 1933 Zaventem, Mezenhof 16, not listed on a regulated market, as general manager.
4. Emiel Walkiers has external mandates at:
 - Corimmo cvba, with its registered office at 1020 Brussels, Esplanade 1, not listed on a regulated market, as a non-executive director;
 - Tramonto cva, with its registered office at 2020 Antwerp, Eglantierlaan 5, not listed on a regulated market, as an executive director;
 - Moore Stephens Verschelden Bedrijfsrevisoren cvba, with its registered office at 1020 Brussels, Esplanade 1, not listed on a regulated market, as an executive director.





SUSTAINABILITY REPORT



18. SUSTAINABILITY REPORT

18.1. Introduction

Argenta has sustainable banking in its genes. The financial group has, in both its banking and insurance activities, always looked to the long term, and continues to do so.

Organization-wise, Argenta is growing in size and complexity owing to rapid and profound changes in the banking environment, including changing customer behaviour, ongoing digitization, legislative adjustments, a new international regulatory framework, and new taxes.

Despite this growth in complexity, Argenta is keen to nurture its strong cultural values and live up to its image of simplicity, transparency, sober 'no frills' approach and honesty towards its customers.

Throughout the banking crisis, Argenta stood out as a bright light in the Benelux banking scene, both for the way it was perceived by its customers and for its risk management and financial results. This success is the result of the combination of a clear business focus and a healthy spread of activities.

18.1.1. Focus on individuals and families in Belgium and the Netherlands

Argenta offers a full range of products for individuals and families. Argenta is not aimed at the corporate world. Argenta operates in Belgium and the Netherlands, two countries where it has closely tracked customer needs for half a century. In Luxembourg, it concentrates on managing investment funds. Argenta is not active in other countries, and has no intention of changing this. Since 1956, Argenta has deliberately opted to limit both its range of products and services and the geographical area in which it operates.

This focus does not limit Argenta's growth potential, but concentrates the entire company, with its now hundreds of branch managers and staff, on the quality of service it wants to deliver, with rapid reactivity in and focus on those areas it knows and masters. The selected scope of services is understandable by and transparent to all levels of management and all staff both in the branch network

and at head office. The selected focus has produced people with extensive expertise, who in many cases have worked at Argenta for twenty or thirty years or more.

18.1.2. An offering spread over four product pillars

Healthy spread is a basic tenet for economic success. Argenta has opted for a strategy of product diversification. Argenta does not want to be solely dependent on the income from traditional banking business such as the interest margin between savings and lending rates. It wants also to generate income from insurance, and from the sale and management of investment funds, and consulting fees. These provide Argenta with a more stable income base, which is to the benefit of the self-financing of its banking and insurance business.

18.1.3. Sustainable, long-term strategy

Long-term objectives dominate in everything Argenta does. The bank-insurer intends to be a reliable partner for its customers, its branch managers, its employees, its directors, its family and cooperative shareholders and for society in general. Sustainability is an integral part of the company's DNA.

18.1.4. Annual sustainability reporting

Argenta wants to use an annual sustainability report to give information on the status and progress of themes and emphases that are important for its various stakeholders.

The sustainability report is prepared according to the most recent GRI reporting standard (GRI 4 – 'comprehensive' level) and verified by the company's statutory auditor. Moreover, GRI has implemented the new 'materiality' check on the selection of the material aspects of the report.



This report is structured around five themes:

- Argenta's identity
- Argenta as a driving force in the real economy
- Argenta as a customer-focused bank
- Argenta as an employer
- Argenta in society

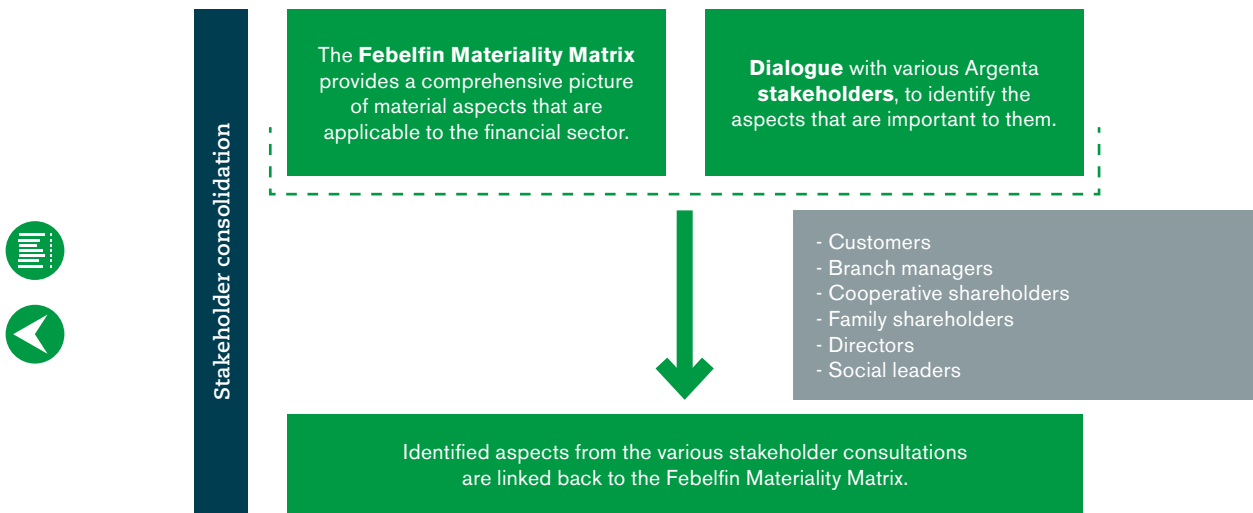
18.1.5. Materiality matters and stakeholder consultation

In 2012, Argenta aligned the topics it reported on with the Febelfin materiality matrix. This professional organization of the Belgian financial sector had listed the various material sustainability issues in its first report on the social responsibility of the industry.

18.1.6. Progress on the 2013-2015 Action Plan

In 2012, a 2013-2015 Sustainability Action Plan was drawn up. The status at the end of 2013 per component can be found in Section 18.7. Status of 2013-2015 Status Plan.

A clear step forward has been taken. Argenta continues on the path it has set out on. In 2014 and 2015, Argenta will work on increasing transparency of funds composition and on a sustainable purchasing policy.



In 2013, Argenta went a step further by mapping its bank-insurance stakeholders, and entering into dialogue with them.

The topics that are important to stakeholders (see annex 23.2.2 'Argenta in dialogue with stakeholders') have been highlighted in the writing of this sustainability report. They were also indicated in the Febelfin materiality matrix in order to obtain a picture of the topics that are applicable to the banking sector in general and to Argenta specifically (see annex 23.2.3 Febelfin materiality matters for Corporate Social Responsibility inside and outside Argenta).

18.2 Argenta's identity

Argenta is the fifth largest bank-insurance group in Belgium. Over the years, it has built up a stable reputation. Argenta products are good, simple and cost-transparent. But the products, the free current accounts and the top performance of the pension savings fund are not the basis for Argenta's success.

At the core is the art of instilling confidence and receiving it back from your customers. Argenta promotes this in Belgium through its network of self-employed branch managers. These can build long-term relationships with customers that enable them to provide individually tailored advice. In the Netherlands too, employees express the individuality of Argenta and its culture of sobriety, thrift, reliability, straightforward communication, honest products and correct pricing. A film on Argenta's identity on www.argenta.nl was widely viewed in 2013.

“In my view, the main shareholder guarantees the continuity of the business. (...) Our very being is intimately tied with the fortunes of Argenta.

In a family business like ours, it is evident that the founders have to a very large extent printed their mark on the corporate culture. One can think of elements such as sobriety, thrift and careful handling of money; reliability; work, save and invest; cutting one’s coat according to one’s cloth; being close to people.”

Karel Van Rompuy,
Founder and driving force Argenta

18.2.1. Family business

Despite its size, Argenta is and remains a family enterprise.

The company has, since its foundation in 1956, been continuously owned by the Van Rompuy family, through the Investar nv holding company.

Argenta still expresses the ideas of its founder Karel Van Rompuy. Thanks to its founder’s sustainable, long-term vision, Argenta is one of the few financial institutions to have maintained its name and identity for 57 years. Long-term growth takes precedence over short-term profit. The vast majority of profits are ploughed back into the company.

To realize its strategy, Argenta works closely with independent branch managers, who in turn are small family businesses.

Argenta directs its business in Belgium and the Netherlands exclusively at families. In 2010, 15 % of the shares in the Group were offered to branch managers and customers. Their contribution is held

by the cooperative company Argen-Co, which in turn took a participating interest in Argenta Bank en Verzekeringsgroep nv. In this way, customers are even more closely involved in their bank-insurer.

A long-term relationship between Argenta, its branch managers and private customers is essential here. Many of the Belgian branches are run by second or third generation self-employed families, concerned for the continued well-being of their customers and loyal to their bank-insurer.

18.2.2. Own vision & strategy

Since its inception, Argenta has sought to be the bank-insurer for families by offering transparent and simple products, offering better value for money than comparative products in the market.

Argenta can realize this vision, among other things, by its conscious choice to maintain an independent course. For the shareholders, the gradual growth of the company is more important than short term profitability. Healthy and sustainable growth is the result of the consistent application of this policy.

“We follow a consistent strategy followed, but this points to the existence of an underlying culture, a spirit. For me this is one of our most precious achievements.”

Karel Van Rompuy,
Founder and driving force Argenta

18.2.3. Outsourcing

Striving to be ‘lean and mean’ is central to Argenta. Argenta focuses on its role as banker and insurer, but anything that others do better or cheaper, is outsourced, even though Argenta is always ultimately responsible. This outsourcing has permitted Argenta’s rapid growth in recent years.

Outsourcing takes place in operational services like computer centres, investment administration for customers, claims processing and mortgage administration.



Argenta has also been working successfully for years with suppliers of high quality products such as the managers of investment funds and specialty insurance products.

18.2.4. Reputation and integrity

Through its consistent policy, Argenta has built itself a reputation for stability in the sector. It is a reputation it is keen to preserve.

18.2.4.1. Ethical conduct of branch managers and employees

The Ethics Charter describes what customers can expect from their bank and insurer, and the attitude branch managers and their employees should adopt towards them. Anyone working with Argenta is required to sign the code of conduct contained in the Ethics Charter. Branch managers sign the Charter via the commercial agency agreement.

The Ethics Charter is in the public domain (www.argenta.be).

The senior management of the Dutch offices have given a banking oath. This ethical statement gives central importance to the interests of the customer, the non-abuse of knowledge, the confidentiality of entrusted information and the careful balancing of interests. In 2013, policymakers and directors took the oath orally and in writing in the presence of three witnesses.

Situations of non-ethical behaviour can be reported to a confidential contact person at Argenta.

Number of informal and formal complaints through confidential contact person	2011	2012	2013
Number of complaints solved	2	2	5
Number of complaints under investigation	0	0	1
Total complaints received	2	2	6

The number of situations reported is limited but growing. Employees are finding their way to the confidential contact person are becoming more empowered and faster in looking for ways to get problems attended to.

18.2.4.2. Managing and developing reputation and integrity

Argenta attaches great importance to its reputation and integrity. For this reason, it continues:

- to implement a customer acceptance policy;
- to increase its vigilance in protecting the interests of retail customers;
- to monitor all customer transactions for atypical movements. Suspicious transactions and reports of suspected money laundering are investigated and, if necessary, reported to the competent authorities;
- to train and sensitize staff at headquarters and in the branches to:
 - preventing money laundering, financial terrorism and financing of weapons of mass destruction;
 - compliance with the tax avoidance prevention policy and the prevention of special fiscal mechanisms;
 - applying the sector's and Argenta's own codes of ethics;
 - respect for privacy and the protection of consumers;
- to maintain the integrity of the financial markets by applying the European MiFID legislation and protecting investors via proper needs assessment in the preparation of a customer profile.

Argenta has introduced e-learning, guidelines and procedures to ensure compliance with codes of conduct, legislation and regulations.

Argenta staff train in the above topics through e-learning. An e-learning platform enables HR management and Compliance & Integrity to monitor the successful completion of e-learning modules.

Argenta organizes appropriate internal controls, the results of which are presented in a quarterly report to the Executive Committee and in a report to the National Bank.

As a member of Febelfin, Assuralia, the Dutch Association of Banks, and the Association of Insurers, Argenta has also endorsed the codes of behaviour of these professional organizations. In 2012, Argenta joined the European Savings and Retail Banking group (ESBG) and the World Savings and Retail Banking group (WSBI). In this way, Argenta endorses that it meets the legal requirements and standards that apply in Europe for savings banks.



Argenta does not participate in the management of associations, federations and interest organizations, and provides no additional funding on top of the regular membership dues.

18.3. Argenta as a driving force in the real economy

Argenta wishes as a banker and insurer of private customers in Belgium and the Netherlands, to sustainably support the real economy and to stimulate it through certain deliberate strategies.

18.3.1. Reinvestment of savings in families' primary needs

Argenta collects funds from families with surplus savings via current accounts, traditional savings accounts, pension savings and insurance contracts, and lends these out to families with a temporary cash shortfall or investment plans. In 2013, 67 % of the savings money and insurance contracts went back into loans to households.

The reinvestment of savings and insurance contracts takes the form primarily of loans that meet primary family needs (housing and, to a lesser extent, mobility). The loan amounts per family are limited and housing loans are covered by mortgage guarantees. In this way the overall credit risk is very small.

“Argenta invests 87 % of incoming savings in loans for families and in high quality government bonds.”

The money collected in this way that is not converted into loans to families, Argenta invests primarily in Belgian (16 %) and other European government bonds (4 %), with repayment guaranteed by the European Central Bank. These percentages have decreased compared with 2011 and 2012 as loans to households have grown significantly.

In 2014, Argenta has also started lending to public-private partnerships.

The following table quantifies Argenta's role in the economy.

Reinvestments are subject to strict rules set out in the Treasury and ALM Management policies of Argenta Spaarbank and Argenta and Assuranties. In this way, Argenta does not invest in exotic instruments. Speculative transactions to generate profits in the short term ('trading') are not allowed. Nor are equity investments permitted for the bank. For the insurance business, they are accepted in limited quantities and restricted to specific sectors. All reinvestments are in euro; there is no exchange rate risk.

	2011	2012	2013
Household savings and insurance contracts:			
In EUR millions	31,171	32,431	33,425
in % of total Argenta assets	89 %	91 %	94 %
Loans and advances to families:			
In EUR millions	18,142	20,102	22,256
As % of savings from families	58 %	62 %	67 %
in % of total Argenta assets	52 %	57 %	63 %
Reinvestment in Belgian government bonds:			
In EUR millions	7,239	6,657	5,323
As % of savings from families	23 %	21 %	16 %
in % of total Argenta assets	21 %	19 %	15 %
Reinvestment in non-Belgian government bonds:			
In EUR millions	2,156	1,676	1,459
As % of savings from families	7 %	5 %	4 %
in % of total Argenta assets	6 %	5 %	4 %

18.3.2. A vehicle for private customers to make provision for old age

According to the 'Study Group on Ageing' of the Belgian High Council of Finance, the payment of pensions is becoming a greater challenge year by year. For this reason, the financial sector in Belgium offers 'third pillar pension savings' for private customers.

The number of pension customers has grown substantially over the past three years (from 84,500 in 2011 to 116,600 in 2013) as has the amount of pension savings (from EUR 53 million in 2011 to 76 million in 2013). We see the same trend for pension insurance, even if the annual payments for pension saving are quite a bit higher. Even among customers aged under 30, we are seeing a noticeable increase in retirement savings and pension insurance. In 2013, the increase was 10 % and 14 % respectively.

18.3.3. A vehicle for private customers to invest directly in the economy

At Argenta, customers can invest their money in funds, bonds and shares and in this way invest in the real economy. Investment products are selected in consultation with the customer and in line with the risk profile that the branch manager has prepared on the basis of a questionnaire filled in with the customer.

The characteristics of the investment products are described in product data sheets. They are in the public domain and available on www.argenta.be.

18.3.4. Argenta as a stable banking and insurance partner

Argenta follows as a bank the [Basel III regulations](#). These were developed in response to the financial crisis. This legislation increases the requirements with regard to capital adequacy and gearing.

Argenta Assuranties as an insurer subject to the [Solvency regulations](#).

Capital adequacy and stability are measured in accordance with the Basel III regulations by the ratio of capital to risk-weighted assets both at group level and at the level of the bank. The Tier 1 (core) capital for banks needs from 2015 to amount to at least 6 % of risk-weighted assets.

In addition, both at group level and at the level of the bank, the leverage ratio is monitored in accordance with the [Basel III regulations](#). This is to prevent a bank building up excessive debt positions. It is therefore expected that, from 2018, the leverage ratio (Tier 1 capital / total assets) will have to be at least 3 %, in other words, a bank may lend a maximum of 33.33 times its Tier 1 capital. Argenta more than meets these future requirements.

Argenta Bank- en Verzekeringsgroep	2011	2012	2013
Tier 1 core capital / risk-weighted assets	15 %	16 %	17 %
Tier 1 capital / total assets (leverage)	3.5 %	3.9 %	4.3 %
Argenta Spaarbank	2011	2012	2013
Tier 1 core capital / risk-weighted assets	15 %	16 %	17 %
Tier 1 capital / total assets (leverage)	3.2 %	3.5 %	4.0 %

As an insurer, Argenta follows the [solvency regulations](#). Insurance contracts imply obligations towards policyholders and their beneficiaries, and the insurer must therefore maintain a certain amount of capital.

The ratio of available capital to required capital is expressed by the solvency ratio.



Argenta Assuranties has almost twice as much capital available as required by law:

Argenta Assuranties	2011	2012	2013
Available capital / required capital	196 %	196 %	199 %

In anticipation of Solvency II, which comes into effect in 2016, the Belgian and Dutch regulatory authorities have already issued regulations containing interim measures whereby Argenta is required to undertake an ORSA (Own Risk Self Assessment) of the risks and report to the supervisory authority in 2014 and 2015. Any effective risk has an impact on the insurer's financial position, with possible consequences for the insured. These risks are quantified in ORSA and reported to the authorities.

18.4. Argenta as a customer-focused business

Argenta is a customer-focused business.

Its management policy is summarized visually below.

In this sustainability report, we focus on three accents from the above diagram (*):

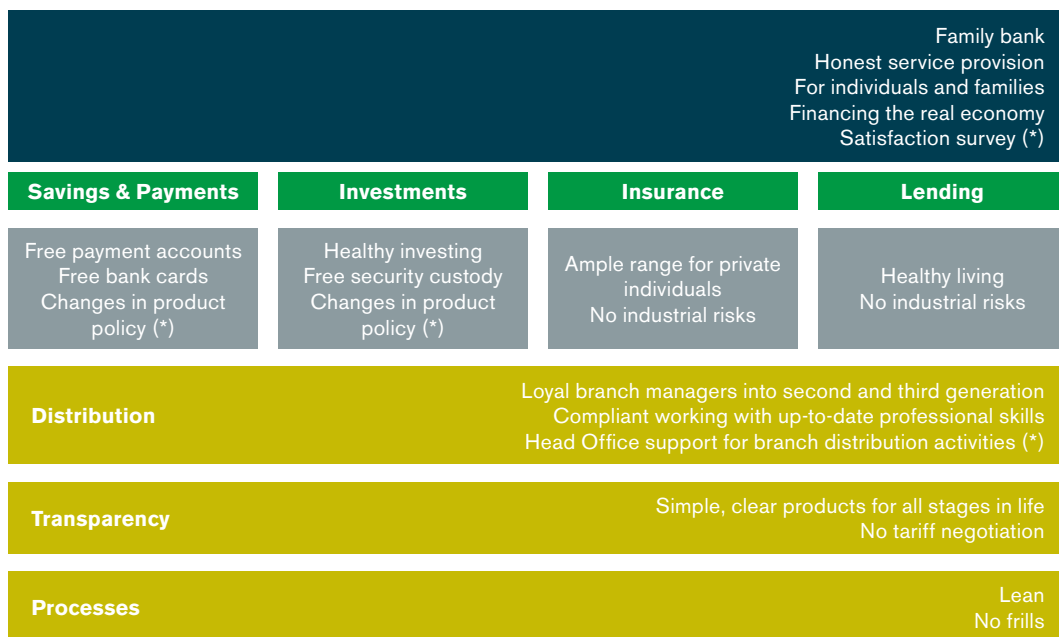
- the carrying out of a satisfaction survey of customers and branch managers;
- head office support for branch distribution activities;
- changes in product policy.

18.4.1. Satisfaction survey of customers and branch managers

Long-term, sustainable relationships with branch managers and customers are of paramount importance to Argenta. Particular attention needs to be paid to this precisely in economically difficult times, when attention to raising productivity and efficiency increases. So as not to lose sight of the interests of customers and branch managers, Argenta initiated in 2012 its NPS surveys.¹

18.4.1.1. Customers determine Argenta's success

Maintaining the high score for customer satisfaction is a challenging goal for Argenta. Much attention was paid in 2013 to the items for attention that came out of the 2012 survey. In 2014, Argenta will again organize a broad survey of its customers using the NPS methodology.



¹ NPS stands for Net Promoter Score. This is a measuring tool that, with a single question, determines an easily interpretable satisfaction score, that can be compared over time or between different sectors. For further details, see www.argenta.be 'About Argenta'.



“Our customers are our ambassadors. They deserve the best service, also in the Contact Center.”

Colin Gray,
Manager Contact Center

18.4.1.2 Branch managers determine Argenta's success

The satisfaction of branch managers too feeds the success of Argenta. In addition to the NPS survey in 2012, a new survey was carried out in 2013, with high branch manager participation. The critical attitude of respondents and improvement suggestions made are a healthy challenge to which Argenta accords priority.

18.4.2. Support for branch-level distribution activities

The major changes in the banking and insurance sector are creating significant challenges for branch managers and their staffs. These need to pro-actively approach their customers with specialist advice that is continuously tailored to the latter's specific needs. This advice must be able to withstand the sustainability test: customers need to understand the chosen strategy and this needs to suit the customer during the entire life of the product. To support branch managers and staff, a new training policy was outlined and the recruitment and supervision of new branch managers improved.

18.4.2.1. A sustainable learning policy

The learning policy that was drawn up in 2013 consists of the following key elements:

- offering training programs focused on product-technical and commercial skills, including practice tests;
- offering training programs tailored to the employee's knowledge level by:
 - using initial knowledge screening, allowing trainees to enter training courses mid-stream, and making it possible to arrange personal coaching for new entrants;
 - using test results from training programs as input to optimize personalized courses and coaching;
 - calling on professional internal and external trainers. Internal trainers are trained by Argenta itself. They bring in their knowledge of their own particular areas or their experience in the branch network. The emphasis here is on strengthening their teaching skills. With external trainers, lasting partnerships are pursued so as to give them the necessary feeling for Argenta's office practices.

Each new branch manager is also assigned a mentor who will supervise him or her closely.

For this, Argenta has a pool of around 90 branch managers, whose own branches operate well and compliantly, who possess pedagogical skills as mentors and are prepared to undertake this role.

This sustainable teaching policy integrates seamlessly with the existing use of specialists. Argenta invests permanently in increasing the knowledge and skills of its branch managers. In 2013, specialists gave them over 1,500 coaching sessions.

18.4.2.2. Additional support for the branch network

In 2013, the number of regional directors was increased from 12 to 15, in order to ensure a more intensive monitoring of operations at the branches. The following initiatives were also taken in 2013.

- A Branch Performance unit was set up. This supports each branch manager with a personal development scoring model, up-to-date production and commission income figures, valuation of properties and portfolios, support with portfolio negotiations and developing out an income and earnings model;
- A Properties unit was also created, to help branch managers with purchasing, renovating and furnishing their branches and taking the necessary security measures.

18.4.3. Evolving product policy.

18.4.3.1. *Emphasis on advice and on customer's interests*

Out of a concern for a long-term relationship with the customer, investment products are always offered in Belgium only after advisory discussions. These discussions start from the customer's needs and his or her stage in life (or key moments). Advisory discussions also go further than product sales and product advice. Customers can also avail of expertise concerning taxation, asset transfer and succession planning.

Argenta wants to avoid situations where commission structures operate to the customer's disadvantage by means of various controls and a healthy commission structure.

Argenta Assuranties's low redemption rate is an indicator of good quality selling. The average redemption is under 1 % for both tax and non-tax savings policies (class 21). Strong profit distributions, low interest rates for alternative investments and good solvency also help keep redemption levels down.

Sales percentages in other investment products are higher than the 1 % of class 21 and are often directly linked to the performance of the underlying funds.

In the Netherlands, products are offered through brokers and online. Even so, 'Customer Interests Central' still applied. In May 2013, Argenta Netherlands had substantive discussions on this subject with the Dutch regulator. Following this, customer interests were mapped out more clearly in the operational processes. Workshops were held

with various departments to formulate further action points focused on customer interests. These will be continued in 2014.

18.4.3.2. *Accessibility of our products*

Argenta's philosophy is that customers should not pay to make their own money available to the bank. In addition to free current accounts, free bank cards and free internet banking, Argenta also offers free securities custody services. The growth in accounts shows that customers appreciate this philosophy.

18.4.3.3. *Strengthening of customer investments with social impact*

Since 1988, Argenta has offered its own investment funds. In late 2008, the range of investments was completed by offering an 'open architecture'. In line with its own long-term vision, Argenta offers funds with a long-term horizon. Argenta has defined principles for 'Healthy investing'. For further information, see http://www.argenta.be/nl/beleggen/gezond_beleggen.

In composing its **own funds**, Argenta performs a screening based on a list of social and environmental **exclusion criteria**. No investments are made that are linked to depleted uranium, cluster bombs, land-mines or white phosphorus, or breaches of arms embargoes, or violations of environmental, human and labour rights. Additionally, Argenta tries as far as possible to take social criteria into account: in this way investments relating to gambling and tobacco are excluded from its own funds. The exclusion criteria were reviewed in 2013 and published on http://www.argenta.be/nl/beleggen/gezond_beleggen.

Free Banking Infrastructure	Belgium 2012	Belgium 2013	Netherlands 2012	Netherlands 2013
Savings and payments				
Current accounts	960,000	997,000	Not offered	Not offered
Savings accounts and term deposits	1,201,000	1,234,000	100,000	120,000
Pension Savings Accounts	100,000	117,000	Not offered	Not offered
Internet banking subscriptions	487,000	544,000	112,000	124,000
Debit and credit cards	1,160,000	1,302,000	Not offered	Not offered
Investment				
Securities accounts	115,000	123,000	Not offered	Not offered

Healthy investing

Long-term vision

	2012	2013		2012	2013
"Exclusion criteria" before including companies in funds	269.5 million euro	256.4 million euro	'Best in class - approach' Companies meet sustainability criteria	10.5 million euro	18.4 million euro
External funds managers screened for application of sustainable policy	1.34 billion euro	1.62 miljard euro	'Thematic approach' Companies grouped round a defined sustainability theme	0.2 million euro	10.1 million euro

For those funds that Argenta obtains from external fund managers (Carmignac Gestion, Petercam, Edmond de Rothschild Asset Management and GS&P), it checked in 2012 which minimum criteria are applied in compiling and tracking them. This showed that all partners have a sustainability policy in the sense that they use negative criteria such as avoiding investments in depleted uranium, cluster bombs and land-mines. In addition, Petercam, Carmigac Gestion and Edmond de Rothschild Asset Management have endorsed the UN Principles for Responsible Investment (UNPRI). GS&P has not endorsed these because it only invests in European family companies, which anyway are sustainable in character and where these rules are less important. For 2013, Argenta has requested confirmation from its external fund managers of the consistent application of the negative criteria described above.

young funds remain somewhat small relative to the entire portfolio, they are nonetheless point to the rising interest of Argenta customers in investing sustainably.

- The 'Theme' funds: only companies focused on sustainability themes are eligible. Since late 2012, Argenta has offered the GS&P Family Business fund that invests in family companies. These typically seek responsible long-term growth. Since 2012, this fund has grown by nearly EUR 10 million. This is a sharp increase for an equity fund aimed primarily at more dynamic investors. Although this fund is still small relative to the overall portfolio, its strong growth shows it is gaining the necessary attention from both Argenta and its customers.

In 2013, an expert blog was started for investment, managed by Prof. Dr. Stefan Duchateau. Every week a posting is placed to which private customers, branch managers and other interested parties can comment.

Argenta offers two types of funds for customers who expect additional sustainable investment criteria:

- The 'Best in class' funds: containing only those companies that score best in their 'class' (= sector) for a range of social and ecological criteria. The values assessed are based on the Ethibel Sustainability Index (ESI) . Given that the existing Argenta-Fund Responsible Growth Fund focuses on the more dynamic investor, Argenta also wanted to provide more defensive investors with a product that takes additional sustainability criteria into account. For this reason, its defensive 'little brother' Argenta-Fund Responsible Growth Fund Defensive was set up in 2013. A real campaign on sustainability was also linked to this new product. Compared with 2012, these 'best in class' funds increased by 75 %. Although these

18.4.3.4. Changes in products

All new products and tariff adjustments in Belgium and the Netherlands are subject to an internal quality management procedure in which the Product Management Bank and Insurance, Investment, Compliance & Integrity, Distribution, Risk Management and Actuarial departments are closely involved. In addition, certain products require prior approval from the Belgian and Dutch regulators. More information can be found in Annex 23.4 'Changes in products'. The regulators have not established any instances of non-compliance.

² This Forum Ethibel index selects 200 European top performers in the field of corporate social responsibility. Forum Ethibel is a consultancy for corporate social responsibility (CSR) and socially responsible investing (SRI).



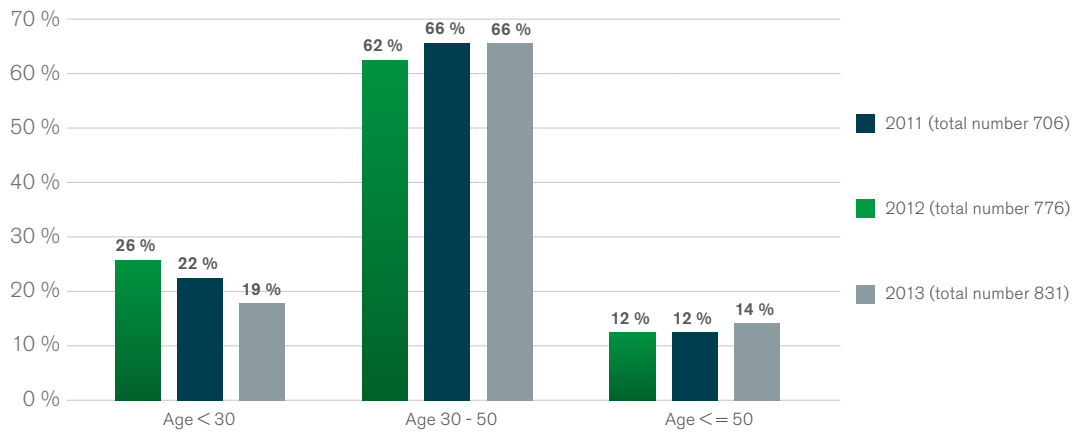
18.5. Argenta as an employer

18.5.1. Sustainable HR policy

Sustainable banking is not possible without a sustainable HR policy. Argenta puts its employees centre-stage. They need a working environment in which they feel at home from day one. The open, family atmosphere and direct communication style create strong commitment.

Argenta is a young and dynamic company. This is illustrated by the age pyramid and low absenteeism:

Number of employees



The 30 - 50 age group is the largest group at Argenta. For 2013 hirings, the frequent requirement of relevant experience elsewhere had the effect of increasing the average age.

The average number of days' absence per employee remains low and stable.

Average number of days' absence per employee	2011	2012	2013
Total	13	11	12

For the first time, we report the figures relating to retention after parental leave. This retention time can be regarded as stable and high.

Retention after parental leave	2011	2012	2013*
Full-time parental leave (in numbers)	19	13	23
Male	5	3	6
Female	14	10	17
Leaving employment within 12 months	1	2	1
Retention level	95 %	85 %	96 %

* Current situation at 31 December 2013

³ The Belgian regulator is the FSMA, the Dutch regulator is the Financial Markets Authority.

18.5.2. Learning and development

Employees can help Argenta grow. The company also encourages them to continue to develop their own skills. They are helped here by training, exchanges of knowledge and experience between colleagues, and interactions with senior managers.

	2011	2012	2013
Average number of training hours per employee	18	33	38

The number of training hours has increased sharply since 2012. In addition to classic product and application training by members of management, open calendar courses are also offered. These are skills courses, for which every employee can enrol at their own choice. The offering includes time management, discover your talents, lean training and persuasive communication.

Each board has an additional training budget. This budget is used for specific vocational training courses.

In 2013, a satisfaction survey was conducted with regard to the training offering. The results were extremely positive: 87 % of Argenta employees are satisfied or very satisfied with the development potential at Argenta. The social trend of working to a greater age means that people also need to be employable longer. This requires from employees the readiness to take training courses and from the employer the provision of a training framework and offering. The satisfaction survey showed that future-oriented development needs to be accorded sufficient attention.

18.5.3. Transparent policy and consultation

Argenta attaches importance to smooth communication, to the point and clear, and to everyone working together as a single team in a pleasant and transparent atmosphere. You can see this approach in practice in open plan offices where every employee can be seen working and is approachable.

Argenta believes in management-employee dialogue. This is stimulated by quality performance and

evaluation interviews. The regular staff meetings are also a clear example of this.

In 2013, a staff survey was conducted among employees in Belgium, with the results are fed back through staff meetings.

In the Netherlands, Argenta carries out a quarterly staff satisfaction survey. These surveys serve not only to measure satisfaction, but as opportunities for people to put forward points for improvement and suggestions for collaboration both within and between teams. The results and improvement points are discussed quarterly in each team and at executive management level.

For direct employees, formal consultation exists in the Works Council and in the Committee for Prevention and Protection at Work.

Consultation with the self-employed branch managers takes place in the Operational Consultation Body (Operationeel Overleg Orgaan) and in the statutory Joint Consultation Body (Paritair Overleg Orgaan).

Where these formal consultative bodies are insufficient, employees can invoke a whistleblower rule if they wish to call attention to any improper situation. In 2013, there were no notifications within this framework.

18.5.4. Headquarters renovation

In 2013, a thoroughgoing renovation of the headquarters building was begun. In this process, an adjacent property is being integrated into the main building.

The enlargement is intended to absorb the growth in the number of employees. At the same time, it will serve to improve working conditions. The aim is to create a pleasant working environment in a modern, transparent building. It is also an opportunity to further improve energy consumption (see Section 18.6.4. Efforts in the environmental and energy fields).

To allow the renovation to proceed, a temporary workplace has been set up for 400 staff at the De Veldekens site near Berchem train station in the Antwerp suburbs.



18.5.5. Diversity

Diversity at Argenta goes beyond gender ratios. Argenta does not want to exclude anyone in its recruitment process on the basis of ethnic origin, age, sexual orientation, physical (dis)ability and personal philosophies. Candidates are assessed on skills, talents, knowledge and experience. These are the only relevant criteria.

The Argenta Group employs more women than men. In 2013, the ratio was 56 % women and 44 % men. This is analogous to previous years.

Number of employees Argenta Group	2011	2012	2013
Men	292	331	363
Women	423	445	468

In executive management positions, there have been no changes in 2013, i.e. 30 % women compared to 70 % men.

Number of executive positions within the Argenta Group	2011	2012	2013
Number of men	21	21	21
Age 30-50	16	15	12
Age > 50	5	6	9
Number of women	9	9	9
Age 30-50	7	8	8
Age > 50	2	1	1

18.6. Argenta in society

As a bank and insurer Argenta has the social task to facilitate financial activities and support economic developments. The responsibility for these and for monitoring them has been explicitly entrusted to the CEO and an independent representative. Argenta wants to play its role in society to the full.

This it does by, among other things:

- increasing customers' and students' knowledge of financial products;
- offering additional services to customers;
- paying the levies on its own activities;
- collecting taxes on behalf of the government on customer operations;
- making efforts to reduce its ecological footprint in the environmental and energy areas;

- promoting volunteering and supporting local initiatives.

18.6.1 Financial literacy

Argenta has a range of initiatives to increase the financial literacy of both customers and students:

Action
Customers Each customer receives identical treatment by the branches, regardless of their assets or background. Argenta treats its customers wisely ('as a good family father'), offering lines of credit and credit cards in function of its customers' risk profiles. Product sheets are always available on the website in Dutch and French.
Students In 2013, Argenta launched its financial knowledge test to enhance awareness of how to manage one's finances ('healthy approach to money'). The test was conducted on 800 young Belgians between 15 and 23 years with a focus on students in the final year of secondary education. The results show that they know far too little about finance. The average score was 49 percent, lower than in previous years. Young people clearly need more information. Argenta organizes financial roadshows in schools to make young people more financially savvy for when they step into society as adults. In 2013, Argenta organized three roadshows that reached more than 300 students. Argenta supports WEDUC, founded by the Antwerp student associations Wikings - NSK, in order to offer student materials and equipment more cheaply to University of Antwerp students. Argenta has cooperated in the production of a new series of work-study books for students from the third to the sixth year of secondary technical education (BSO), in the Office and Sales departments. Argenta offers internships and mentoring of dissertation students. We also support the courses in insurance and credit in the Thomas More schools group, as well as practice job interviews at the various high schools in Antwerp.



18.6.2. Additional services to customers

To give everyone the opportunity to carry out his payments, basic banking services have been regulated by law since 2003. In addition to basic banking services, Argenta in Belgium provides:

- information sessions for older people on online banking to reduce the digital divide;
- sessions on Healthy Investment and Inheritance. 41 such information sessions were organized in 2013. Argenta also provides information sessions at fairs and exhibitions like Batibouw (Brussels), the Construction Innovation Fair (Hasselt), the Housing Fair (Mechelen), Construction Expo (Kortrijk), Construction Fair (Roeselare), Habitat (Liège & Namur) and Construction, Renovation and Real Estate (Marche-en-Famenne);
- special digipasses (devices with larger keys to permit secure online banking) for people with impaired vision.

18.6.3. Financial contribution to society

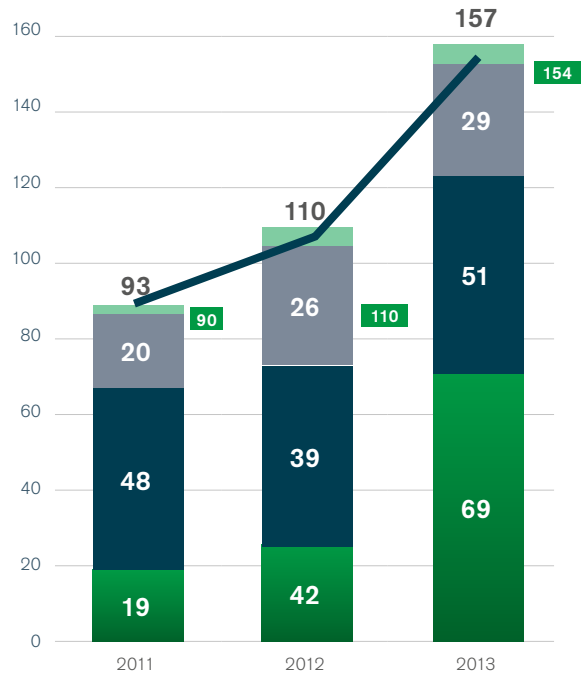
Argenta also contributes financially to the functioning of society.

In 2013, earnings increased further, as did Argenta's corporate income tax, with an effective tax rate of 30.63 %. On the right we set out the taxes and levies that Argenta pays to the government, regulators and professional associations.

For further information regarding the various banking taxes and levies, see Section 3.2. 'Bank taxes and levies'.

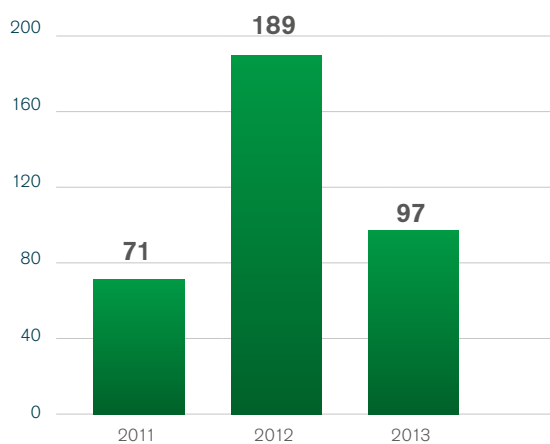
Argenta also collects certain taxes on customer income on behalf of the government. These include withholding tax on the payment of interest, anticipatory taxes on pension funds and insurance, business levies, and taxes on the sale of insurance products. The exceptionally high amount in 2012 relates to the high number of retail savings certificates maturing that year.

Total taxes and contributions to government, regulators and professional associations (in EUR millions)



- ✕ Total taxes and contributions to government, regulators and professional associations (in EUR millions)
- Regulators and professional associations
- Social security and VAT
- Subscription tax and Deposit Guarantee System
- Corporation tax
- Net profit

Amounts payable to the government by customers via Argenta (in EUR millions)



18.6.4. Efforts in the field of environment and energy

Argenta strives to limit as far as possible its energy consumption and the impact of its operations on the environment. The direct environmental footprint consists mainly of paper and energy/CO₂ consumption. Ambitions for reducing the current footprint were defined and included in the major transformation and renovation works at the headquarters building.

Argenta wants to make its purchasing policy greener, and continues to support financially the 'green' mobility of its employees. Argenta has introduced electronic meal vouchers.

18.6.4.1. Paper consumption

Paper consumption reduced in 2013. This is the result of:

- the introduction of the Okapi project, which contributes to structural digitization in the branches;
- sending credit offering letters and files to notaries by e-mail instead of on paper.

Since 2012, greater attention has been paid to the use of environmentally-friendly paper. From 2013 onwards, Argenta has used only eco-labelled paper.

Total paper consumption		2011	2012	2013
Paper with ecolabel/FSC label	Tons	180	279	226
Paper without ecolabel/FSC label	Tons	85	90	0
Total paper consumption	Tons	264	369	226
Environmentally friendly paper as % of total consumption	%	68	76	100

18.6.4.2. Energy consumption⁴

End of 2013, Argenta commenced renovation and extension work at the company headquarters. Argenta is temporarily hiring a second location in Antwerp. This led to a significant increase in natural gas consumption given the need to heat two locations simultaneously during the move in November and December. The severe winter also required us to heat longer in spring 2013.

The renovation includes energy-efficient investments such as the placing of heat pumps and LED lighting. The impact will be measurable only in 2015.

For the car fleet (around 70 cars) Argenta is investigating a natural gas solution to provide an ecological response to the greater mileage of the (limited in number of) persons who receive company cars.

Total energy consumption		2011	2012	2013
Generated energy (solar panels)	MWh	/	14	30
Electricity (green)	MWh	1,882	2,277	2,280
Electricity (grey)	MWh	6	38	10
Purchased heat	MWh	49	53	77
Natural gas	MWh	1,733	1,501	2,251
Car fleet	Litres of diesel	/	112,184	137,078
Car fleet	Tons of gas	/	/	1

⁴ Data collection and calculations are documented in Argenta's Carbon Management Policy based on the GHG Protocol. Energy intensity is 5.6 MWh of electricity, gas and heat per employee.

	Unit	2011	2012	2013
Direct emissions - scope 1				
Natural gas	CO ₂ Teq	/	340	510
Vehicles	CO ₂ Teq	/	356	447
Air conditioning	CO ₂ Teq	/	87	104
Direct emissions - scope 2				
Electricity and heat	CO ₂ Teq	/	37	39
Total CO₂ emissions (scopes 1 & 2)				
	CO ₂ Teq	/	820	1,100
Direct emissions - scope 3				
Purchased goods and services	CO ₂ Teq	/	/	5,036
Commuting	CO ₂ Teq	/	/	1,044
Other	CO ₂ Teq	/	/	574
Total CO₂ emissions (full scope)				
	CO ₂ Teq	/	/	7,754

18.6.4.3. CO₂-impact⁵

In 2012, Argenta's CO₂ footprint was calculated for the first time. The emphasis here was on Argenta's direct impact on CO₂ emissions. In 2013, the indirect impact was also calculated.

The explanations for the increase for scopes 1 and 2 (direct impact of Argenta) may be found in Section 18.6.4.2. Energy consumption above.

The bulk of Argenta's indirect impact lies in its CO₂ footprint (86 %). The largest blocks here are the CO₂ impact of goods and services that Argenta buys from other suppliers (e.g. IT support, outsourced services, consultancy) and employee travel between the Belgium, Netherlands and Luxembourg headquarters.

18.6.5. Screening of purchasing policy

In 2012, Argenta screened its twenty largest IT and non-IT suppliers on the basis of a Corporate Social Responsibility questionnaire. In 2013, a continuous screening of public information on these suppliers was introduced for items that can harm Argenta's reputation. Corporate social responsibility (environmental, social, human rights, etc.) is also part of this.

In 2013, one supplier was identified as breaching generally accepted CSR standards in an activity unrelated to the services it provides to Argenta. This has been addressed in the relevant department in

Argenta. The supplier in question has a monopoly in Belgium. Argenta is watching to see whether it can identify other breaches related to this supplier.

Argenta has also designed a supplier sustainability charter. This will be part of the new framework agreements concluded in 2014. Parties having existing framework agreements that do not expire within three years will be asked to sign separately the 'Argenta sustainability principles' document.

18.6.6. Supporting volunteer work

The self-employed Argenta branch managers are embedded in their local communities, and regularly support activities like youth and sports movements.

A significant group of branch managers and head office staff have committed to the 'Apple Garden' project, which is supporting the construction of a unique living, learning and play area for young cancer patients and other sick children at the Brussels University Hospital.

Executive management supports employees' commitments in organizations like Moeders voor Moeders (Mothers for Mothers).

Argenta board members are also involved in such organizations. Walter Van Pottelberge, for example, chairs the board of directors of Xenarjo, a recognized cooperative that offers people scenarios and inspiring concepts for a better and healthier life.

⁵ Data collection and calculations are documented in Argenta's Carbon Management Policy based on the GHG Protocol - emission factors in 2011 (for 2012) and 2012 (for 2013) and ISO 14064 guidelines. The CO₂ intensity is 1.3 Teq CO₂ per employee for scopes 1 and 2.

He is also Vice-Chair of Time4Society, a non-profit organization that matches time donors (businesses, schools, and others) with time takers (organizations working in socially responsible projects), offering time donors the opportunity to donate social added value to a team-building activity.






CEO Johan Heller is president of the Dutch Foundation 'De Drie Linden', which every year organizes with volunteers a dozen or so sports and cultural events.

COO Insurance Marc Mathijssen chairs a church council on a voluntary and unpaid basis. As a lawyer, he is responsible for managing the assets of a large parish. He also supports local socio-cultural activities.

18.6.7. Political neutrality

Argenta is not politically bound and therefore neutral. Branch managers and employees who wish to enter into political commitments and responsibilities are free to do so, with no limits on the nature of the engagement and the nature of the party, to the extent that this remains compatible with the business aspect of the job.








18.7. Status of 2013-2015 Action Plan

Topic	Focus / action	Status	Status explanation
Governance	Further integration of Corporate Social Responsibility in the Argenta Group:		
	<ul style="list-style-type: none"> Designation of a senior executive responsible for socially responsible and sustainable banking. 		The CEO was authorized for this.
	<ul style="list-style-type: none"> Designation of a person to take operational responsibility for further supporting CSR and the 2013-2015 Sustainability Action Plan. 		<p>The existing project working group was expanded in order to roll out the new GRI 4 reporting standard and to consult stakeholders more closely.</p> <p>The persons who are operationally responsible for sustainability in 2015 are part of this group.</p>
	<ul style="list-style-type: none"> Communications of the sustainability policy to staff and to branch managers and their employees. 		In place, but further roll out in 2014. The sustainability policy and report were addressed in the staff meeting (2 times) and in the national branch managers' meeting (2 times).
Purchasing policy	The further development of the CSR questionnaire process, confirmation of the same to suppliers (outsourcing partners included) and developing a more sustainable procurement policy.		<p>A supplier sustainability charter was designed. Procurement policy, including sustainability criteria, will be further developed and rolled out over the next 2 years.</p> <p>After an initial screening of the top 20 suppliers in 2012, a continuous screening of public information on these suppliers was established in 2013 on items that can harm Argenta's reputation. Sustainability is part of this.</p>
Human Resources	The further development of talent management.		<p>The number of training hours has risen sharply since the end of 2012 through offering open calendar courses alongside traditional product and application training.</p> <p>A competencies model will also be developed in the coming years, directly linked with talent management.</p>



Topic	Focus / action	Status	Status explanation
	Increasing pay policy transparency.		This will be planned in 2014-2015 in consultation with the works council and the trade union.
	Stimulating working differently.		This action plan is linked to the renovation and expansion work started at the end of 2013 at the head office. Final policy planned by 2015.
	Supporting our employees' social commitments.		In 2013, support was given to the Apple Garden project (branch managers) and the Mothers for Mothers project (head office staff). Head Office will continue to encourage employees' social involvement.
	Measuring staff satisfaction.		A satisfaction survey was conducted in the fourth quarter of 2013. Results to be reported in the first quarter of 2014.
	Internal publishing of vacancy descriptions.		Job descriptions were documented and published.
	The appointment of a second confidential contact person in Belgium.		Currently there are two confidential contact persons. A procedure has been started to appoint two further independent confidential contact persons.
	The appointment of a confidential contact person in the Netherlands.		A confidential contact person has been appointed for the Netherlands.
	Two employees in the Netherlands to obtain the Emergency Response (BHV) diploma.		Two employees in the Netherlands have been awarded BHV diplomas.
Financial products	Improving headquarters support to branch managers.		<p>The full support program was prepared in 2013 and will be rolled out to branch managers in 2014:</p> <ul style="list-style-type: none"> Pre-screening of employees and branch managers for bespoke training. Assessment reporting in order to better monitor and coach employees and branch managers undergoing training. Formal knowledge test after each course. Pedagogical training and screening in Argenta to internal instructors. External instructors need to have thorough knowledge of Argenta.
	Improving product transparency.		<p>The transparency of our products for branch managers is being improved, to enable them to better advise customers. Particular attention is being given to improving the link between customer needs and the right product using the 'Know your Customer' principles via:</p> <ul style="list-style-type: none"> introducing key moments; improving the Argenta Fund and Argenta Fund of Funds data sheets; in the Netherlands the introduction of understandable 'B1-language' in product data sheets. <p>Additional product information per product on the website (product descriptions and tariffs).</p> <p>The website is being made more transparent in 2014-2015.</p>



Topic	Focus / action	Status	Status explanation
	Improving the sustainability aspects of the Investments pillar (e.g. use of consistent checklists, sustainability indices, and structuring funds around specific sustainability themes).		Minimum criteria for own funds have been placed on www.argenta.be. The minimum criteria of our external fund managers have been checked. Fund managers have been asked to confirm that these criteria were applied throughout the year. We have also placed internal recommendations for our own funds on the website. Launch of Argenta-Fund Responsible Growth Fund Defensive. Socially responsible investment is central here. The fund is based on the Ethibel Sustainability Index (ESI) Excellence Europe.
ICT	Developing initiatives with suppliers to reduce the impact of ICT on energy and the environment by: <ul style="list-style-type: none"> ▪ partnerships for hardware recycling ▪ purchase of new IT equipment with high energy efficiency 		Old and no longer functional digipasses are collected in the branches and recycled. A recycling programme is being set up in 2014 for old office servers. The energy efficiency of new IT equipment is included in the policy of main ICT provider Getronics.
Distribution	Developing guidelines for independent branches in terms of accessibility (for disabled persons), energy efficiency, safety and waste selection.		In 2013, Argenta started the Properties unit, that supports branch managers in the areas of accessibility (for disabled persons), energy efficiency, safety and waste selection. This cell will be fully operational in 2014.
Environment	Developing further measures to reduce paper consumption.		<ul style="list-style-type: none"> ▪ The Okapi project was completed in 2013. The included examining how to digitize more and reduce paper consumption. ▪ Printers: New printers with the 'follow me' system were delivered at the end of 2013 and will be operational in the first quarter of 2014. This system will make sure that the user can log on to any printer, in any location, and print his own tasks. ▪ Paper collection for the branches (mainly archives) via a specialist confidential data destruction company.
	The further development of energy efficiency measures.		This action plan is linked to the renovation and expansion work started at the end of 2013 at head office. Attention will be paid to energy efficiency in the renovation work.
	Defining a reporting system to calculate the results of these measures.		This action plan is linked to the renovation and expansion work started at the end of 2013 at head office. The reporting system will indicate the energy savings achieved by the measures taken.
Social	Identifying and continuing projects to increase financial literacy.		The financial knowledge test was developed and taken by 800 young people. See further under 'Financial Literacy'.



19. Risk and risk management



19.1. Identification of the risks specific to the activities of the Argenta Group and its entities

19.1.1. General

The nature of its activities exposes the Argenta Group to various risks. The primary risk for the Bank Pool is market risk, for the Insurance Pool it is credit risk. Other significant risks are the evolution of economic activity in Belgium and the Netherlands, and the risks associated with the limited geographical spread of business activities.

On top of this come credit, operational, liquidity, insurance, strategic, business, and reputational risk, the risks associated with debt financing, and the risks associated with changes in laws and regulations. Failing to maintain control over these risks can negatively affect the financial performance and reputation of the Argenta Group.

19.1.2. Market risk

19.1.2.1. General

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Within this market risk we distinguish, among others, three types of risk: interest rate risk, currency risk, and other price risks.

- (i) Changes in interest rates and yield curves, and fluctuating rates of return can affect the interest margin between the cost of lending and the cost of borrowing for the Bank Pool and, in the Insurance Pool, create an imbalance between the contractually-guaranteed interest rate and the earned interest rate;
- (ii) Currency fluctuations affect the value of assets and liabilities denominated in foreign currency, and possibly also the income that is obtained from trading conducted in foreign currency;

(iii) The performance of the financial markets can cause the value of the Argenta Group's investment portfolio to fluctuate.

19.1.2.2. Interest rate risk

The principal market risk (in descending order of importance) to which the activities of the Insurance Pool and the Bank Pool, and in particular Argenta Spaarbank, are exposed is interest rate risk. This is caused primarily by changes in market prices, unexpected changes in investment returns, and changes in the correlation of interest rates between different financial instruments.

As a financial services group headed by a mixed financial holding, both the earnings and the capital position of the Argenta Group are subject to fluctuations caused by market risks. The professional management of these market risks – considering Argenta Spaarbank's specific strategic positioning as a savings bank – is mainly geared towards the judicious management of the interest rate risk as the principal component of market risk.

The results and capital position of Argenta Spaarbank display a certain sensitivity to changes in interest rates. This is because a major component of the business strategy consists of attracting short to medium-term funds – primarily via savings deposits and retail savings certificates placed with retail customers – and reinvesting these via various forms of loans and investments. As the term of these reinvestments does not necessarily match that of the funds raised, a maturity mismatch occurs. Via the interest rate differentials between the various maturities this gives rise to a transformation result.

The gross value of the business (the difference between the investments measured at market value and the cost of financing them) is affected by the fluctuations in these interest rates. The intensity of these is determined by the size of the selected 'duration gap'. This parameter serves as a benchmark for the weighted maturity mismatch which can, to a large extent, serve to manage the interest rate sensitivity.

The duration gap is therefore one of the main instruments used by Argenta Spaarbank to steer – based on its views as to future interest rate developments – its operating results, also taking into account the potential impact of this gap on the gross value of the company as a guide to its capital position.

The duration gap can be adjusted flexibly and at short notice, by means of financial instruments. It can also be adjusted in the longer term by considering a fundamental change in the positioning of certain activities:

(i) The first-mentioned way of modifying interest rate sensitivity uses standard and liquid financial instruments that are available on the capital markets, such as interest rate swaps and caps. These exogenous instruments are used, among other things, for managing the interest rate risk. They are subject to strict policy regarding counterparty risks.

(ii) The second series of measures take the form of endogenous adjustments whereby the interest rate sensitivity of the portfolio can be structurally adjusted, based on the pricing policy for deposits and retail savings certificates, the margins applied and the acceptance policy for loans in various maturity segments. This type of adjustment is obviously focused on the fundamental strategic positioning of Argenta Spaarbank, while the aforementioned exogenous measures are more tactical in nature and serve to supplement the permanent aim of a maximally endogenous management of the balance sheet.

For its risk management processes, Argenta Spaarbank pays considerable attention to having a coherent internal organisation enabling it to carry out these activities judiciously, objectively, and efficiently. Reports are made in a timely and complete manner to the various competent management bodies. In the first instance, these are the Asset and Liability Committee (ALCO), for both the bank and the insurance company. This committee carries specific responsibility for monitoring the daily management of the financial position, on which it reports to the Executive Committee. ALCO has the ongoing mission of maintaining both net interest income and the market value sensitivity of equity within the prescribed limits.



19.1.2.3. Priority to endogenous management

As with any other risk, the interest rate risk requires a risk buffer in the form of capital. Although neither European nor Belgian legislators, nor regulatory authorities, have so far laid down precise capital requirements for the interest rate risk, Argenta Spaarbank specifies a certain volume of required capital in its Internal Capital Adequacy Assessment Process (ICAAP). The ongoing development of its activity as a traditional savings bank and, among other things, as a 'transformation bank' (i.e. a bank whose activity consists of converting (transforming) short-term deposits into long-term investments) naturally requires a continuous monitoring of the required capital and, whenever necessary, capital increases.

Argenta Assuranties, in its ORSA (Own Risk Solvency Assessment), also tracks the additional capital required to cover the interest rate risk.

For strategic reasons, the Argenta Group wishes to reduce its interest rate risk and be less dependent on interest income and interest rate developments. For this reason, greater emphasis is being placed on fee business, particularly the sale of off-balance sheet products – the financial risk of which lies rather with the customer. This fee business (or 'Investments') pillar, alongside the 'Savings and Payments', 'Loans', and 'Insurance' pillars is intended to diversify Argenta Spaarbank's income and improve its earnings quality.

Earnings quality at Argenta Spaarbank was very much improved in 2013 by the ALM policy implemented and by the macro-economic developments. It was influenced less than in preceding years by the effect of interest rate hedging instruments. On the insurance side, besides the regular branch 21 insurance to which duration matching is generally applied, attention continues to be paid to fee business, in particular through the sale of branch 23 unit-linked insurance policies.

The combination of endogenous and supplementary exogenous ALM hedging ensures that the Argenta Group's commercial strategy (including long-term relationships with customers, the growth of its mortgage business, sustainable and profitable growth in deposits, and the extension of the four pillars) remains fully within the scope of the approved Risk Appetite Framework (RAF).

19.1.2.4. Currency Risk

The Argenta Group operates only in the Benelux countries and does not make investments in currencies other than the euro, as a result of which it is not exposed to any currency risk. Nor is consideration given to taking positions in currencies other than the euro.

19.1.2.5. Other market risks

The Argenta Group is also exposed to market risks (other than interest rate and currency risk) that cause fluctuations in the real or future value of financial instruments (such as the Argenta Spaarbank and Argenta Assuranties investment portfolio) or future cash flows, as a result of the performance of the financial markets and changes in market prices. The latter may be caused by factors specific to the individual financial instrument or issuer (e.g. a particular country's level of debt and its assessed repayment capacity) or by factors that affect all similar financial instruments traded on the market (such as a global financial market crisis).

The Bank Pool does not invest in individual equities. Based on the Treasury and ALM financial policy guideline approved by Argenta Assuranties' Board of Directors, only the Insurance Pool is authorised to make investments in individual equities. In order to reinvest incoming premiums in the framework of long-term savings plans, the Insurance Pool invests in individual equities.

Provision is also made at Argenta Assuranties to develop a limited real estate portfolio. This is allowed only under strict conditions, both with regard to the type of investments and in terms of the concentration risks.



19.1.3. Risks associated with the limited geographic spread of the business activities (Benelux)

The Argenta Group undertakes the majority of its business activities in Belgium and the Netherlands. It also carries out limited activities in Luxembourg via Argenta Life Luxembourg S.A. and Argentabank Luxembourg S.A.

As a result, the Group's performance is affected primarily by the level and the cyclical nature of its business activities in Belgium and the Netherlands, which in turn are influenced by domestic and international economic and political events.

Its activities in Luxembourg, which are mainly oriented towards the management of investment funds, are highly dependent on the international economic and political climate and to a limited extent on the domestic situation.

With regard to taxation, the Group's structure ensures that deposits (including the Branch Office in the Netherlands) fall entirely under the Belgian deposit guarantee scheme, with a resultant sensitivity to changes in bank levies.

As for the rules of conduct governing investment products, these are made in the first instance at European level and then transposed by the different countries into their own legislation. Argenta markets investment products primarily in Belgium. For the practical implementation of the legislation in Belgium by the FSMA, Argenta relies on the interpretations of Febelfin and Assuralia. In the Netherlands, Argenta pays attention to the broad-based 'customer interest first' focus promoted by the AFM (Financial Markets Authority).

19.1.4. Credit risk

19.1.4.1. General

Credit risk is the risk of a counterparty being unable to meet its payment obligations. This can be the result of the insolvency of a customer or counterparty. This risk arises in both the traditional loan portfolio and the investment portfolio.

Risks relating to changes in credit quality and the recoverability of loans and amounts due from counterparties are an indissoluble part of much of the activity of the Argenta Group.

A decrease in the credit quality of Argenta Group borrowers and counterparties, a general deterioration of Belgian or global economic conditions, or a decrease caused by systemic risks can affect the recoverability of outstanding loans and the value of the Argenta Group's assets, requiring an increase of the provision for non-performing and doubtful loans, as well as other provisions.

The management of credit risks within the Argenta Group is controlled by appropriate policies (retail credit policies and Treasury & ALM policies at Bank and Insurance Pool level).

All Argenta Group entities and departments have adequate measuring instruments, guidelines, and procedures with which to manage credit risk. These include a fully-independent loan approval process with set limits for creditworthiness, monitoring procedures, and overall indicators of the quality of the retail loan portfolio and the investment portfolio.

19.1.4.2. Concentration of credit risk

Credit risk increases where concentrations occur in the lending business. Argenta's sector and geographical concentration exposes the Group to an increased credit risk.

Argenta Spaarbank has a concentration in lending to private individuals in Belgium and the Netherlands, more specifically in residential mortgage loans to individuals. This makes Argenta Spaarbank highly dependent on developments in the housing market and the repayment capacity of private borrowers in Belgium and the Netherlands.

In addition, the Argenta Group has a diversified and high quality investment portfolio with a concentration in Belgian government debt instruments.

The framework for managing credit risk is clearly defined and detailed in the Treasury & ALM policies.

19.1.5. Liquidity risk

Liquidity risk is the risk that insufficient liquidity is available to meet financial obligations as and when they fall due. This may be the result of:

- an unexpected prolongation of the outstanding receivables, e.g. default of a loan;



- the risk, in the Bank Pool, of a greater proportion of credit lines being drawn down or more savings deposits being withdrawn;
- the risk, in the Insurance Pool, that payment obligations increased, owing to a rising number of claim events, as a result of which Argenta is unable to meet its payment obligations;
- the risk that the necessary financing transactions cannot be undertaken (or can be undertaken at disadvantageous conditions);
- the risk that assets may be liquidated only at a serious discount.

Like any bank-insurer, Argenta Group pays particular attention to monitoring liquidity risk. Unlike the Bank Pool, the liquidity risk of the Insurance Pool is closely linked to the technical provisions. The coverage gains are reported on a quarterly basis.

A significant component of the liquidity risk is the risk of being unable to sell certain assets at the desired point in time owing to a shortage of interested counterparties on the market.

The inability of a financial institution, including the respective entities of the Argenta Group, to anticipate and take into account unforeseen falls or changes in its sources of financing can affect such a financial institution's ability to fulfil its obligations when they fall due.

19.1.6. Operational risk

19.1.6.1. General

All active businesses have to contend with operational risk. Financial institutions are no exception.

The activities of the Argenta Group depend on the ability to process a very large number of transactions efficiently, accurately, and in accordance with internal policies and external legislation and regulations. Potential operational risks include violation of the money laundering legislation, breach of confidentiality obligations, and the execution of unauthorized transactions. Operational risks and losses result from inadequate or failed internal processes (such as processes not aligned with the legal requirements), human actions (including fraud, employee errors), systems (such as system failure), or due to external events (such as natural disasters or malfunctions of external systems, including those of Argenta Group's suppliers or counterparties). The impact may consist of financial or reputational loss.

The Argenta Group has a fairly limited number of products and services, which allows the operational risks to be limited. In general, however, it is assumed that operational risks will gradually increase in the various businesses, owing, among other things, to the rapidly changing technological environment, the increasing complexity and growing range of products, as well as a general trend towards outsourcing of non-core business activities.

Although the Argenta Group has taken measures to control the risks and limit any losses, as well as earmarking substantial funds for the development of efficient procedures and staff training, it is impossible to implement procedures that can exclude these operational risks in a completely effective manner.

Each year, a very extensive internal audit report is presented to the Board of Directors and the National Bank of Belgium. This report assesses the adequacy and effectiveness of the existing control measures.



In the first half of 2013, an audit was undertaken by the NBB. This wide-ranging audit included IT governance, functional and technical IT architecture, project portfolio management, project management, business continuity, IT disaster recovery, IT security, information risk management, IT operations and infrastructure, data centres, procurement, outsourcing, change and release management, in-house software development, and internal IT audit.

The NBB auditors noted the progress made in many areas in recent years. Even so, a number of areas continue to require further efforts: IT continuity plans, the continuity and stability of critical business applications, and additional protective measures against threats from the internet. These tasks will be taken in hand by IT management within Argenta, with concrete results already expected in 2014.

19.1.6.2. External service providers

The Argenta Group is exposed to the risk of termination of contracts with key external service providers. Such a termination can lead to discontinuation of, or delays in, important business processes. The Argenta Group safeguards itself against these risks as much as possible through an appropriate business continuity policy and through transitional provisions in the agreements concerned.

19.1.7. Insurance risk

The Insurance Pool is exposed to the risk of a mismatch between the claims payments and premiums received and provisions held. That risk can originate from an incorrect pricing policy, or from an absence of adjusted technical provisions. The latter can be the result of unforeseeable claims or drastically modified market conditions, containing a financial risk.

For non-life insurance, the results of the Insurance Pool depend largely on the degree to which the actual claims paid correspond to the principles used in the pricing of products and in determining the level of the technical provisions and the liability to compensate for loss. To the extent that the actual results are less favourable than assumed in the calculation of these obligations, this can lower the profit.

For life insurance, the underwriting risk includes surrender risk, mortality risk, and policy expense risk. In general, the Insurance Pool is exposed to risk when the number of surrenders increases, because in this case it is not always possible to fully recover the handling charges on the sale of a product.

19.1.8. Business Risk

Business risk is the risk that current and future earnings and capital levels will be affected by changes in business volumes or by changes in margins and costs. Both are caused by changing market conditions and/or the inability as an organization to respond to these. This risk also refers to a poor diversification of earnings or the inability to maintain a sufficient and reasonable level of profitability.

In order to best cushion the business risk which it faces, the Argenta Group has, in addition to its traditional activities, taken the strategic option of selling products that generate fee income. Alongside the Insurance, Lending, and Savings & Payments pillars, this fourth pillar – Investments – should produce greater diversification of generated earnings. Another important factor here is the attention paid to cross-selling, in order to attract as many customers as possible to several pillars concurrently.

For determining the profit contribution of each product, funds transfer pricing is applied when pricing Bank Pool products. For insurance products, the Insurance Pool takes profit testing as its basis.



19.1.9. Strategic risk

The strategic risk to which the Argenta Group is exposed is the risk of current and future earnings and capital adequacy being affected by poor policy or operational decisions, poor implementation of decisions, or lack of responsiveness to changing market conditions (both commercial and financial).

To achieve the strategic goals set out in the business strategy, the Argenta Group provides resources including communication channels, systems, human resources, networks, and management time and skills.

The ultimate fulfilment of the business strategy depends on the adequacy of the resources made available and on the way in which these resources are used. All this will be assessed on a permanent basis.

19.1.10. Reputational risk

Argenta Group runs the permanent risk of damage (loss) through a deterioration of its reputation or standing caused by a negative perception of the organisation's image by its customers, counterparties, shareholders, and/or regulatory bodies.

This is a *secondary risk*; in other words, a risk that derives from another risk but which has its own impact. The Argenta Group considers this a vertical risk, in the sense that it is a risk that links in with all other risks. By monitoring and managing the other risks, the reputational risk is also kept under control.

19.1.11. Risks associated with debt financing

The Argenta Group raise funding by contracting third-party debt in the form of retail savings certificates, bonds, tier 1 notes, and subordinated notes. Although the Argenta Group is convinced that its financing structure is appropriate to its requirements, the Argenta Group entities need to generate sufficient available cash flows to be able to repay these debts. If the Argenta Group wishes to refinance its debt, either early or at maturity, there is no absolute guarantee that new funding can be found on terms the Argenta Group consider acceptable.

19.1.12. Risks associated with changes in legislation and regulations

Wherever the Argenta Group operates, it is subject to laws, regulations, administrative measures, and policies governing financial services. Changes in the supervisory framework and regulations may affect the activities, products, and services that the Argenta Group offers, or the value of its assets. Although the Argenta Group works in close collaboration with the supervisory authorities and keeps constant watch on the current situation and future changes in regulations, fiscal policy and other policy areas can be unpredictable and are beyond the Group's control.

Right now, discussions are under way for a tax ruling in the Netherlands in the field of corporation tax.

The legislation governing the own funds requirements for credit institutions and insurance companies is also currently being revised (the so-called Basel III standards and (EU) Solvency II standards), which will have an impact on the Argenta Group.

In 2013, regular consultations took place, with the relevant supervisory authorities, covering the SREP (*Supervisory Review and Evaluation Process*), the RRP (*Recovery and Resolution Plan*), and the Banking Union (*including the SSM (Single Supervisory Mechanism) and particularly the ECB Comprehensive Assessment*).



19.2. Risk management at the Argenta Group and its companies

19.2.1. General

The Executive Committees of Argenta Spaarbank and Argenta Assuranties are integrated, with a number of members in common: the CEO, the CFO and the CRO.

This unity of management highlights the importance of a commercial, risk, and financial strategy that is seamlessly harmonised across the Group, with the emphasis on a long-term relationship with both customers and independent branch managers.

The Argenta Group continued to develop its conservative and transparent risk management in 2013. This process has more than proven its added value.

In 2013, a whole series of policy documents were approved, and the operation of the risk committees were optimized in terms of composition, regular agenda items, monitoring of key risk indicators, and communication.

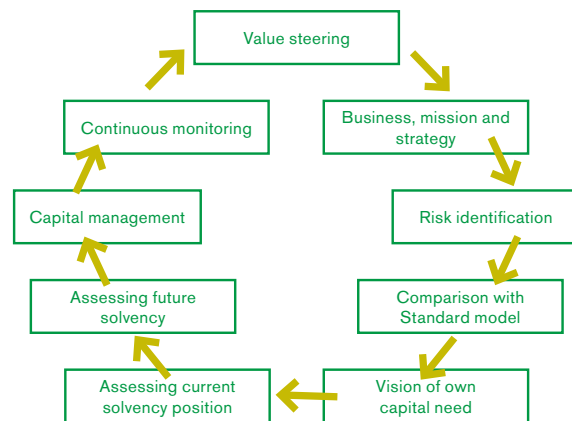
RAF – both for the bank and the insurer – is now strongly embedded in the business plan process cycle: filling in the risk appetite matrix, translation into proactive RAF standards, reviewing against the business plan iterations and, finally, risk assessment.

A direct link exists between the RAF risk indicators and, on the one hand, ICAAP for the Bank Pool and ORSA for the Insurance Pool and, on the other hand, the further translation into operational risk limits. This resulted in the daily embedding of risk awareness in first line management.

As well as optimizing risk governance, the risk metrics were also greatly improved. In this process, the RAF risk parameters were refined by the assigning of an overall risk score and the introduction of a new internal control maturity matrix.

In the context of Basel III for the Bank Pool and Solvency II for the Insurance Pool, Argenta has taken great strides forward.

In the context of ORSA, all risks in the Insurance Pool are being identified and evaluated. The ORSA process consists of the following steps:



In 2013, regular consultations took place with the relevant supervisory authorities. The following topics, among others, were discussed:

▪ SREP

The ICAAP results were compared with the SREP; that is, the assessment of risks and capital requirement undertaken by the NBB according to its own internal methodology. The exercise occasioned no fundamental observations about the ICAAP, with respect to structure and risk measurement.

▪ RRP (Recovery & Resolution Plan)

In order to be better prepared to manage any crises, national supervisory authorities are asking all system-important banks to establish recovery plans. These plans need to proactively identify the various restoration options available to an institution, in order to improve its financial condition if needed. Of course, the effectiveness and impact of these recovery options need to be assessed under various stress scenarios.

The preparation of recovery plans is part of the structural reforms initiated by the G-20 following the banking crisis. One of the findings was that the government was not adequately prepared and equipped in an effective way to deal with (almost) failing financial institutions.



In line with the roadmap prepared by the NBB, a risk-mapping exercise was carried out; relevant stress scenarios were defined and calculated, and work began on identifying remedial measures and developing a calculation model.

▪ ECB Comprehensive Assessment

In November 2013 the ECB and the NBB started the *Comprehensive Assessment* process preparatory to the transfer of banking supervision of the largest European financial institutions to the ECB. A number of Belgian financial institutions, including Argenta, will in this way fall under the direct supervision of the ECB.

This process will continue into 2014 and will include a *Risk Assessment*, AQR (*Asset Quality Review*), and stress tests.



“I feel part of a team that has for years played a leading role in the ‘non-major banks’ league, and which is all of a sudden promoted to D-SIFIs, and belongs to the Belgian top 5. We are now promoted to the Champions League. And as in football, so with us; we need to adapt very quickly. Our infrastructure, our execution speed, our reporting processes, dealing with pressure, our terminology ... ”

Lode Vingerhoets,
Director Risk

During 2013, the Risk department also worked on:

- further development of ICAAP/ORSA for Argenta Spaarbank, Argenta Assuranties, and Argenta Bank- en Verzekeringsgroep (including forward looking);
- further implementation of Solvency II in the Insurance Pool;
- implementation of the NBB-approved internal rating models for banks and corporates;
- further integration of the Validation Unit in company-wide projects;
- contributing extensively to the external (financial) controls (which were carried out by the NBB, DNB (the Dutch Central Bank), and the IMF (International Monetary Fund)) and stress tests.

19.2.2. Governance

Besides the independent Internal Audit and Compliance control functions, group risk management is organised mainly at the level of the Argenta Group. In the Risk Management Charter, the risk management function is defined as the second line function that controls general risk management within Argenta.

The Risk Management function supervises and controls the first line risk management and provides supporting risk advice. This function is performed by the Risk & Validation department and is under the hierarchical responsibility and supervision of the Chief Risk Officer (CRO).

First-line risk management is organised and handled autonomously within each entity, and hence comes under the auspices of the various Group companies' management bodies.

Between the first and second line is the actuarial knowledge centre that advises several departments within the Insurance Pool. This knowledge centre plays a fundamental role in the risk management of Argenta Assuranties, by providing specifically insurance-focused information and advice.

Significant efforts have been made to define and distinguish the roles and responsibilities in these specialist fields.

The Risk & Validation department:

- provides independent second-line control;
- has as its basic principle 'identify, report, monitor, and mitigate' for all material risk factors, which then serve as input to the ICAAP for the Bank Pool and to ORSA for the Insurance Pool. In doing so, it also helps direct (economic) capital management;
- has a 'radar' function of pro-active identification of not yet fully identified risks;
- plays an important role in risk modelling policy and validation;
- undertakes the necessary formal risk checks, and in this capacity plays an active role in, among others, the Group Risk Committee and Assets & Liabilities Committee/Insurance Risk Committee;
- provides the Executive Committees and Boards of Directors with independent advice on the risk management process at Argenta.

The Actuaries department watches over both the profitability and solvency of the Insurance Pool – firstly in the context of product innovation and secondly in the context of monitoring – and over the adequacy of the technical provisions. It does this by formulating timely, proactive, quality recommendations to management and the Insurance Risk Committee on the basis of sufficiently-mature calculation models.

The monthly umbrella Group Risk Committee (GRC) has a revolving agenda consisting of (for the Bank Pool) ICAAP topics one month, and in the following month credit risk topics (Kreco – Credit Risk Committee) topics and in the third month operational risk (Orco – Operational Risk Committee).

19.2.3. Validation

Along with second line control, risk model validation is one of the core activities of the Risk & Validation department. The regulator requires financial institutions to have any risk models they develop confirmed by an independent validator.

The activities of the Validation unit in 2013 included:

- validation of the review and recalibration of the credit risk models of the mortgage portfolios of Argenta Spaarbank, CBHK and the Netherlands;
- validation of the review, the recalibration, and stress testing of the investment portfolio (more specifically the exposure to financial institutions, corporations and covered bonds).

- validation of the update of the bank's internal rating model;
- validation of the internal rating models for central, regional and local authorities;
- validation of the savings account pricing model.

19.2.4. Market risk management

19.2.4.1. Interest rate risk

The Argenta Group, as a financial group, is exposed to structural interest rate risks arising from its transformation role as a retail bank – in particular attracting savings and granting loans – and from its activities as an insurer, with potential mismatches between the portfolio of obligations to policyholders/beneficiaries and the portfolio of assets.

Active management and monitoring of the structural market risk (principally interest rate risk) are essential in order to safeguard the solvency, profitability, and strategic objectives of the Argenta Group. With this in mind, work started in 2013 on two strategic projects: the ALM Replicating Model and Strategic Asset Allocation. Both projects aim to optimize the management of the balance sheet.

The *ALM Replicating Model* project involves developing a balance sheet management model that makes it possible to integrate savings accounts in an economically and financially accurate way into the operational *ALM* management of Argenta. A correct reflection of savings accounts in the Bank's overall interest risk structure, seeks to achieve an accurate calculation of the interest rate risks and more effective management of the balance sheet. An important criterion here is the stability of the model output under different macroeconomic conditions.

Complementary to the development of an *ALM Replicating Model*, intended to give Argenta an understanding of the ALM behaviour of savings accounts, a pricing model has also been developed for savings accounts. The objective of the model is to better understand the dynamics of savings accounts and the explanatory variables; obtaining information that is useful for the strategic and tactical pricing of savings accounts.



The need to diversify the asset side of the balance sheet, the constant search for risk-return optimization, and the impact of prudential developments explain why Argenta started up a Strategic Asset Allocation project in 2013.

The aim of the Strategic Asset Allocation is to provide Argenta with insight and knowledge about the various asset categories, so that future investment decisions for Argenta Assuranties and Argenta Spaarbank can be controlled in an informed manner and optimal asset allocation can be pursued.

In 2013, an impetus was given to further diversification of the asset portfolio, with the cautious development of knowledge about new asset categories. Several financing dossiers were successfully concluded for local and regional public entities, and public-private partnerships (PPPs) launched. The ALM investment and decision framework was adapted to the updated investment policy, and decision-making was reformed to permit efficient credit decisions without disavowing the prudent investment policy.

Despite low interest rates and spreads Argenta Spaarbank succeeded in steadily growing its interest margin within its allocated risk limits in 2013. This is the result of a healthy risk-return mix of housing loan production and re-investments in the investment portfolio, of balanced liabilities pricing policy, and a well-considered hedging policy. Both the income and the value volatility remained controlled within the contours of the limit framework. Even so, persistent uncertainty about future macroeconomic developments calls for very close monitoring of interest rate and spread movements.

19.2.4.2. Equity risk

Argenta Assuranties began, with the approval of the Board of Directors, to build an equities portfolio in 2011. This limited portfolio was managed within a rigorous risk management framework, including limits on size, permitted sectors, market capitalization, and concentration.

In 2013, the Insurance Pool fully sold down its position in units of the Argenta Pensioenspaarfonds (pension savings fund). As part of the reinvestment of pension savings, this portfolio was replaced by direct positions in equities and bonds.

19.2.4.3. Property risks

At Argenta Assuranties a framework was developed, following on from the Solvency II exercise, for real estate investments subject to strict conditions, with respect both to the type of investments and the concentration risks.

Within this limit, a number of loans were made to real estate counterparties.

19.2.5. Liquidity risk management

In order to measure, monitor, check, and report on the liquidity risk, the Argenta Group has a specially adapted management information system (MIS). This includes a contingency plan, in order to be able to adequately manage its liquidity in both normal and exceptional circumstances.

Since the outbreak of the liquidity and credit crisis, liquidity management has been central to global bank management and bank supervision. The integration of specific liquidity standards within the new capital regulations endorses the importance of robust liquidity management in the banking sector. The Bank Pool therefore takes liquidity policy very seriously.

The liquidity risk appetite is managed in the RAF of the Bank Pool via 'flashing light' levels based on two risk indicators, the LCR (*Liquidity Coverage Ratio*) and the NSFR (*Net Stable Funding Ratio*). For the Insurance Pool, the LCR is calculated with subsequent monitoring of the cumulative *maturity gap*.

The LCR sets the liquidity buffer here against a defined outflow of customer funds over a one-month period. The NSFR sets the available liquidity in light of the liquidity requirement over a period of one year.



The RAF sets a minimum limit of 100 %, but a ratio of at least 120 % is targeted so that the Company still has a comfortable liquidity situation.

The daily liquidity management, the definition of EWIs (*Early Warning Indicators*), and the organisation of stress tests are described in the LCP (*Liquidity Contingency Plan*).

Daily reports on the *funding* situation are distributed to a wide target audience, including all members of the Executive Committee. Discussion of the liquidity indicators is a fixed agenda item for the fortnightly *Asset and Liability* Committee meeting. In other words, senior management is involved in liquidity management on a continuous basis.

19.2.6. Credit risk management

Generally speaking, credit risk arises when a customer or counterparty is no longer able to meet its contractual obligations. This can be the result of the insolvency of the customer or counterparty. This risk arises both with traditional lending and with investment activities (other interest-bearing assets). In the latter case, widening spreads and rating downgrades are indicators of credit risk. The Argenta Group incurs credit risk in both the Bank Pool and the Insurance Pool.

For Argenta Group, there are essentially two sub-areas of importance for credit risk: the market for mortgage lending to individuals and the investment portfolio. Credit risk management therefore focuses on these two segments.

Argenta successfully monitored the quality of its investment portfolio in 2013. The risk framework was refined by a selective update of the financial policies for both the Bank and the Insurance Pool.

A prudent investment policy remains an effective first line of defence.

The investment framework remains committed to strong counterparty quality. In 2013, the focus was on expanding the investment spectrum.

All counterparties were thoroughly analysed and assessed as part of an annually recurring process using a first line analysis, supplemented by a risk check. Every bank and corporate included in the portfolio is assigned an internal rating in accordance with the FIRB (*Foundation Internal Rating Based*) approach that has been ratified and implemented in Argenta. In this way, 160 counterparties were given an internal rating. The structure and operation of the Rating Consultation was also optimized.

Within the proposed governance framework and further FIRB rollout, the reviews and stress tests on the investment portfolio were further elaborated and fine-tuned in 2013. In the governments area, scoring models were implemented in the past year, with counterparty governments also assigned internal ratings that are relevant within the acceptance context and also serve for monitoring and management purposes. For regulatory capital calculations, Argenta Spaarbank continues to apply the standardized approach to governments. For bank and corporate counterparties it uses the FIRB approach.

In the area of governance, the first line control and reporting on portfolio transactions are strengthened by close cooperation between the various first line departments and Risk. As before, each quarter, the investment portfolio of the Bank and Insurance Pool undergoes a thorough analysis which includes a risk check.

The credit risk of the mortgage portfolios remains fairly stable. The portfolio outstandings are growing significantly as a result of increasing production. For Belgium, this translates into stable arrears rates and low default rates. For the Netherlands, we see a limited increase in default rates, but still at very low absolute levels.

The risk models for Dutch loans were renewed. The open risk of the Dutch portfolio is calculated and examined on a quarterly basis. The reforms on lending in the Netherlands will in the long term have an additional beneficial effect on the credit quality of the Dutch mortgages.



19.2.7. Insurance risk management

The Insurance Pool applies a number of rules and procedures in order to maintain control of the insurance risk.

Acceptance and pricing policies are both set and adjusted by continuously monitoring the technical results of the Insurance Pool. The clear acceptance policy for well-defined target groups serves to limit the acceptance risk. Whenever a new product is developed, all possible risks are taken into consideration in order to reduce the product design risk. Continuous monitoring enables the necessary measures, such as a possible price adjustment, to be taken in good time.

The Insurance Pool also uses reinsurance to limit, to mitigate claim volatility, and to improve the solvency ratios. The retention levels and limits of the reinsurance contracts are determined based on Argenta's acceptance policy and risk appetite and are enshrined in the 2012 Reinsurance policy. The rules for calculating the technical reserves are conservative. These are systematically examined for adequacy. If the reserves are considered inadequate, a decision is made in most cases to assign supplementary provisions and/or adjust the pricing and risk acceptance strategies.

In addition to the prudent reserve policy, the Insurance Pool has established an equalisation and catastrophes provision for both fire and car insurance, and an ageing provision for hospitalization insurance.

The profitability of these products is monitored by the following RAF indicators: *Value New Business* for life insurance and *Combined Ratio* for non-life insurance.

In 2013, Argenta Assuranties went through certain steps of the ORSA process in a *'proof of concept'* exercise. Both *risk assessment* and assessment of current and future solvency were extensively discussed in consultations with company middle and executive management, so as to arrive at an ORSA that is embedded in the company.

19.2.8. Management of operational risk

The ORCo (Operational Risk Committee) is a permanent part of the GRC (Group Risk Committee). It is organized on a quarterly basis. In 2013, the appetite for operational risk was further elaborated.

Every two years, each division is required to identify and assess its operational risks and, where necessary, take action to reduce them. These risk and control self-assessments (RCSAs) make up a large part of the annual planning.

In 2013, the contact persons appointed by each division were further involved in the management of operational risks, acting as contact points for their division and training them in the various relevant aspects.

In the area of Business Continuity Management, the BCM procedure has been completely revised and elaborated in flowcharts. In addition, the various contingency brochures were combined into a single comprehensive document.

In the context of information security, the section of the Code of Conduct on information security was totally revised and expanded and presented at the staff meeting.

Finally, the new maturity matrix for internal control was initiated and implemented by operational risk management.

The risk scoring within the audit universe is done on parameters, including the maturity of the internal controls and the presence or absence of RCSAs.

19.2.9. Management of other risks

In 2013, further investments were made in the ICAAP and ORSA economic capital models, particularly for developing stress, scenario, and *forward-looking* tests.

Along with the economic capital calculations based on simulation models, these offer the Argenta Group a complete picture of all material risks. The results play an important role in the income and value control models.



20. Other information

20.1. Increases in share capital

20.1.1. The Company

On 12 June 2013, Investar subscribed a capital increase in the Company through a contribution in kind of part of the receivable, amounting to EUR 19,326,100, which it had in the Company by virtue of a stock dividend.

As a result of this capital increase, the share capital of the Company was increased from EUR 581,811,800 to EUR 601,137,900. In this process, 193,261 new shares were created for Investar.

Investar also paid an issue premium of EUR 27,576,414.

In total – share capital and issue premium together – the equity capital of the Company was increased by EUR 46,902,514.

20.1.2. The Argenta Group

On 17 December 2013, the Company subscribed a capital increase of Argenta Spaarbank by a cash contribution of EUR 59,140,900. The share capital of Argenta Spaarbank was increased in this way, with no issue of new shares, from EUR 459,105,400 to EUR 518,246,650. Investar subscribed the remainder of the capital, amounting to 350 euros.

20.2. Acquisition of the company's own shares

Neither the Company, nor a direct subsidiary, nor any person acting in their own name but on behalf of the Company or the direct subsidiary, acquired shares in the Company during the 2013 financial year.

20.3. Application of Article 134 of the Belgian Companies Code

20.3.1. The Company

During the 2013 financial year, the Company paid to the statutory auditor, Deloitte Bedrijfsrevisoren cvba, or to companies having a relationship of professional cooperation with it, additional fees for additional services in relation to the contribution in kind to the Company, for training, tax advice, additional audit work, and for services with regard to the sustainability report a total amount of EUR 98,210.74 (incl. VAT).

20.3.2. The Argenta Group

During the 2013 financial year, the companies of the Argenta Group paid to the statutory auditor Deloitte Bedrijfsrevisoren cvba, or to companies having a relationship of professional cooperation with it, additional fees totalling EUR 378,271.41 (incl. VAT) for additional services in relation to the contribution in kind to the Company, to the sustainability report, IFRS training analysis, additional audit work, research costs and advice, training, tax advice, work related to the medical index, actuarial services relating to Solvency II and Prophet, and control of lender accountability.



20.4. Information concerning significant events after the balance sheet date

20.4.1. Government fiscal and legal measures

20.4.1.1. New banking act

A new banking act is expected to come into operation in the course of 2014. This will introduce a number of reforms that could have a significant impact on the Company and its subsidiaries.

The expected reforms include:

- strengthening the supervisory powers of the Board of Directors, with a number of organizational implications, including the creation of additional committees within the Board of Directors;
- strengthening internal supervision and control, including the introduction of greater independence of the control functions (audit, risk management and compliance);
- introduction of a prior right for protected depositors, coupled with a deposit/'unencumbered assets' ratio to ensure that in case of failure of a credit institution, sufficient assets will be available to compensate depositors;
- stricter capital requirements, in line with the new European rules here;
- reinforced supervision and control by the Belgian and European supervisory authorities;
- new remuneration rules;
- rules governing the cumulation of mandates.

20.4.1.2. MiFID rules applicable to insurance

On 30 and 31 July 2013, the Twin Peaks II-laws were published. One objective of this legislation is to create a *level playing field* for all market players offering financial products and services.

An additional objective is to provide better protection to the financial consumer. Twin Peaks II extends the existing MiFID rules of conduct for providers of investment services to include insurance companies and insurance intermediaries. A number of implementing Royal Decrees dated 21 February 2014 made the MiFID rules applicable to the insurance industry for transactions carried out from 30 April 2014 onwards.

In 2013, Argenta launched an extensive investigation into the impact of MiFID rules for insurance and into the adjustments that various software applications

(BOAR-web, STP Life, and Online Office) will require. Additional monitoring and data collection in the branches will be needed to provide maximum support to advisory discussions on insurance products.

Before concluding a specific insurance contract, branch managers will be required to determine the desires and needs of their customers and to satisfy themselves that the insurance contract presented to the customer meets his or her needs and requirements. Starting from the MiFID duty of care, it will be necessary in each case to enter into an information-providing or consulting relationship with the customer; the MiFID rules for insurance make no provision for an *execution-only* regime, as foreseen for investment services. Where advice is provided with respect to insurance for savings or investment purposes, the regulated undertaking is required to examine whether the recommended insurance or insurance intermediation service is appropriate for the customer. Where, by contrast, no advice is provided with respect to insurance for savings or investment purposes, but only information data, in this case the regulated undertaking is required to examine whether the insurance or insurance intermediation in question is appropriate for the customer.

The MiFID rules for insurance companies also impose on regulated undertakings the duty to provide their customers with accurate and understandable information, thereby enabling them to understand the nature of the insurance intermediation services and insurance contracts offered to them, and the insurance for savings or investment purposes and the risks associated with these policies, so that they can take an informed decision with regard to the conclusion of their insurance contract or the acceptance of an insurance intermediation service.

Finally, regulated undertakings must provide a general description of their policy for managing conflicts of interest. The customer is given the right to request more information regarding this policy. Additional rules will also be defined on data retention and reporting.

Benefits (i.e a fee, commission or non-monetary benefit) related to insurance contracts or insurance intermediation services are allowed only under certain conditions.



20.4.2. Proceeding before the Constitutional Court regarding the increase in bank taxes

On 31 January 2014, seven savings and retail banks, including Argenta Spaarbank, filed a petition with the Constitutional Court to set aside the increases in bank taxes imposed by the Belgian government in July 2013.

20.4.3. Repayment of the stock exchange and delivery tax

On 15 May 2012, the Antwerp Court of Appeal sentenced the Belgian State to refund to Argenta Spaarbank the stock exchange and delivery tax for the period 15 July 2002 - 15 July 2004. No appeal was made against this judgement, which therefore became final in 2013. Since uncertainty remains over the actual amount owed by the State, this has not yet been recognized in the Argenta Spaarbank balance sheet.

20.4.4. Settlement of the call on the Green Apple 2008 swap

With the arrival at maturity of a (previously self-initialized) securitization transaction on 23 January 2014, a dispute arose with the counterparty as to whether or not a fee was owed on the two swaps associated with this transaction. The management has decided not to set up a provision in respect of the above-mentioned dispute.

20.5. Information on circumstances that could significantly affect the development of the Company and the Argenta Group, insofar as such information is not likely to cause serious detriment to the Company and the Argenta Group

20.5.1. The Company

To the best of the Board of Directors' knowledge, there are no circumstances other than those mentioned in this Annual Report that could have a material impact on the Company's development.

20.5.2. The Argenta Group

To the best of the Board of Directors' knowledge, there are no circumstances other than those mentioned in this Annual Report that could have a material impact on the Argenta Group's development.



A photograph of a woman with blonde hair, wearing a green jacket and green gloves, pruning a tree branch with pink blossoms. The background is a bright, slightly blurred outdoor setting. A green banner is overlaid at the top of the image.

Financial statements 2013



21. Consolidated financial statements of the Company (Financial Statements for Argenta Group)

1. Consolidated financial data

1.1. Consolidated balance sheet at 31 December 2013 after profit appropriation

in euro

ASSETS	2012	2013
I. Cash balances with central banks and post office giro service	31,300,689	38,983,008
II. Government securities eligible for refinancing at the central bank	75,676,704	36,902,610
III. Amounts receivable from credit institutions		
A. Repayable on demand	40,136,881	235,859,792
B. Other amounts receivable (with agreed maturities or periods of notice)	779,825,677	0
	819,962,558	235,859,792
IV. Amounts receivable from customers	17,395,405,061	19,758,111,280
V. Bonds and other fixed-income securities		
A. Issued by public bodies	8,257,964,270	6,745,225,185
B. Issued by other issuers	7,635,148,234	7,157,920,312
	15,893,112,504	13,903,145,497
VI. Equities and other variable-yield securities	674,514,578	860,212,526
VII. Non-current financial assets		
B. Other enterprises		
1. Participating interests, equities	28,148	28,198
VIII. Formation expenses and non-current intangible assets	92,473,637	103,421,338
IX. Consolidation differences	80,304,920	71,382,150
X. Property, plant and equipment	35,518,574	36,938,148
XII. Other assets		
▪ Reinsurance company share in technical reserves	1,063,343	2,605,066
▪ Other	38,468,651	43,626,205
	39,531,994	46,231,271
XIII. Deferred charges and accrued income	379,374,982	324,895,559
TOTAL ASSETS	35,517,204,349	35,416,111,377



in euro

LIABILITIES AND EQUITY	2012	2013
I. Amounts owed to credit institutions		
A. Repayable on demand	0	2,994,170
C. Other liabilities (with agreed maturities or periods of notice)	1,249,735,816	76,753,216
	1,249,735,816	79,747,386
II. Amounts owed to customers		
A. Savings / savings deposits	18,933,510,449	20,162,228,543
B. Other debts		
1. Repayable on demand	4,161,122,557	4,065,985,784
2. With agreed maturities or periods of notice	1,782,120,591	2,343,057,450
C. Actuarial reserves and premium reserves	2,348,923,383	4,054,433,587
	27,225,676,980	30,625,705,364
III. Retail debt certificates		
A. Bonds and other fixed-income securities in circulation	3,263,891,805	2,297,584,752
IV. Other debt instruments	115,213,990	112,136,502
V. Deferred income	283,640,180	220,174,436
VI. Provisions, deferred tax liabilities and deferred tax assets		
A. Provisions for risks and expenses		
3.a. Loss reserves and reserves / provisions for bonuses	1,405,471,491	0
3.b. Other liabilities and charges	9,013,878	13,069,332
B. Deferred tax liabilities and deferred tax assets	467,513	336,646
	1,414,952,882	13,405,978
VII. Fund for general banking risks	16,000,000	16,000,000
VIII. Subordinated debt	536,099,297	502,062,112
SHAREHOLDERS' EQUITY	1,411,987,069	1,549,287,764
IX. Capital		
A. Issued capital	581,811,800	601,137,900
X. Share premium account	153,247,922	180,824,336
XI. Revaluation surpluses	10,569,265	10,124,662
XII. Reserves and results brought forward	643,196,791	734,039,575
XIII. Consolidation differences	23,161,291	23,161,291
XV. MINORITY INTERESTS	6,330	7,083
TOTAL LIABILITIES AND EQUITY	35,517,204,349	35,416,111,377



1.2. Consolidated off-balance sheet items at 31 December 2013

in euro

	2012	2013
I. Contingent liabilities		
C. Other guarantees	3,509,008	3,620,216
II. Commitments which could give rise to a credit risk		
B. Commitments as a result of spot purchases of transferable or other securities	10,090,360	255,000
C. Undrawn margin on confirmed credit lines	15,539,125	12,772,719
	25,629,485	13,027,719
III. Assets lodged within consolidated companies		
B. Safe custody and equivalent items	10,769,347,490	10,290,649,514



1.3. Consolidated Income Statement for the 12 months ended on 31 December 2013

in euro

	2012	2013
I.		
a. Interest and similar income	1,199,973,788	1,141,589,010
including that from fixed-income securities	516,252,688	400,685,003
b. Premiums and other technical insurance products' income	990,889,038	656,514,186
c. Reinsurance	239,669	3,101,672
II.		
a. Interest and similar charges	-791,160,758	-568,435,613
b. Technical costs for insurance	-1,074,267,926	-721,296,895
c. Reinsurance	-3,664,669	-4,528,736
III. Income from variable-yield securities		
A. Shares and other variable-yield securities	975,126	1,510,420
B. Participating interests and shares held as non-current financial assets	26,705	0
	1,001,831	1,510,420
IV. Commission received	64,660,254	70,624,454
V. Commission paid	-158,346,738	-165,868,603
VI. Gain (Loss) on financial transactions		
A. Profit on exchange transactions and trading of securities and other financial instruments	71,433	-946
B. Gain on disposal of investment securities	92,104,646	43,900,791
	92,176,079	43,899,845
VII. General and administrative expenses		
A. Remuneration, social security charges and pensions	-46,463,219	-53,089,334
B. Other administrative expenses	-110,727,518	-127,538,920
	-157,190,737	-180,628,254
VIII. Amortisation, depreciation and write-downs on formation expenses, intangible assets and property, plant and equipment	-53,708,889	-49,618,638
IX. Decrease (increase) in amounts written down on receivables and in provisions for off-balance sheet items 'Contingent liabilities' and 'Commitments which could give rise to a credit risk'	-4,888,779	-17,396,398
X. Decrease (increase) in amounts written down on the investment portfolio of bonds, shares and other fixed-income or variable-yield securities	49,296,676	25,009,356
XI. Appropriation to and write-backs of provisions for liabilities and charges other than those included in off-balance sheet items 'Contingent liabilities' and 'Commitments which could give rise to a credit risk'	358,824	147,576
XII. Provisions for liabilities and charges other than those included in off-balance sheet items 'Contingent liabilities' and 'Commitments which could give rise to a credit risk'	-1,251,083	-4,203,029
XIII. Withdrawal from (Addition to) the Fund for general banking risks	-10,000,000	0
XIV. Other operating income	27,333,891	26,572,156
XV. Other operating costs	-20,780,504	-30,668,111
XVI. Profit of consolidated companies on ordinary activities, before taxes	150,669,967	226,324,398



in euro

	2012	2013
XVII. Extraordinary income		
B. Impairment changes of non-current financial assets	398	0
D. Gains on the realisation (sale) of non-current assets	20,279	161,805
E. Other extraordinary income	114,100	261,681
	134,777	423,486
XVIII. Extraordinary expenses		
D. Losses on the realisation (sale) of non-current assets	-61,523	-38,513
E. Other extraordinary expenses	-98	-3,982
	-61,621	-42,495
XIX. Profit of consolidated companies for the financial year, before taxes	150,743,123	226,705,389
XIX.bis		
A. Transfer to deferred tax assets / liabilities	-49,957	-18,362
B. Withdrawals from deferred tax liabilities and tax assets	1,571,161	132,467
XX. Income taxes		
A. Income taxes	-50,284,442	-69,438,079
B. Regularising of taxes and reversals of tax provisions	8,303,591	1,159
	-41,980,851	-69,436,920
XXI. Profit of the consolidated companies	110,283,476	157,382,574
XXIII. Consolidated profit	110,283,476	157,382,574
XXIV. Minority interests' share of the profit	582	790
XXV. Group's share of the profit	110,282,894	157,381,784



2. Notes on the consolidated financial statements at 31 December 2013⁽¹⁾

Tables, or parts of tables, that have no contents, are omitted from the explanatory notes.

I. Criteria for consolidation and for recognition using the equity method

a.1. Full consolidation

The full consolidation method is applied to all companies in the Argenta Group.

Under this method the shares of the subsidiary held by the parent company are replaced in the parent company balance sheet by the assets and the liabilities of this subsidiary.

Also added to the balance sheet of the parent company are:

- the minority interests, which are the portion of the subsidiaries' own funds on which the parent company has no claim;
- the consolidation differences, which are the differences at the time of acquisition between, on the one hand, the acquisition price of the shares issued by the subsidiaries that are in the portfolio of the parent company and, on the other, the net asset value of these shares;
- the consolidation reserves that, after the date of acquisition of the holdings, reflect the growth of the parent company's share in the shareholders' equity of the subsidiaries.

Positive consolidation differences (consolidation goodwill) are reported under balance sheet assets. Positive consolidation differences arising from first-time consolidation are written down over a period of 20 years, as it is expected that the participating interests will positively influence the group results over that period.

The other positive consolidation differences are written down over five years using the straight-line method. Negative consolidation differences increase the group reserves on the liabilities side of the balance sheet.

The first consolidation difference was identified on 31 December 2001, the date on which the restructuring was considered as completed.

To avoid double counting, intercompany debts and receivables, and intercompany income and expenses are eliminated.

Before proceeding with the consolidation of the individual financial statements, the principles applying to the valuation of the assets and liabilities components were harmonised on the basis of the accounting principles applied by the savings bank.

As all Argenta Group companies close their financial years on 31 December, this date has been adopted for the consolidation.

⁽¹⁾ The financial statements are presented in abridged form in this brochure.
The financial statements will be filed with the Belgian National Bank within the statutory deadline.

II. A. List of the fully consolidated subsidiary companies

Name	Registered Office	Company number	Proportion of the capital held (in %)
Argenta Spaarbank nv	Antwerp	BTW BE 0404.453.574 RPR Antwerp	99.99 %
Argenta Assuranties nv	Antwerp	BTW BE 0404.456.148 RPR Antwerp	99.99 %
Argentabank Luxembourg S.A.	Luxembourg	R.C. Lux B35185	99.99 %
Argenta Life Luxembourg S.A.	Luxembourg	R.C. Lux B36509	99.99 %
Argenta Nederland nv	Amsterdam	H.R. Amst 33215872	100 %
Argenta-Life Nederland nv	Breda	H.R. Amst 33301491	99.99 %

VI. Valuation principles

Intangible assets

Formation and restructuring costs are charged in full during the first financial year, with the exception of the costs of taking the Life portfolio into own management.

These costs are capitalised and are amortised at 20 % per annum on a monthly basis.

Costs incurred with the issuing of a loan are amortised on a straight-line basis over the (expected) term of the loan.

The purchase price and purchase costs of software are amortised at 20 % per annum on a monthly basis.

Positive consolidation differences arising upon first-time consolidation are written down over a period of 20 years, as it is expected that the participating interests will positively influence the group results over that period. The other positive consolidation differences are written down over five years using the straight-line method.

Commission fees are, in principle, taken into the result immediately and in full. The commission fees on savings certificates, term deposits and mortgage loans are included in the result on a prorate basis, in accordance with the method mentioned below:

- Commission fees for transactions with a contractual life of more than one year but not more than sixty months, are recognised in the result over the life of the transactions;

- Commission fees for transactions with a contractual life of more than 60 months are recognised in the result over sixty months.

Commission fees capitalised in this manner are written down proportionally on a monthly basis. No minimum is set for the capitalisation of commission fees.

For the capitalisation of hardware and software expenditure, mainly consisting of maintenance costs and licences, the minimum amount is fixed at EUR 10,000. Amounts lower than EUR 10,000 are charged immediately.

Property, plant and equipment

Generally, no limits are set for the capitalisation of property, plant and equipment.

- The purchase price and related costs of land are not depreciated, regardless of whether or not there are buildings on the site. Where land is purchased with buildings on it, the value of the land and the value of the building are separated according to an accounting estimate prepared at the time of purchase.
- For land with buildings on it, the purchase price is divided into two parts:
 - a. The value of the land (as calculated above) plus the additional costs relating to the land;
 - b. The value of the buildings, plus the additional costs relating to the buildings.



These costs are calculated using the formula:

$$\frac{\text{value of the buildings} / \text{purchase price}}{\text{x total additional cost}}$$

The value of the buildings is depreciated at 3 % per annum on a monthly basis.

The buildings purchased before 1981 are depreciated at 5 % per annum.

- The construction costs relating to the new building constructed in 1986 were depreciated in the first financial year by 33 % on 88 % of the acquisition cost and 3 % on 12 % of the acquisition cost. Commencing in the following financial year, depreciation began being charged at 3 % of the total acquisition cost.
- The costs relating to the new building constructed in 1994 are depreciated at a rate of 3 % on the total acquisition cost.
- The revaluation surpluses relating to the Company's registered office and adjoining buildings are depreciated over the assumed residual useful life of the building. The end of this depreciation period falls at the same time as the end of the depreciation period of the acquisition cost.
 - a. For the revaluation surpluses on the Company's registered office recognized in 1990, the annual depreciation is 3.125 % over a period of 32 years.
 - b. For the revaluation surpluses recognized in 2003:
 - For the new building constructed in 1986, the annual depreciation is 7.595 % from 1 November 2003 to 31 December 2027;
 - For the new building constructed in 1994, the annual depreciation is 4.316 % from 1 November 2003 to 31 December 2027;
 - For the Lamorinièrestraat 58 building + old print shop, the annual depreciation is 3.209 % from 1 November 2003 to 1 December 2035;
 - For the Lamorinièrestraat 39-43 building, the annual depreciation is 3.315 % from 1 November 2003 to 31 December 2034.
- The works carried out on the Lamorinièrestraat premises are considered as new construction and are depreciated 3 % per annum on a monthly basis. The depreciation of the purchase costs follows that of the purchase price.

- Rebuilding costs (purchase price and related costs) are depreciated at 10 % per annum on a monthly basis.
- Furnishings and equipment (purchase price and related costs) are depreciated at 10 % per annum on a monthly basis.
- Hardware (purchase price and related costs) is depreciated at 33.33 % per annum on a monthly basis.
- Vehicles (purchase price and related costs) are depreciated at 25 % per annum on a monthly basis.
- The costs of furnishing leased buildings (purchase price and related costs) are depreciated over the life of the lease contract. No lower limits are set for capitalisation.

Fund for General Banking Risks

The Fund for General Banking Risks is a contingency fund to safeguard solvency against future risks that, although not yet materialised, are latently associated with the business operations of a credit institution.

In particular, the amount of the fund is calculated based on an estimate of potential future (credit) risks present in the investment portfolio, taking into account the general economic situation and other latent risks generally attached to banking activities.

Securities portfolio

Non-current financial assets

On participating interests and shares, write-downs are applied in the case of impairment or loss of value.

On receivables, write-downs are applied if it is uncertain whether all or part of the receivables will be paid on due date.

Additional acquisition-related costs are charged to the income statement for the financial year in which they are incurred.

Securities belonging to the trading portfolio

Securities for which a cash market exists are valued at their market value on the balance sheet date; the other securities are valued at the lower of their acquisition cost or their market value on the balance sheet date.



Additional costs related to the acquisition are charged to the income statement for the financial year in which they are incurred.

Securities belonging to the investment portfolio

Variable-yield securities are valued at the lower of their acquisition cost or their realisable value on the balance sheet date. Any capital gains on resold shares are taken into the income statement on an individual basis.

Fixed-income securities are valued on the basis of their actuarial return, calculated upon purchase, taking account of their redemption value at due date.

This difference is taken into the income statement on a discounted basis, based on the real rate of return at time of purchase. In the balance sheet, these securities are recognised at their acquisition cost, plus or minus the part of the above-mentioned difference that is taken to the result.

The fixed-income securities that, due to their nature, are difficult to value on the basis of their actuarial return are valued at acquisition cost.

Write-downs are applied in the case of impairment or loss in value if no cash market exists.

If a cash market does actually exist, the securities are valued at the lower of market value or acquisition cost. For perpetual loan certificates, the difference between their acquisition cost and their lower market value is considered a permanent loss.

Securities that also serve as liquidity support are valued at the lower of market value or the value calculated in accordance with the principles stated above.

Securities are designated as liquidity-supporting if the cash planning clearly identifies an important and structural cash deficit and securities are affected to cover this identified deficit. The gains and losses from the sale of fixed-income securities in the context of arbitrage transactions are taken immediately into the income statement.

Additional costs related to the acquisition are charged to the income statement for the financial year in which they are incurred.

In the case of variable interest securities purchased before the 2008 financial year, the difference in par at purchase is written down or credited on a pro rata basis until the first interest adjustment date.

In the case of variable interest securities, purchased as from the 2008 financial year, the same criteria apply as for fixed rate securities.

For the realised gains and losses and the purchase costs, the same criteria apply as for the fixed rate securities.

Loans and advances

Write-downs are recognised on loans and advances where the amount of the required adjustments to the acquisition cost is known.

On the other hand, provisions are formed for credit risks if probable or certain losses must be covered, but the amount of these is not known.

In theory, write-downs are recognised and provisions are formed for each individual asset component. In the cases in which the receivables do not easily qualify for an individual assessment, the assessment of the risk can be done 'at a flat rate'.

In addition to the write-downs referred to above, collective IBNR (*incurred but not reported*) provisions are also set up on a portfolio basis.

Liabilities

All debts are recognised in the balance sheet in the amounts loaned or advanced.



Insurance

Loss reserves

In the case of indemnity insurance policies, an initial standard reserve is formed for every available type of coverage. This initial reserve is adjusted as and when necessary on the basis of specific information from which can be decided that the standard minimum will be insufficient. The standard loss reserves are revised annually as a function of the measured results of the preceding financial year.

All the 'fire' and 'car' products' loss reserves are revised annually.

An exception is made in the car branch, in which bodily injury dossiers are revised on a six-monthly basis. The revisions can be both upward and downward.

In principle, the recovery reserves follow the claims reserves.

No recovery reserve is set aside for life insurance policies.

For the life insurance policies, on opening a claim file, a provision is formed which is equal to the sum assured. In this context, too, the loss reserves are revised annually with a possible increase or decrease.

Premium reserves

The expired premiums are recognised in the result in proportion to the portion earned each month. A premium reserve is formed for the later months.

The unpaid Life premiums for the reconstitution of a mortgage loan are valued together with the

mortgage loan and write-downs are recognised accordingly.

For car and fire indemnity insurance premiums that are more than three months in arrears, write-downs are recognised in the total amount of the unpaid premiums.

The calculation and the booking of the write-downs is undertaken by individual insurance branch.

Collection fees payable are recognised proportionately in the result for the monthly owed portion.

Write-downs are applied and adjusted on a quarterly basis.

Actuarial reserves

The actuarial reserves are set up in accordance with the Belgian Royal Decree on Life Insurance dated 14 November 2003.

There has been a change to weekly pricing for the Branch 23 provisions.

Provision for equalization and disasters

The provision for equalization and disasters is formed in accordance with CBFA notification D.151 of 6 December 1996.

Provision for the ageing population

A provision for the ageing population has been formed for the hospitalisation group policy.

VIII. Amounts receivable from customers (asset item IV)

in euro

	Financial year	Previous financial year
1. Receivables		
▪ from affiliated enterprises not included in the consolidation	4,621	2,921
4. Breakdown of these receivables by residual term:		
▪ up to three months	122,687,431	
▪ more than three months up to one year	107,364,262	
▪ more than one year up to five years	512,502,390	
▪ more than five years	19,159,854,526	
▪ with indefinite term	-144,297,329	

IX. Bonds and other fixed-income securities (asset item V)

	in euro	
	Financial year	Previous financial year
2. Bonds and securities which represent subordinated receivables	94,106,166	99,203,057
3. Geographical breakdown of the following items:	Belgium	Abroad
V.A. - public issuers	5,286,350,392	1,458,874,793
V.B. - other issuers	433,840,595	6,724,079,717
4. Listings and terms:	Carrying amount	Fair value
a) <input type="checkbox"/> listed securities	13,903,145,497	14,419,130,438
	Financial year	
b) <input type="checkbox"/> residual term up to one year	3,705,224,341	
<input type="checkbox"/> residual term more than one year	10,197,921,156	
5. Breakdown of bonds and securities by portfolio:		
a) <input type="checkbox"/> trading portfolio	2,642,168	
b) <input type="checkbox"/> investment portfolio	13,900,503,329	
6. For the trading portfolio:		
<input type="checkbox"/> the positive difference between the higher market value and the acquisition cost of the bonds and securities that are valued at market value	30,143	
7. For the investment portfolio:		
<input type="checkbox"/> the positive difference of all securities for which the redemption value is greater than their carrying amount	48,389,143	
<input type="checkbox"/> the negative difference of all securities for which the redemption value is less than their carrying amount	86,667,654	
8. Detailed statement of the carrying amount of the investment portfolio:		
a) Acquisition cost		
At the previous financial year-end	15,896,773,996	
Changes during the financial year:		
<input type="checkbox"/> purchases	2,536,283,586	
<input type="checkbox"/> transfers (-)	-4,555,281,549	
<input type="checkbox"/> adjustments with application of section 35 ter (§ 4 and 5) of the Belgian Royal Decree of 23 September 1992 on the financial statements of credit institutions (+/-)	24,483,847	
At the financial year-end	13,902,259,880	
c) Write-downs		
At the previous financial year-end	5,408,850	
Changes during the financial year:		
<input type="checkbox"/> recognised	497,098	
<input type="checkbox"/> reversals of redundant write-downs (-)	-4,149,397	
At the financial year-end	1,756,551	
d) Net carrying amount at the end of the financial year	13,900,503,329	



X. Equities and other variable-yield securities (asset item VI)

		in euro	
		Financial year	Previous financial year
1. Geographical breakdown of the issuers of securities:			
▪ Belgian issuers		488,330,817	356,578,495
▪ foreign issuers		371,881,709	317,936,083
2. Listings:		Carrying amount	Fair value
▪ listed securities		860,212,526	866,424,280
3. Breakdown of equities and securities by portfolio:		Financial year	
▪ investment portfolio		860,212,526	
5. Detailed statement of the carrying amount of the investment portfolio:			
a) Acquisition cost			
At the previous financial year-end		674,514,578	
Changes during the financial year:			
▪ purchases		266,964,624	
▪ transfers (-)		-113,897,821	
▪ other changes (+/-)		32,631,145	
At the financial year-end		860,212,526	
d) Net carrying amount at the financial year-end		860,212,526	

XI. Non-current financial assets (asset item VII)

		in euro	
		Financial year	Previous financial year
A. Breakdown of items VII A.1 and VII B.1:			
a) Economic sector of enterprises other than credit institutions			
▪ other enterprises		28,198	28,148
c) Detailed statement of the carried amount at the financial year-end (VII A.1 en VII B.1)			Other enterprises
A. Acquisition cost			
At the previous financial year-end			28,148
Changes during the financial year:			
▪ transfer from one item to another (+/-)			50
At the financial year-end			28,198
E. Net carrying amount at the financial year-end			28,198



XII. Formation expenses and non-current intangible assets (asset item VIII)

	in euro
	Financial year
A. Detailed statement of formation expenses:	
Net carrying value at the previous financial year-end	201,082
Changes during the financial year:	
▪ amortisation	-52,500
Net carrying amount at the financial year-end	148,582
of which:	
▪ Costs of formation or capital increase, loan issuing expenses and other formation costs	148,582

	in euro	
	Other participa- ting intangible non-current assets	Including provisions to pay for contributions to section 27 bis activities
B. Intangible assets		
a) Acquisition cost		
At the previous financial year-end	204,859,663	112,615,768
Changes during the financial year:		
▪ acquisition, including fixed assets, own production	47,346,677	29,483,072
▪ transfers and retirements (-)	-56,793,919	-32,308,558
At the financial year-end	195,412,421	109,790,282
b) Amortisation and write-downs		
At the previous financial year-end	112,587,108	59,884,862
Changes during the financial year:		
▪ recognised	36,422,581	22,344,647
▪ reversals of redundant write-downs (-)	-56,793,919	-32,308,558
▪ other modifications (+/-)	-76,105	0
At the financial year-end	92,139,665	49,920,951
c) Net carrying amount at the financial year-end	103,272,756	59,869,331



XIII. Property, plant and equipment (asset item X)

in euro

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles
a) Acquisition cost			
At the previous financial year-end	46,120,336	27,546,355	4,219,311
Changes during the financial year:			
▪ acquisition, including fixed assets, own production	1,527,095	336,834	390,354
▪ transfers and retirements (-)	-213,977	-2,163,301	-2,140,806
At the financial year-end	47,433,454	25,719,888	2,468,859
c) Depreciation and write-downs			
At the previous financial year-end	19,474,869	20,369,223	3,139,626
Changes during the financial year:			
▪ recognised	1,087,424	2,580,187	175,425
▪ booked out as redundant (-)	-74,499	-5,339,084	-1,918,273
At the financial year-end	20,487,794	17,610,326	1,396,778
d) Net carrying amount at the financial year-end	26,945,660	8,109,562	1,072,081

in euro

	Other property, plant and equipment	Assets under construction and advance payments	Costs for leased buildings
a) Acquisition cost			
At the previous financial year-end	205,432	156,772	502,961
Changes during the financial year:			
▪ acquisition, including fixed assets, own production	0	0	830,160
▪ transfers and retirements (-)	-139,304	-156,772	-30,885
At the financial year-end	66,128	0	1,302,236
c) Depreciation and write-downs			
At the previous financial year-end	104,044	0	144,831
Changes during the financial year:			
▪ recognised	86,351	0	377,751
▪ booked out as redundant (-)	-139,304	0	-16,117
▪ other differences (+/-)	-37	0	0
At the financial year-end	51,054	0	506,465
d) Net carrying amount at the financial year-end	15,074	0	795,771



XIV. Amounts owed to credit institutions (liabilities and equity item I)

		in euro
		Financial year
B. For the amounts not immediately payable, breakdown by residual term (liability items I, B and C)		
▪ up to three months		3,216
▪ more than three months up to one year		20,770,000
▪ more than five years		55,980,000

XV. Amounts owed to customers (liabilities and equity item II)

		in euro	
		Financial year	Previous financial year
1. Debts to:			
▪ affiliated enterprises not included in the consolidation		29,442,129	26,743,263
2. Geographical breakdown of amounts owed:			
▪ within Belgium		28,288,162,173	
▪ abroad		2,337,543,191	
3. Breakdown by residual term:			
▪ immediately payable		4,065,985,784	
▪ up to three months		222,330,408	
▪ more than three months up to one year		607,992,144	
▪ more than one year up to five years		1,326,069,222	
▪ more than five years		436,309,831	
▪ with indefinite term		23,967,017,975	

XVI. Retail debt certificates (liabilities and equity item III)

		in euro	
		Financial year	
2. Breakdown by residual term:			
▪ up to three months		487,268,451	
▪ more than three months up to one year		442,406,121	
▪ more than one year up to five years		1,158,044,802	
▪ more than five years		209,865,378	

XVII. Subordinated debt (liabilities and equity item VIII)

		in euro	
		Financial year	Previous financial year
A. For the item as a whole			
▪ debts of other enterprises included in the consolidation		69,300,000	147,035,000
C. Costs related to subordinated debt		19,472,929	

D. The following data is for each subordinated loan: (continuation of liability and equity item VIII)

Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Aspa nv Belgium	euro	69,300,000	31-10-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	25,250	02-2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	15,000	04-2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	20,000	05-2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	4,650	07-2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,125	10-2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	7,947,058	12-2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	8,381,863	01-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	5,905,345	02-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	8,090,541	03-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	11,722,420	04-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	16,318,740	05-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	8,434,931	06-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	4,809,400	07-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Aspa nv Belgium	euro	4,415,381	08-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,945,165	09-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	67,500	10-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	39,623,807	12-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	56,629,306	01-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	25,519,885	02-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	20,098,258	03-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	9,312,582	04-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	12,984,690	05-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	14,067,450	06-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	13,174,577	07-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	8,817,741	08-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	7,012,229	09-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,975,633	10-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,675,715	11-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Aspa nv Belgium	euro	1,827,421	12-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,376,107	01-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,291,763	02-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	5,481,911	03-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	6,652,623	04-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	11,577,946	05-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	9,510,723	06-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	7,853,457	07-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	5,007,732	08-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	4,202,472	09-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,809,137	10-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,710,220	11-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,421,880	12-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	8,248,845	01-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	1,942,135	02-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Aspa nv Belgium	euro	1,391,989	03-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	963,235	04-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	1,496,684	05-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	1,552,057	06-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	849,900	07-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	1,497,581	08-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	1,052,760	09-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	606,063	10-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	1,089,662	11-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	1,068,619	12-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	524,240	01-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	526,250	02-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	711,487	03-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	532,153	04-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	1,452,764	05-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Aspa nv Belgium	euro	2,897,953	06-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,159,301	07-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	5,561,477	08-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,992,779	09-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,316,515	10-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,921,095	11-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	4,814,540	12-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	14,706,400	01-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,302,006	02-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	513,112	03-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	405,560	04-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	874,600	05-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	368,450	06-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	291,922	07-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	275,951	08-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Aspa nv Belgium	euro	535,415	09-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	170,600	10-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	348,378	11-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	78,000	12-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



XVIII. Reserves and results brought forward (liability and equity item XII)

	in euro
	Financial year
At the previous financial year-end	643,196,791
Changes during the financial year:	
▪ result of the Group	157,381,784
▪ dividends	-66,983,633
▪ other	444,633
At the financial year-end	734,039,575

XIX. Consolidation differences and differences after application of the equity method

	in euro	
	Positive differences	Negative differences
A. Consolidation differences		
Net carrying amount at the end of the previous financial year	80,304,920	23,161,291
Changes during the financial year:		
▪ amortisation	-8,922,770	0
Subtotal of the changes	-8,922,770	0
Net carrying amount at the end of the financial year	71,382,150	23,161,291

XX. Breakdown of balance sheet euro - foreign currency

	In euro	In foreign currency (equivalent in euro)
TOTAL ASSETS	35,416,111,377	0
TOTAL LIABILITIES	35,416,111,377	0



XXII. Secured debts and commitments

Collateral securities provided by the consolidated entity or irrevocably pledged on its own assets:

	in euro
	Carrying amount of the pledged assets
Pledges on other assets	
a) as surety for debts and commitments of third parties	
2. Off-balance sheet items	
▪ OLOs pledged as collateral for swap	421,986,000

XXIV. Forward off-balance sheet transactions on securities, foreign currency and other financial instruments entailing no commitments, but with a potential credit risk within the meaning of off-balance sheet item II.

	in euro	
Types of transactions	Amount as at the closing date of the accounts	Of which transactions not designated as hedging
1. On securities		
▪ forward purchases and sales of securities	42,692,600	42,692,600
3. On other financial instruments		
1. Forward transactions		
▪ interest rate swap contracts	5,919,092,520	
▪ interest rate options	8,500,000,000	



Appendix to standard form XXIV

Figures in the notes to the financial statements of the impact on the results resulting from the waiver of the accounting rule of article 36 bis, §2, concerning forward transactions.

in euro		
Categories of forward interest rate transactions	Amount as at the closing date of the accounts (a)	Difference between the market value and the carrying amount (b)
2. In the context of the ALM	14,419,092,520	-332,681,191

(a) nominal / notional reference amount

(b) +: positive difference between market value and already recognised results

-: negative difference between market value and already recognised results

Derivative financial instruments not valued at fair value

in euro	
Financial year	
Estimate of the fair value for each category of derivative financial instruments that are not valued on the basis of their market value, indicating the scope and nature of the instruments	
Notional swap amounts	5,919,092,520
Market value dirty price	-344,407,706
Notional cap amounts	8,500,000,000
Market value dirty price	58,982,381
Caps premium paid and not written off	95,292,407



XXV. Information concerning the operating results of the financial year and the previous financial year

in euro

	Financial year		Previous financial year	
	Belgian offices	Foreign offices	Belgian offices	Foreign offices
A. Breakdown of the operating results according to their origin				
I. Interest and similar income	1,437,513,266	363,691,602	1,925,770,331	265,332,164
III. Income from variable-yield securities				
▪ Shares and other variable-yield securities	1,510,420	0	975,126	0
▪ Participating interests and shares held as non-current financial assets	0	0	26,705	0
IV. Commission received	67,893,632	2,730,822	63,794,728	865,526
VI. Profit from financial transactions				
▪ From the exchange and trading company in securities and other financial instruments	0	0	71,433	0
▪ On disposal of investment securities	42,832,405	1,068,386	92,104,646	0
XIV. Other operating income	17,023,566	9,548,590	20,754,068	6,579,823

Geographical breakdown related to the operating results of the financial year and the previous financial year:

in euro

Item III B	Financial year	Previous financial year
Location of the headquarters of the Company		
Belgium	0	26,705

in units

	Fully consolidated companies
B. 1. Average number of staff	
▪ salaried staff	728.58
▪ executives	49.55
2. Staff costs and pension costs	
	53,089,334

in euro

in euro

	Financial year
C. Extraordinary results	
1. Extraordinary income (item XVII of the income statement)	
Breakdown if this item contains a significant amount	
▪ realised gains on buildings and other assets	161,805
▪ received late payment interest	210,236
▪ recovery of property withholding tax	2,035
▪ contingent profits	49,410
2. Extraordinary expenses (item XVIII of the income statement)	
Breakdown if this item contains a significant amount	
▪ realised losses on other property, plant and equipment	1,500
▪ realised losses on land and buildings	37,002
▪ contingent losses	3,993

XXVII. Financial relations with directors and business managers

in euro

	Financial year
Outstanding amounts receivable from directors and business managers	580,783
Direct and indirect remuneration and pensions charged to the income statement, in so far as this disclosure does not refer exclusively or mainly to a single identifiable person	
▪ To directors and business managers	2,950,490
▪ To former directors and former business managers	193,600

Financial relations with auditor and persons related to him (her)

in euro

	Financial year
Remuneration of auditor	564,997
Remuneration for exceptional activities or special assignments carried out by the auditor in the Company	
▪ Other audit assignments	37,208
▪ Advisory assignments regarding tax	40,024
▪ Other assignments over and above auditing tasks	242,923



3. The statutory auditor's report

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Argenta Bank-en Verzekeringsgroep nv (the Company) and its subsidiaries (jointly "the Argenta Group") for the year ended 31 December 2013, prepared in accordance with accounting principles applicable in Belgium, which show total consolidated assets of 35,416,111,377 euro and a consolidated profit (group share) for the year of 157,381,784 euro.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole.

Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements as of 31 December 2013 give a true and fair view of the group's assets, liabilities, financial position and results, in accordance with accounting principles applicable in Belgium.



Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- *The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.*

Diegem, March 26, 2014

The statutory auditor**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Dirk Vlamincx



Unconsolidated balance sheet of the Company

1. Balance sheet

in euro

ASSETS	2012	2013
Non-current assets	794,432,524	848,602,671
Non-current financial assets		
Affiliated enterprises	794,432,524	848,602,671
Current assets	21,267,555	22,486,747
Amounts receivable within one year	1,519,347	1,553,304
Cash and cash equivalents	19,697,737	20,829,917
Deferred charges and accrued income	50,471	103,526
TOTAL ASSETS	815,700,079	871,089,418

in euro

LIABILITIES AND EQUITY	2012	2013
Shareholders' equity	793,658,283	847,695,148
Capital	581,811,800	601,137,900
Share premium account	153,247,922	180,824,336
Reserves		
Statutory reserve	10,246,979	13,952,878
Distributable reserves	48,351,582	51,780,034
Debts	22,041,796	23,394,270
Amounts payable within one year		
Financial debts	10,994	12,873
Trade debts	351,420	507,487
Taxes, remuneration and social security costs	1,897,781	2,435,221
Other liabilities	19,781,601	20,438,689
TOTAL LIABILITIES AND EQUITY	815,700,079	871,089,418



2. Income statement

in euro

	2012	2013
Operating income	13,248,974	15,990,493
Other operating income	13,248,974	15,990,493
Operating costs	-15,251,594	-17,971,312
Services and other goods	-3,752,591	-4,144,848
Remuneration, social security charges and pensions	-11,465,869	-13,780,708
Provisions for liabilities and charges (increase/(decrease))	8,528	0
Other operating costs	-41,662	-45,756
Operating loss	-2,002,620	-1,980,819
Financial revenues	74,155,250	77,273,943
Income from non-current financial assets	74,150,044	77,253,388
Income from current assets	5,206	20,555
Financial expenses	-980	0
Interest and other debt charges	-980	0
Profits on ordinary activities before taxes	72,151,650	75,293,124
Extraordinary income	393	10,408,261
Write-back of amounts written off non-current financial assets	393	10,408,261
Extraordinary expenses	-467,906	-10,749,821
Amounts written off non-current financial assets	-467,906	0
Losses on the realisation (sale) of non-current assets	0	-10,749,821
Profit for the financial year before taxes	71,684,137	74,951,564
Income taxes	-652,097	-833,580
Income taxes	-652,556	-833,580
Tax regularisations and reversals of provisions for taxes	459	0
Profit for the financial year	71,032,040	74,117,984
Financial year's profit to be appropriated	71,032,040	74,117,984



3. Appropriation of the result

in euro

	2012	2013
Profit of the financial year to be appropriated		
Financial year's profit to be appropriated	71,032,040	74,117,984
Withdrawal from Shareholders' equity		
From the reserves	0	46,544,944
Appropriation to Shareholders' equity		
To the legal reserve	51,250,439	53,679,295
To other reserves	3,551,602	3,705,899
	47,698,837	49,973,396
Profit to be distributed		
Dividends	19,781,601	66,983,633



Appendices of the financial statements 2013



22. Appendices of the financial statements 2013

1. Consolidated balance sheet and income statement of Argenta Spaarbank nv at 31 December 2013 after profit appropriation (IFRS)

Balance sheet

in euro

ASSETS	
Cash and cash balances with central banks	38,899,962
Financial assets held for trading	122,898,164
Available-for-sale financial assets	8,486,713,608
Loans and receivables	22,230,786,514
Loans to and receivables from credit institutions	313,901,383
Loans to and receivables from other clients	21,916,885,131
Assets held to maturity	761,448,121
Derivatives used for hedging purposes	3,488,299
Cumulative changes in the fair values of hedged positions	275,393,059
Tangible fixed assets	36,011,604
Buildings, land, equipment	35,092,101
Investment properties	919,503
Goodwill and other intangible assets	39,779,417
Tax receivables	687,745
Other assets	150,847,015
TOTAL ASSETS	32,146,953,508



Balance sheet

in euro

LIABILITIES, EQUITY AND MINORITY INTERESTS	
Financial liabilities held for trading	61,720,247
Financial liabilities measured at amortised cost	29,983,794,839
Deposits from credit institutions	79,744,170
Deposits from other than credit institutions	27,032,393,875
Retail debt certificates, including retail saving certificates	2,363,906,554
Subordinated liabilities	507,750,240
Derivatives used for hedging purposes	408,062,931
Provisions	13,069,332
Tax liabilities	100,645,588
Other liabilities	191,553,824
TOTAL LIABILITIES	30,758,846,761
Equity	1,388,106,747
Equity attributable to the shareholders	1,388,027,229
Equity attributable to the minority interests	79,518
TOTAL LIABILITIES, EQUITY AND MINORITY INTERESTS	32,146,953,508



Income statement

in euro

Financial and operating income and expenses		441,234,153
Net interest income		468,550,062
Interest income	1,129,068,083	
Interest expenses	-660,518,021	
Net income from commissions and fees		-80,770,716
Income from commissions and fees	66,886,570	
Expenses related to commissions and fees	-147,657,286	
Realised gains and losses on financial assets and liabilities that are not measured at fair value in the income statement		32,303,432
Gains and losses on financial assets and liabilities held for trading		5,557,395
Gains (losses) on the administrative processing of hedging transactions		-207,641
Gains and losses on derecognition of assets other than held for sale		126,099
Other net operating income		15,675,522
Administration expenses		-166,886,978
Employee expenses	-32,751,744	
General and administrative expenses	-134,135,234	
Depreciation and amortisation		-17,097,248
Tangible fixed assets	-4,188,199	
Investment properties	-14,786	
Intangible assets	-12,894,263	
Appropriation to and write-backs of provisions		-4,055,453
Impairments		-19,011,059
Available-for-sale financial fixed assets	4,282,049	
Loans and receivables	-23,115,738	
Goodwill	-177,370	
Total profit before taxes		234,183,415
Income tax expenses		-59,208,293
Net profit or loss		174,975,122
Net result attributable to minority interests		500
Net result attributable to shareholders		174,974,622



2. Consolidated balance sheet and income statement of Argenta Assuranties nv at 31 December 2013 after profit appropriation (IFRS)

Balance sheet

	in euro
ASSETS	
Financial assets designated at fair value through profit and loss	840,484,273
Available-for-sale financial assets	2,836,992,765
Loans and receivables	883,252,249
Loans to and receivables from credit institutions	308,835,118
Loans to and receivables from other clients	574,417,131
Financial assets held to maturity	16,854,314
Tangible fixed assets	926,544
Tangible fixed assets	123,095
Investment properties	803,449
Goodwill and other intangible assets	3,624,008
Share of the reinsurers in the technical provisions	2,695,716
Other assets	26,281,228
TOTAL ASSETS	4,611,111,097
LIABILITIES, EQUITY AND MINORITY INTERESTS	
in euro	
Financial liabilities designated at fair value through profit and loss	840,484,273
Financial liabilities measured at amortised cost	847,658,045
Technical provisions related to insurance contracts	2,332,697,588
Tax liabilities	81,609,273
Other liabilities	36,126,957
TOTAL LIABILITIES	4,138,576,136
Capital and reserves	472,534,961
Equity attributable to the shareholders	472,528,257
Equity attributable to the minority interests	6,704
TOTAL LIABILITIES, EQUITY AND MINORITY INTERESTS	4,611,111,097



Income statement

in euro

Financial, insurance and operating income and expenses		77,364,275
Net earned premiums		345,122,194
Gross premiums	352,443,307	
Change in the unearned premiums	-2,792,377	
Retroceded insurance premiums	-4,528,736	
Net interest income		96,672,289
Interest income	140,114,416	
Interest expenses	-43,442,127	
Dividends		1,510,420
Net income from commissions and fees		9,710,058
Realised gains and losses on available-for-sale financial fixed assets		12,615,007
Net cost of claims and changes on technical provisions		-360,586,354
Gross cost of claims and changes on technical provisions	-363,837,744	
Cost of claims and changes on technical provisions (reinsurers' share)	3,251,390	
Realised gains and losses on sale of fixed assets		-2,807
Other net operating income		-27,676,532
Administration expenses		-13,199,768
Employee expenses	-5,775,257	
General and administrative expenses	-7,424,511	
Depreciation and amortisation		-1,368,844
Tangible fixed assets for own use	-11,895	
Investment properties	-8,156	
Intangible assets	-1,348,793	
Impairments		1,602,833
Available-for-sale financial fixed assets	1,605,571	
Loans and receivables	-2,738	
Total profit before taxes and minority interests		64,398,496
Income tax expenses		-19,949,374
Net profit or loss		44,449,122
Net result attributable to minority interests		452
Net result attributable to shareholders		44,448,670



Appendices of the Sustainability Report



23. Annex Sustainability Report

23.1. Appendix 1: Reporting Basis

This sustainability report is intended for all customers, branch managers, employees, cooperative and family shareholders, community representatives and others who are interested in the performance of Argenta Bank- en Verzekeringsgroep nv and all its subsidiaries in the field of sustainability. It covers the period from 1 January 2013 to 31 December 2013.

23.1.1. Data collection and validation (GRI 4.18)

The data in this report has been collected from the following Argenta departments: Customers, Channels and Marketing, Distribution Support, Product Management Banking, Product Management Insurance, ICT, Financial Planning and Analysis, Human Resources, Legal Department, Compliance and Integrity, and Audit. The subsidiaries and the branch in the Netherlands were also consulted.

We worked with data from internal reports. Argenta will take steps to include in future sustainability reports those indicators that are not currently available.

Based on these preparations, extensive consultations were held with Argenta's stakeholders. The results served as input for the sustainability report and to identify problems that Argenta needs to continue to address. More information on the way stakeholders were approached the frames of reference used can be found in the appendix 'Material aspects and stakeholder consultation'.

The report is based on the same themes as the previous report (identity, driving force in the real economy, customer-focused bank, employer, position in society). These themes were prepared and monitored in a cross-cutting project group on sustainability, reporting directly to the Chief Executive Officer (CEO), who is also responsible

for corporate social responsibility and its daily monitoring.

In the context of a survey, each director was asked to give input on sustainability at Argenta. Each director has also checked the sustainability report and the particular themes that concern him or her.

A completeness check was undertaken using GRI reporting requirements and principles.

This report was approved by the Executive Committee, and served as a basis for the committee's updating its Sustainability Action Plan for 2013-2015. The Committee considers this exercise as an annual update of its sustainability status. The CEO is personally responsible for the daily monitoring.

23.1.2. Reporting Standards

This sustainability report is based on external standards and guidelines. The auditor has verified whether it has been prepared in accordance with the GRI – 'comprehensive' – guidelines. In addition, GRI has carried out the materiality audit to check the correct linkage between the GRI table and the annual report. The indicators of the Financial Sector Supplement (FSSS) have also been included.



23.1.3. Scope (GRI 4.17)

Argenta intends to produce a sustainability report each year. The first and also the most recent report was issued as part of the 2012 annual report.

The scope consists of Argenta Bank- en Verzekeringsgroep nv, the subsidiaries (Argenta Spaarbank nv, Argenta Nederland nv, Argenta Luxembourg sa, Argenta Assuranties nv, Argenta-Life Nederland nv, and Argenta Life Luxembourg sa) and the branch in the Netherlands. This scope is identical to that of the consolidated 2013 financial statements).

The independent branches are not included since they fall under the direct responsibility of the self-employed branch managers. Argenta nonetheless encourages them to endorse the commitments set out in this report. In this they are also supported by Argenta.

In quantifying Argenta as a driving force in the economy, we have, since this year, included in the reported figures the insurance contracts for the period 2011 to 2013.

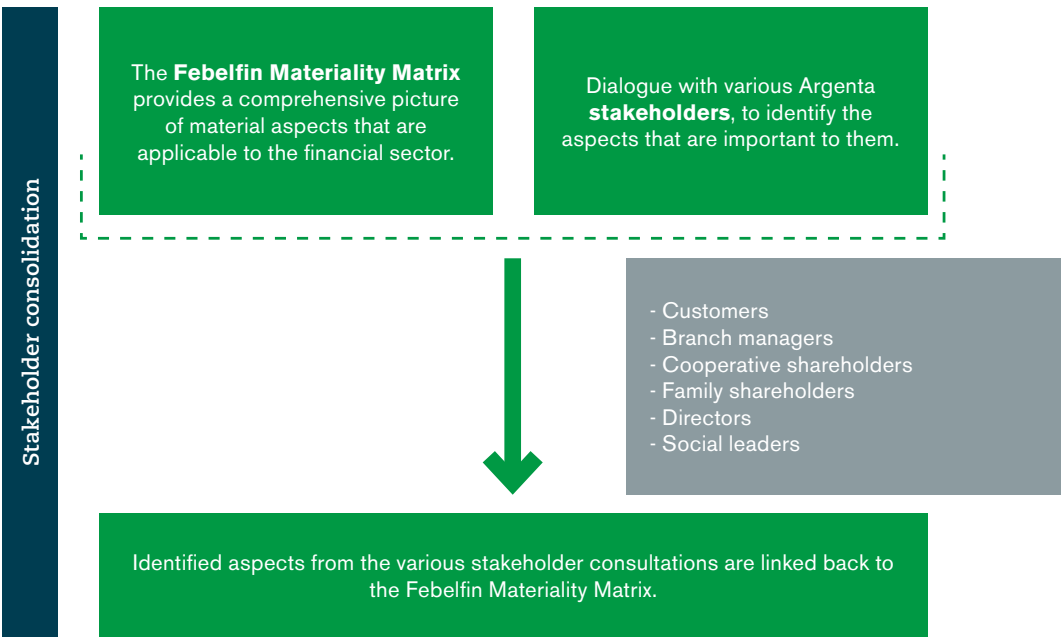
Changes in the calculations and emission factors in the GHG Protocol have led Argenta to revise the CO₂ calculations. To have a proper basis for comparison with previous years, the figures for 2011 and 2012 have also been revised according to the new method (GRI 4.22)

23.2. Appendix 2: Material aspects and stakeholder consultation

We explain below Argenta's stakeholder consultation process. More detailed information on each block will be given in the following sections.

23.1.4. Differences compared with 2012

Compared to the previous sustainability report, there are few significant differences in scope and coverage. However, in 2013 the coverage included a consultation of stakeholders. The aim remains to deliver an annual integrated report. (GRI 4.23)



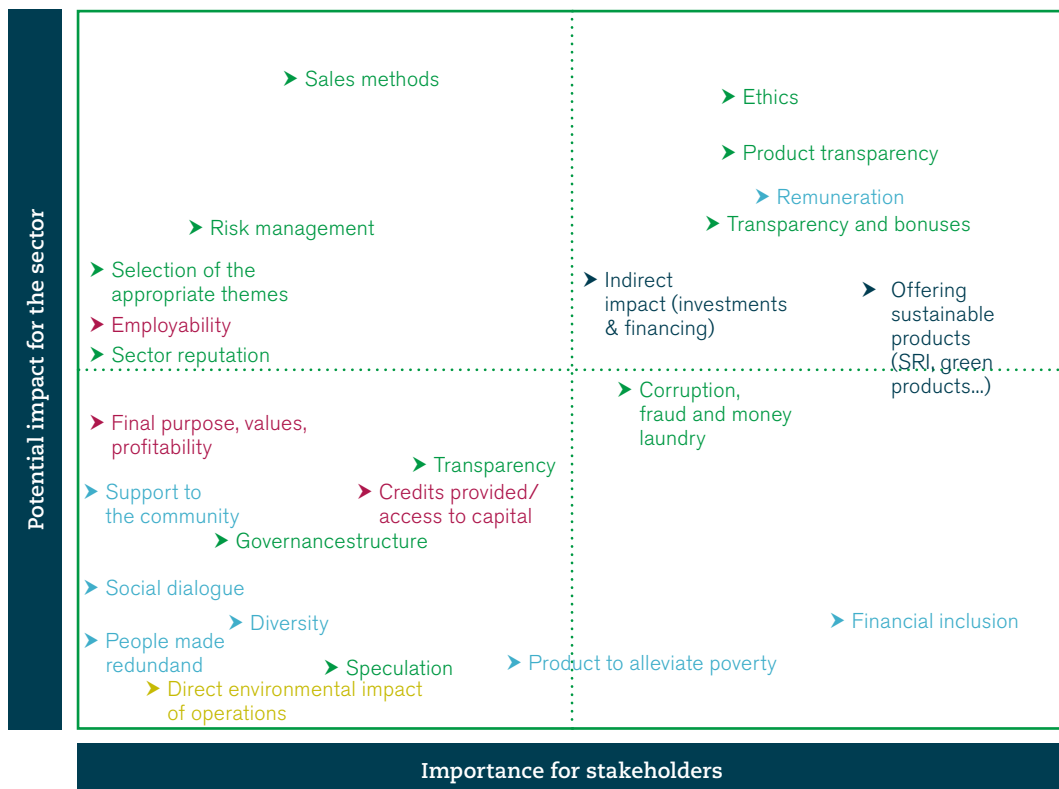
23.2.1. Febelfin material aspects for corporate social responsibility for the Belgian banking sector

The Febelfin materiality matrix with aspects for corporate social responsibility for the Belgian financial sector is shown below.

The themes surfacing most often during stakeholder consultations are shown at the top. Other themes

are no less important, but are experienced as less defining in character. This matrix was compiled based on panel consultations and interviews with NGOs, sustainability experts, academics, trade unions and regulators. It was produced with the participation of 19 financial institutions established in Belgium, including Argenta. Febelfin sustainability report and materiality matrix Febelfin can be consulted on <http://www.bankingforsociety.be>.

Febelfin material aspects



23.2.2. Argenta in dialogue with stakeholders

In 2013, Argenta for the first time established a dialogue with its stakeholders. These were identified by the internal project team and approved by the CEO. **(GRI 4.25)**

The table lists the stakeholders and the way Argenta dialogued with them. **(GRI 4.24 en 4.26)**

The stakeholder interactions were conducted by the internal project team staff, with the exception of the surveys via NPS. These were carried out by the relevant department. In each case, the internal project team fed the results of each survey directly back to the CEO in one-to-one meetings.

The material aspects discussed during the stakeholder interactions reflect those of the Febelfin study. For this reason, for the 2013 Sustainability Report, Argenta has used the material aspects identified by Febelfin as a reference framework. These aspects apply to all entities within Argenta Argenta Bank- en Verzekeringsgroep nv.

During the interactions, specific problems were also discussed. These are summarized in the table below, along with initial responses from Argenta management. These concerns are being given serious consideration. The problems brought up by stakeholders also found expression in the surveys of the directors, indicating directors' close concern for the experiences of the other Argenta stakeholders. **(GRI 4.27)**

Argenta's interaction with the stakeholder

Stakeholder	Form of interacting with the stakeholder
(1) Customers	Targeted questioning via NPS customer survey
(2) Branch managers	Targeted questioning by branch manager survey, NPS and monthly debate/dialogue with branch managers
(3) Staff	Targeted consultation through a staff meeting and voluntary discussion with staff on 21 October and 26 November
(4) Family shareholders	Targeted presentation and consultation on 15 October
(5) Argen-Co shareholders	Targeted survey on 14 November
(6) Directors	Targeted survey sent to each board member in December
(7) Society	Targeted consultation between Argenta management representatives and Fairfin on 17 December on the 2012 Sustainability Report by Prof. Dr. Luc Van Liedekerke.



N°	Material aspect	Problem	Stakeholder raising the problem	How Argenta responds to this concern
1	Product transparency	Further increasing the intelligibility of the products and capabilities.	Customers Representatives of society Directors	<p>Argenta's products are relatively simple compared to those of the big banks. The most important thing is to know the customer and provide him or her with the right advice in place of specific product discussions.</p> <p>A section is devoted in the sustainability report in the chapter 'Argenta as a customer-focused bank' to the emphasis on customer interests and advisory discussions rather than product discussions.</p>
2	Indirect impact (investments)	Increasing the transparency of the sustainability criteria that Argenta uses in putting together funds.	Representatives of society Directors	<p>The minimum criteria for funds have been published on the website, along with a list of recommendations to employees.</p> <p>Argenta has also introduced a new process for confirming the application of the minimum criteria by its external fund managers.</p> <p>Argenta is also working on developing its 'best-in-class' and thematic funds.</p> <p>A section is devoted in the sustainability report in the chapter 'Argenta as a customer-focused bank' to 'Strengthening customer investments having an impact on society'.</p>
3	Sales method	The quality of the support of the branches needs to be further improved.	Branch managers Directors	<p>A new basis for training and support of the branch network was laid in 2013 and will be rolled out over the coming years.</p> <p>A section is devoted in the sustainability report in the chapter 'Argenta as a customer-focused bank' to setting up a sustainable learning policy and additional support for the branch network.</p>
4	Employability	For employees' career development, there need to be opportunities for them to grow and learn during their careers.	Employees Directors	<p>The number of training opportunities and courses for staff increased in 2013, and further emphasis will be placed on this in coming years. The personal and professional development of Argenta staff is central here.</p> <p>Additionally, each new job vacancy is first opened to existing staff. Only after 14 days it is also opened up to the outside world.</p> <p>In the sustainability report a section is devoted to 'Learning and Development' in the chapter 'Argenta as an employer'.</p>



23.2.3. Febelfin material aspects for Corporate Social Responsibility inside and outside Argenta (GRI 4:19, 4:20 and 4:21)

We indicate below where the material aspects are discussed in the annual report, and also whether they are situated inside or outside the Argenta Group.

Material aspects	Reference in the annual report	Internal Inside the Argenta Group	External Outside the Argenta Group
Ethics	Section 18.2.4. 'Reputation & integrity'	Relevant for the entire Argenta Group	<ul style="list-style-type: none"> Relevant for the self-employed office managers in Belgium (part of the agency agreement) Relevant for the consultants in the Netherlands Relevant for external fund managers Relevant for suppliers
Product transparency	Section 18.4.3 'Clear Product Policy'	Relevant for the Distribution Organization within the Argenta Group. Also part of the Argenta Group strategy	<ul style="list-style-type: none"> Relevant for the self-employed office managers in Belgium (part of the agency agreement) Relevant for the consultants in the Netherlands Relevant for external fund managers
Remuneration	Section 6.3 'Human Resources', and Section 12. 'Corporate Governance'	Relevant for employees	<ul style="list-style-type: none"> Relevant for the self-employed branch managers Relevant for customers and for society in general to have an insight into the wage policy and the remuneration policy.
Transparency and bonuses	Section 6.3 'Human Resources' and Section 12.5 'Remuneration of senior Argenta Group management'	Relevant for employees	<ul style="list-style-type: none"> Relevant for the self-employed branch managers Relevant for customers and for society in general to have an insight into the wage policy and the remuneration policy. Relevant for the consultants in the Netherlands.
Indirect impact (investment and financing)	Section 18.3 'Argenta as a driving force in the real economy'	Relevant for the entire Argenta Group in terms of its role in the economy in general and its reputation in particular	<ul style="list-style-type: none"> Relevant for customers (who can be impacted by investments that do not fit with their risk profiles) and society (which may be impacted by the characteristics of the investments)
Offering of sustainable products (Socially Responsible Investments, green products, etc.)	Section 18.4.3.3. 'Strengthening of customer-focused investments with social impact'	Relevant for the entire Argenta Group in terms of strategy, positioning and reputation	<ul style="list-style-type: none"> Relevant for customers and for society in general
Corruption, fraud and money laundering	Section 18.2.4. 'Reputation & integrity'	Relevant for the entire Argenta Group	<ul style="list-style-type: none"> Relevant for customers (who may be impacted by a loss resulting from corruption, fraud and money laundering)
Access to financial services	Section 18.6.2. 'Additional services to customers'	Relevant for Product Management and Distribution Organization within the Argenta Group.	<ul style="list-style-type: none"> Relevant for the customers and society in general
Material aspects	Reference in the annual report	Internal Inside the Argenta Group	External Outside the Argenta Group
Sales methods	Section 18.4 'Argenta as a customer-focused bank'	Relevant for the Product Management and Distribution departments within the Argenta Group.	<ul style="list-style-type: none"> Relevant for the customers and society in general
Risk management	Section 19 'Risk and Risk Management'	Relevant for the Argenta Group in terms of its role in the economy (stability as a bank, reallocation of retail customer savings, mainly as mortgage loans for individuals and government bonds) and reputation.	<ul style="list-style-type: none"> Relevant for customers (who can be financially impacted) and society (which may be impacted by the characteristics of the investments)
Financial stability and ties with government authorities	Section 18.3 'Argenta as a driving force in the real economy'	Relevant for the entire Argenta Group in terms of its role in the economy (stability of the economy) and its reputation	<ul style="list-style-type: none"> No public support needed Relevant for customers Relevant for self-employed branch managers Relevant for consultants in the Netherlands



Employability	Section 18.4.2.1. 'Creation of a sustainable learning policy for the branches' and Section 18.5.2. 'Learning and development'	Relevant for Argenta employees and senior management	<ul style="list-style-type: none"> Relevant for branch managers and for society (longer-term effects of ageing)
Sector reputation	Section 18.2 'Identity of Argenta'	Relevant for the entire Argenta Group in terms of its role in the economy (sober, 'no frills' family bank with a clear long-term vision) and its reputation	<ul style="list-style-type: none"> Relevant for customers
Ultimate aim, values, profitability	Section 18.2.2. 'Particular vision & strategy'	Relevant for the entire Argenta Group in terms of its role in the economy (sober, 'no frills' family bank with a clear long-term vision) and its reputation	Not applicable
Transparency	Section 18.4 'Argenta as a customer-focused bank'	Relevance to the Argenta Group	<ul style="list-style-type: none"> Relevant for the self-employed branch managers in Belgium Relevant for consultants in Netherlands - Relevant for retail customers Relevant for society in general
Credits granted/ access to capital	Section 18.3 'Argenta as a driving force in the real economy'	Relevant for the entire Argenta Group in terms of its role in the economy (stability as a bank, reallocation of retail customer savings, mainly as mortgage loans for individuals and government bonds) and reputation	<ul style="list-style-type: none"> Relevant for customers (who can be financially impacted) and society (which may be impacted by access/non-access to capital)
Support to the community	Section 18.6 'Argenta in society'	Not applicable	<ul style="list-style-type: none"> Relevant for the contribution to society Relevant for retail customers
Administrative organization	Section 12 'Corporate Governance'	Relevance to the Argenta Group	<ul style="list-style-type: none"> Relevant for branch managers
Social dialogue	Section 18.5.3 'Transparent policy and consultation'	Relevant for Argenta employees and senior management	<ul style="list-style-type: none"> Relevant for branch managers
Diversity	Section 18.5.5. 'Diversity'	Relevant for employees	<ul style="list-style-type: none"> Relevant for society
Material aspects	Reference in the annual report	Internal Inside the Argenta Group	External Outside the Argenta Group
Employee turnover	Section 6.3 'Human Resources'	Relevant for employees (Over the last three years, the workforce has not reduced.)	<ul style="list-style-type: none"> Relevant for the society in that financial institutions play their roles as employers in society
Speculation	Section 18.3 'Argenta as a driving force in the real economy'	Relevant for the entire Argenta Group in terms of its role in the economy (stability as a bank, reallocation of retail customer savings, mainly as mortgage loans for individuals and government bonds - speculative trading is expressly not permitted) and reputation	<ul style="list-style-type: none"> Relevant for customers (who can be financially impacted) and society (which can be impacted by speculative investments)
Anti-poverty product	Section 18.6.1. 'Financial literacy' and Section 18.6.2. 'Additional services to customers'	Relevant for the entire Argenta Group for it to be able to profile its customers accurately and offer the appropriate products	<ul style="list-style-type: none"> Relevant for customers with a supporting effect on society
Direct ecological impacts of business conduct	Section 18.6.4. 'Efforts in the field of environment and energy'	Relevant for the entire Argenta Group	<ul style="list-style-type: none"> Relevant for the self-employed branch managers in Belgium (part of the agency agreement). Relevant for the consultants in the Netherlands Relevant for customers



23.3. Appendix 3: Alignment with GRI reporting standards version 4

23.3.1. GRI control on materiality ('material aspects')



23.3.2. GRI index table

No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
1. Strategy and Analysis					
G4.1	Statement by the Chairman of the Board of Directors about the relevance of sustainability to the organization's strategy for addressing sustainability	Complete	Section 1 'Message from the Chairman of the Board of Directors'		
G4.2	Key impacts, risks and opportunities	Complete	Section 1 'Message from the Chairman of the Board of Directors'		
2. Profile of the organization					
G4.3	Name of the organization	Complete	Section 4 'Description of the structure and activities of the Argenta Group' and Section 13. 'Overview of the individual Argenta Group companies'		x
G4.4	Primary products and/or services	Complete	Section 4 'Description of the structure and activities of the Argenta Group', Section 7. 'Description of the activities of the Bank Pool' and Section 8 'Description of the activities of the Insurance Pool'.		x
G4.5	Country where the headquarters is located	Complete	Section 4 'Description of the structure and activities of the Argenta Group' and Section 13. 'Overview of the individual Argenta Group companies'		x
G4.6	Operational structure (list of countries where the organization operates, or that are relevant for sustainability)	Complete	Section 4 'Description of the structure and activities of the Argenta Group'		
G4.7	Nature of ownership and legal form	Complete	Section 4 'Description of the structure and activities of the Argenta Group' and Section 13. 'Overview of the individual Argenta Group companies'		
G4.8	Markets served (including geographic breakdown, sectors served and types of customers)	Complete	Section 4 'Description of the structure and activities of the Argenta Group', Section 7. 'Description of the activities of the Bank Pool' and Section 8 'Description of the activities of the Insurance Pool' and Section 9 'International Network'		
G4.9	Scale of the organization (including total number of employees, operations, net sales, total capitalization and quantity of products or services)	Complete	Section 6.3 'Human Resources' (total number of employees) Section 21 '2013 Financial Statements' (net sales and total assets) Section 4 'Description of the structure and activities of the Argenta Group' (operations) Section 7 'Description of the activities of the Bank Pool' (quantity of products or services) Section 8 'Description of the activities of the Insurance Pool' (quantity of products or services) Section 9 'International Network' (quantity of products / services)		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
G4.10	Total number of employees : <ul style="list-style-type: none"> ▪ Number of employees by employment contract and gender ▪ Number of permanent employees by employment type and gender ▪ Total workforce by employees and supervised workers (including gender breakdown) ▪ Total workforce by region and gender ▪ Report whether a substantial portion of the organization's work is performed by workers who are self-employed or are not under contract with Argenta. ▪ Report any significant variations in employment numbers workforce 	Complete	1 – 4) Section 6.3 'Argenta in 2013 - Human Resources' (5) Section 6.1. 'Argenta in 2013 - Distribution'. Distribution in Belgium is undertaken by self-employed branch managers. Distribution in the Netherlands is undertaken by Internet and a network of consultants. (6) Not applicable - no significant variations in employment numbers during the year		x
G4.11	Percentage of employees covered by collective bargaining agreements	Complete	Section 6.3 'Argenta in 2013 - Human Resources'. Argenta Group's entire pay policy is aligned with the saving banks collective agreement (CAO - PC 308).		
G4.12	Describe Argenta's value	Complete	Section 18.3 'Argenta as a driving force in the real economy'		x
G4.13	Significant changes during the reporting period regarding the organization's size, structure, ownership or its value chain. <ul style="list-style-type: none"> ▪ Changes in the location of, or changes in operations, including openings, closings and expansions. ▪ Changes in the share capital structure and other assets ▪ Changes in the location of suppliers, the structure of the value chain, or in relationships with suppliers, including selection and termination 	Not applicable No significant changes			
G4.14	Information on the application of the precautionary principle at Argenta	Complete	Section 18.2 'Argenta's identity'		
G4.15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it has endorsed	Complete	Section 18.2.4. 'Reputation and integrity'		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
G4.16	Memberships of associations (such as industry associations) or national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> ▪ holds a position in the governance body; ▪ participates in projects or working groups; ▪ provides financing beyond routine membership dues; ▪ views membership as strategic 	Complete	Section 18.2.4. 'Reputation and Integrity' - Argenta's memberships are listed. Argenta has no position on the governance bodies of associations/federations or advocacy organizations. It also does not provide additional funding beyond routine membership dues.		
3. Identified material aspects and boundaries					
G4.17	List of the entities included in the organization's consolidated financial statements (or equivalent documents) List of the entities that are not included in the sustainability report compared with the entities in the consolidated financial statements (or equivalent)	Complete	Section 22.1 'Notes to the consolidated financial statements as of 31 December 2013' (subsections I and IIa) Section 23.1 'Sustainability Report - reporting basis'. The entities covered by the sustainability report are identical to the entities consolidated in the financial statements.		x
G4.18	Process for defining the report content and boundaries Explain how the reporting principles have been implemented in defining report content.	Complete	Section 18.1 'Sustainability Report - Introduction' and Section 23.1 'Sustainability Report - reporting basis' Section 18.1 'Sustainability Report - Introduction' and Section 23.1 'Sustainability Report - reporting basis'		x
G4.19	List the material aspects identified in the process of defining report content	Complete	Section 23.2 'Material aspects and stakeholder consultation'		x
G4.20	For each material aspect, report the Aspect boundary within the organization in accordance with the G4 guideline.	Complete	Section 23.2.3 'Febelfin material aspects for Corporate Social Responsibility inside and outside Argenta'		x
G4.21	For each material aspect, report the aspect boundary outside the organization in accordance with the G4 guideline.	Complete	Section 23.2.3 'Febelfin material aspects for Corporate Social Responsibility inside and outside Argenta'		x
G4.22	Restatement of information provided in previous reports, and the reasons	Complete	Section 23.1.4. 'Sustainability Report - Differences compared with 2012'		x
G4.23	Significant changes from previous reporting periods in the scope and aspect boundaries.	Complete	Section 23.1.3 'Sustainability Report - Scope' and Section 23.1.4. 'Sustainability Report - Differences compared with 2012'		x



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
4. Stakeholder engagement					
G4.24	List of the organization's stakeholder groups	Complete	Section 23.2.2. 'Argenta in dialogue with stakeholders'		x
G4.25	Basis for identification and selection of stakeholders with whom to engage	Complete	Section 23.2.2. 'Argenta in dialogue with stakeholders'		x
G4.26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of this engagement was undertaken as part of the preparation of the Sustainability Report	Complete	Section 23.2.2. 'Argenta in dialogue with stakeholders'		x
G4.27	Key topics and concerns that have come up through stakeholder engagement, and how the organization has responded (including through its reporting). Report the stakeholder groups that raised each of the key topics and concerns.	Complete	Section 23.2.2. 'Argenta in dialogue with stakeholders'		x
5. Report Profile					
G4.28	Reporting period	Complete	Section 23.1 'Sustainability Report - Scope'.		x
G4.29	Date of most recent published report (G4-29 says 'most recent previous report')	Complete	Section 23.1.3. 'Sustainability Report - Scope'		x
G4.30	Reporting cycle	Complete	Section 23.1.3. 'Sustainability Report - Scope'		x
G4.31	Contact point	Complete	Section 24 'Additional Information'		
G4.32	Process for determining the content of the report	Complete	Section 23.1.1. 'Sustainability Report - Data collection and validation'		x
G4.33	Scope of the Report	Complete	Section 23.1 'Sustainability Report - Scope'.		x
6. Governance, commitments and dialogue					
G4.35	Governance structure including subordinate committees reporting to the highest governance body. Identify the person responsible for decision-making with respect to economic, environmental or social impact.	Complete	Section 12 'Corporate Governance'		
G4.36	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Complete	Section 23.1.1. 'Sustainability Report - Data collection and validation'		x
G4.37	Process for consultation between stakeholders and the highest governance body on economic, ecological and social topics. If consultation is delegated, describe the feedback process to the highest governance body.	Complete	Section 23.1.1. 'Sustainability Report - Data collection and validation' and Section 23.2.2 'Argenta in dialogue with stakeholders'		x



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
G4.38	Composition of the highest governance body and its committees: <ul style="list-style-type: none"> ▪ Executive or non-executive ▪ Independence ▪ Duration of mandates ▪ Each individual's other significant positions and commitments and the nature of those commitments ▪ Gender ▪ Membership of under-represented social groups ▪ Competences relating to economic, social and environmental impacts ▪ Stakeholder representation 	Partially	Section 12 'Corporate Governance' Section 18.1 'Sustainability Report - reporting basis'. Stakeholder representation is present through the equity structure of the Argenta Group (Van Rompuy family and branch managers and customers via the co-operative company Argen-Co, which has a shareholding in the Argenta Group). Section 18.6 'Argenta in society' and Section 18.6.6 'Supporting volunteering' Sustainability competences are explicitly present in the CEO and various directors.	Under-represented groups in society are not represented in the highest governing body.	
G4.39	Indicate whether the chair of the highest governance body is an executive officer (and, if so, his or her function within the organization and the reasons for this situation).	Complete	Section 12.5.1 'Remuneration of non-executive directors'		
G4.40	Nomination and selection process for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members (diversity, independence, knowledge and experience relating to economic, environmental and social topics, how stakeholders (including shareholders) are involved.)	Complete	Section 12.1 'Composition and functioning of the Boards of Directors of the Argenta Group' and Section 12.4. 'Composition of the Executive Committees of the Argenta Group'		
G4.41	Processes introduced for the highest governance body to avoid conflicts of interest (e.g. membership of other boards, suppliers and other stakeholders controlling shareholder and related parties.	Complete	Section 12.1.1.2. 'Corporate Governance - Meetings of the Boards of Directors		
G4.42	Roles of the highest governance body and the senior executive in the development, approval, and updating of the organization's purpose, value and mission statements, strategies, policies and goals relating to economic, social and environmental topics.	Complete	Section 12.4 'Composition of the Executive Committees of the Argenta Group'		
G4.43	Measures taken to develop and enhance the Board of Directors' collective knowledge of economic, environmental and social topics.	Complete	Section 23.1.1. 'Sustainability Report - Data collection and Validation' and Section 23.2.2. 'Argenta in dialogue with various stakeholders'		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
G4.44	Processes for evaluation of the board of directors' performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency, and the evaluation methods used.	Complete	Section 12.1.1.2 'Corporate Governance – Meeting of the Boards of Directors - Argenta Group' (By Guberna – 'Board Effectiveness Tool')		
G4.45	Board of Directors' role in the identification and management of economic, environmental and social impacts, risks and opportunities. Include the Board's role in the implementation of due diligence processes.	Complete	Section 12.1.1.2. 'Corporate Governance - Meetings of the Boards of Directors'		
G4.46	Board's role in reviewing the effectiveness of organization's risk management processes for economic, environmental and social topics.	Complete	Section 23.1.1. 'Sustainability Report - Data collection and validation'		
G4.47	Frequency of the Board's review of economic, environmental and social impacts, risks and opportunities.	Complete	Section 23.1.1. 'Sustainability Report - Data collection and validation'		
G4.48	The highest committee or position that formally reviews and approves the sustainability report and ensures that all material aspects are covered.	Complete	Section 23.1.1. 'Sustainability Report - Data collection and validation'		
G4.49	Process for communicating critical concerns to the highest governance body.	Complete	Section 12.1 'Composition and functioning of the Boards of Directors of the Argenta Group'		
G4.50	The nature and number of critical concerns communicated to the highest governance body and the mechanism(s) used to address and resolve them.	Not applicable	No critical concerns were communicated.		
G4.51	The remuneration policy for the highest governance body and senior executives and the criteria in the remuneration policy that relate to the economic, ecological and social objectives of the highest governance body and senior executives.	Complete	Section 12.5 'Remuneration of Argenta Group senior management - fixed remuneration'		
G4.52	Process for determining remuneration. Report whether remuneration consultants are involved, and whether they are independent of management. Report any other relationships that the remuneration consultants have with the organization.	Complete	Section 12.3 'Remuneration Committee' No remuneration consultants are used. The committee is composed of three members: an independent director from the Board of Directors, a director representing the family shareholder and the chairman of the Board of Directors. It is chaired by an independent director.		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
G4.53	Process for seeking stakeholders' views and taking them into account regarding remuneration, including the results of votes on remuneration policies.	Complete	Section 12.5 'Remuneration of Argenta Group senior management'		
G4.54	Ratio of the total annual compensation of the organization's best paid individual in each country of significant operations to the median annual compensation of all employees (excluding the highest paid individual) in the same country.	Complete	Section 12.5.2. 'Remuneration of executive directors' Argenta has interpreted the highest paid person in the organization as the highest salary of the executive directors		x
G4.55	Ratio of the percentage increase in the total annual remuneration of the organization's best paid individual in each country of significant operations to the median percentage increase in the total annual remuneration of all employees (excluding the best paid individual) in the same country.	Complete	Section 12.5.2. 'Remuneration of executive directors' Argenta has interpreted the highest paid person in the organization as the highest salary of the executive directors		x
7. Ethics and integrity					
G4.56	Overview of the organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Complete	Section 18.2 'Argenta's identity' and Section 24. 'Additional Information'		x
G4.57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour and organizational integrity, such as help lines or advice lines.	Complete	Section 18.2.4. 'Reputation and Integrity' and Section 24. 'Additional Information'		x
G4.58	Report the internal and external mechanisms for reporting (concerns about) unethical or unlawful behaviour and matters that impact organizational integrity, such as escalation to line management, whistleblowing mechanisms or hotlines).	Complete	Section 18.2.4. 'Reputation and Integrity' and Section 24. 'Additional Information'		x



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
Economic performance indicators					
Economic performance					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The impact of Argenta's products and services on its customers and on society should be considered to be material. Argenta's role as a driving force in the economy is explained in Section 18.3. b) Argenta has a Treasury and Asset and Liability Management policy guideline internally available. The Risk Management department within the Argenta Group monitors compliance with this. The Compliance department watches over the areas of money laundering, fiscal prevention policy, MiFID-compliant functioning, application of the rules of behaviour and the provision of correct information to customers. c) Neither department is involved in the operational activities of Argenta Group.		
G4.EC1	Direct economic value generated and distributed	Complete	Section 22 '2013 Financial Statements'		
G4.EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	Section 18.4.3.3. 'Strengthening customer investments with social impact'	Argenta looks at the opportunities related to climate change in the product lines savings and payments, credit and insurance.	
G4.EC3	Coverage of the organization's defined benefit plan obligations.	Complete	Section 6.3 'Argenta in 2013 - Human Resources'.		
G4.EC4	Significant financial assistance received from government	Complete	No financial assistance received from the government		
Market presence					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The banking sector is a major employer. See section 18.5. 'Argenta as an employer'. b) Argenta's Group's entire pay policy is aligned with the saving banks collective agreement (CAO - PC 308). See section 6.3. 'Argenta in 2013 - Human Resources'. c) Section 18.5.3. 'Transparent policy and consultation'.		
G4.EC5	Ratio between the standard starting salary compared with the local minimum wage at significant locations of operation.	Complete	Section 6.3 'Argenta in 2013 - Human Resources'. Argenta Group's entire pay policy is aligned to the saving banks collective agreement (CAO - PC 308).		
G4.EC6	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Complete	Section 6.3. 'Argenta in 2013 - Human Resources'. All persons are recruited within the Benelux region.		
Indirect economic impacts					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not material. With regard to social investments Argenta investigated in 2013 the financing of public-private partnerships that invest in local communities (such as public swimming pools). It also offers funds constructed around sustainability topics. The amount is not significant compared with the overall economy.		
Procurement Practices					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) Banks in general are major purchasers, in particular of IT services. See Section 18.6.5 'Screening of purchasing policy' b) Section 18.6.5. 'Screening of purchasing policy' c) New processes are being introduced. See Section 18.6.5. 'Screening of purchasing policy' and 18.7. 'Status of the 2013-2015 Action Plan'		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
G4.EC9	Policy, practices and proportion of spending on local suppliers at significant operating locations.	Partially	Section 18.6.5. 'Screening of purchasing policy'	Proportion of spending going to local suppliers has not been quantified.	

Environmental Performance Indicators

Materials

DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) Paper is the most relevant for the banking sector. Other materials need to be considered to be non-significant. For further information, see Section 18.6.4.1. 'Paper consumption' b) Questioning of supplier + new monitoring initiatives are planned. For further information, see Section 18.7. 'Status of the 2013-2015 Action Plan' c) See Section 18.7. 'Status of the 2013-2015 Action Plan'		
G4.EN1	Total materials used by weight or volume	Complete	Section 18.6.4.1. 'Paper consumption'		x
G4.EN2	Percentage of materials used that are recycled input materials	Complete	Section 18.6.4.1. 'Paper consumption'		x

Energy

DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The main energy flows and related emissions are linked to lighting and heating/air conditioning. b) The significant flows were identified and monitored in the energy accounting. This includes all data from Belgium, the Netherlands and Luxembourg. c) The energy bookkeeping is verified by the auditor.		
G4.EN3	Energy consumption within the organization.	Complete	Section 18.6.4.2. 'Energy consumption'		
G4.EN4	Energy consumption outside the organization.	Complete	Section 18.6.4.2. 'Energy consumption'		
G4.EN5	Energy intensity.	Complete	Section 18.6.4.2. 'Energy consumption'		
G4.EN6	Reduction of energy consumption.		Not reported Reporting will be introduced following the efficiency improvements with the renovation of the headquarters building.		
G4.EN7	Reduction in energy requirements for products or services.		Not applicable The energy requirements are not attributable to the different banking services offered by Argenta.		

Water

DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not material. Water is used only for sanitary reasons. Consumption can be considered insignificant compared to the total CO2 footprint. Water used is purified city mains water.		
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Biodiversity

DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable to Argenta's activity (financial services provider). All branches are in urban/residential areas.		
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No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
Emissions					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) See DMA Energy b) See DMA Energy c) See DMA Energy			
G4.EN15	Total direct greenhouse gas emissions (scope 1)	Complete	Section 18.6.4.3 'CO ₂ impact'		x
G4.EN16	Total indirect greenhouse gas emissions (scope 2)	Complete	Section 18.6.4.3 'CO ₂ impact'		x
G4.EN17	Other relevant indirect greenhouse gas emissions (scope 3)	Complete	Section 18.6.4.3 'CO ₂ impact'		x
G4.EN18	Intensity of greenhouse gas emissions	Complete	Section 18.6.4.3 'CO ₂ impact'		x
G4.EN19	Reduction in greenhouse gas emissions	Not reported	Reporting will be introduced following the efficiency improvements with the renovation of the headquarters building.		
G4.EN20	Emissions of ozone-depleting substances by weight	Not applicable	Not applicable to Argenta's activity (financial services provider).		
G4.EN21	NO _x , SO _x and other significant air emissions by type and weight	Not applicable	Not applicable to Argenta's activity (financial services provider).		
G4.EN22	Total water discharge by quality and destination	Not applicable	Not applicable to Argenta's activity (financial services provider).		
G4.EN23	Total weight of waste by type and disposal method	Not applicable	Not applicable to Argenta's activity (financial services provider).		
G4.EN24	Total number and volume of significant discharges	Not applicable	Not applicable to Argenta's activity (financial services provider).		
G4.EN25	Weight of transported, imported, exported or treated waste deemed hazardous under Annex I, II, III and VIII of the Basel Convention and the percentage of waste shipped internationally.	Not applicable	Not applicable to Argenta's activity (financial services provider).		
G4.EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and run-off	Not applicable	Not applicable to Argenta's activity (financial services provider).		
Products and services					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not material for Argenta's activity (financial services provider).			
Transport					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not material for Argenta's activity (financial services provider). Only commuting and business trips are applicable and are included under G4.EN17.			

No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
General					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not material for Argenta's activity (financial services provider).		
Assessment of suppliers for environmental effects					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The banking sector is a major purchaser, in particular of IT services. See Section 18.6.5. 'Screening of purchasing policy' b) Section 18.6.5. 'Screening of purchasing policy' c) New processes are being created. See Section 18.6.5. 'Screening of purchasing policy' and 18.7. 'Status of the 2013-2015 Action Plan'		
G4.EN32	Percentage of new suppliers that are screened using environmental criteria.		Not reported New processes are being created. See Section 18.6.5. 'Screening of purchasing policy'		
G4.EN33	Significant actual and potential negative environmental impacts in the supply chain, and measures taken.	Complete	See Section 18.6.5. 'Screening of purchasing policy'		
Handling of environmental complaints					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not material for Argenta's activity (financial services provider).		
Social performance indicators					
Employment					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The banking sector is a major employer. See Section 18.5: 'Argenta's role as an employer' b) See Section 6.3. 'Argenta in 2013 - Human Resources' and Section 18.5. 'Argenta's role as an employer' c) Section 18.5.2. 'Transparent policy and consultation' and 18.7 'Status of the 2013-2015 Action Plan'		
G4.LA1	Total number and rate of employee turnover by age group, gender and region	Complete	Section 6.3. 'Argenta in 2013 - Human Resources'.		x
G4.LA2	Benefits provided to full-time employees that are not available for part-time employees, by broad activity sectors	Complete	Section 6.3 'Argenta in 2013 - Human Resources'. There is no difference in extra-legal benefits between full-and part-time employees. In the section 'Extra-legal benefits' we clearly refer to 'all Argenta Group employees'.		
G4.LA3	Return to work and retention rates after parental leave, by gender.	Complete	Section 18.5 'Argenta's role as an employer'		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
Labour relations					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	See DMA Employment.			
G4.LA4	Minimum notice period(s) in respect of operational changes, including whether this is specified in collective agreements	Complete	Section 6.3 'Argenta in 2013 - Human Resources'. This is part of the collective savings banks agreement (PC 308).		
Health and Safety					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not material for the sustainability report (financial services - not a production environment). Argenta has a safety officer to oversee Health and Safety.			
Training and Education					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) See Section 18.5.2. 'Learning and development' b) See Section 18.5.2. 'Learning and development' c) See Section 18.5.2. 'Learning and development' and 18.7. 'Status of the 2013-2015 Action Plan'			
G4.LA9	Average hours of training per year per employee by employee category and gender	Complete	Section 18.5.2. 'Learning and development' Since 2013, we have also tracked this by gender: the number of training hours for men is 43 hours, for women 34 hours. The difference in training hours between men and women is explained by the fact that more executive tasks are undertaken by women.	x	
G4.LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Complete	Section 18.5.2. 'Learning and development'		
G4.LA11	Percentage of employees receiving regular performance and career development information.	Partially	Section 18.5.3. 'Transparent policy and consultation' A programme applies to the entire Argenta Group.	A new e-learning system was rolled out in early 2014; certain data conversion problems have appeared which are being further investigated. From 1 January 2014, these data are stored in the new system.	



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
Diversity and Equal Opportunity					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) See Section 18.5.5. 'Diversity' b) See Section 18.5.5. 'Diversity' c) See Section 18.5.5. 'Diversity'			
G4.LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	Complete	Section 18.5.5. 'Diversity'		x
Equal Pay for Women and Men					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable. See Section 6.3. 'Argenta in 2013 - Human Resources'. Scales are established in the savings banks collective agreement (PC 308). No distinction is made between men and women.			
Supplier Assessment for Labour Practices					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) The banking sector is a major purchaser, in particular of IT services. See Section 18.6.5. 'Screening of purchasing policy' b) Section 18.6.5. 'Screening of purchasing policy' c) New processes are being created. See Section 18.6.5. 'Screening of purchasing policy' and 18.7. 'Status of the 2013-2015 Action Plan'			
G4.LA14	Percentage of new suppliers that were screened using labour practices criteria.	Not reported	New processes are being created. See Section 18.6.5 'Screening of purchasing policy'		
G4.LA15	Significant actual and potential negative impacts for labour practices in the supply chain, and measures taken.	Complete	See Section 18.6.5. 'Screening of purchasing policy'		
Handling of labour practices complaints					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) Section 18.2.4. 'Reputation & integrity' b) See Section 18.2.4. 'Reputation & integrity' c) See Section 18.2.4. 'Reputation & integrity'			
G4.LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance procedures.	Complete	Section 18.2.4. 'Reputation and Integrity' and Section 18.5.3. 'Transparent policy and consultation'		x



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
Human Rights Indicators					
Investment policy					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Argenta has not concluded any direct investment agreements that place the bank-insurer in the position of co-owner in other organizations. For investments, the reader is referred to the Financial Sector Supplement 'Active Shareholdership' and related indicators G4.FS10 to 12.		
Non-discrimination					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) Section 18.2.4. 'Reputation & integrity' b) Section 18.2.4. 'Reputation & integrity' c) Section 18.2.4. 'Reputation & integrity'		
G4.HR3	Total number of incidents of discrimination and measures taken	Complete	Section 18.2.4. 'Reputation & integrity'		x
Freedom of association and collective bargaining					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Given our geographic location in Belgium, the Netherlands and Luxembourg, there is no significant risk of cases of obstruction of the freedom of association and collective bargaining.		
Child Labour					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Because of our geographic location in Belgium, the Netherlands and Luxembourg, there is no significant risk of child labour.		
Forced or Compulsory Labour					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Given our geographic location in Belgium, the Netherlands and Luxembourg, there are no activities of the group with a significant risk of forced or compulsory labour.		
Security Procedures					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Security is outsourced. Suppliers undergo security screening. Branches are advised on safety by the head office Properties unit.		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
Indigenous Rights					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Given our geographic location in Belgium, the Netherlands and Luxembourg and Argenta's targeting a household customer base, the Group's activities carry no significant risk of violation of the rights of indigenous people.		
Human Rights Assessment					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Given our geographic location in Belgium, the Netherlands and Luxembourg and Argenta's targeting a household customer base, the Group's activities carry no significant risk of violation of human rights.		
Supplier Assessment for Human Rights					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The banking sector is a major purchaser, in particular of IT services. See Section 18.6.5. 'Screening of purchasing policy' b) Section 18.6.5. 'Screening of purchasing policy' c) New processes are being created. See Section 18.6.5. 'Screening of purchasing policy' and 18.7. 'Status of the 2013-2015 Action Plan'		
G4.HR10	Percentage of new suppliers that were screened using human rights criteria.	Not reported	New processes are being created. See Section 18.6.5 'Screening of purchasing policy'		
G4.HR11	Significant actual and potential negative impacts for human rights in the supply chain, and measures taken.	Complete	See Section 18.6.5 'Screening of purchasing policy'		
Handling of human rights complaints					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Given our geographic location in Belgium, the Netherlands and Luxembourg and Argenta's targeting a household customer base, the Group's activities carry no significant risk of violation of the rights of indigenous people.		
Social Indicators					
Local community					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) Section 18.6. 'Argenta in society' b) Section 18.6. 'Argenta in society' c) Section 18.6. 'Argenta in society' and 18.7. 'Status of the 2013-2015 Action Plan'		
G4.SO1	Nature, scope and effectiveness of all programmes and practices that determine and manage the impacts of the operations on communities, including establishment, activities and departure.	Complete	Section 18.6.1. 'Financial literacy' and Section 18.6.6. 'Supporting volunteer work'		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
G4.S02	Operations with significant actual or potential negative impacts on local communities.	Not applicable	Not applicable to Argenta's activity (financial services provider).		
G4.FS13	Points of access in sparsely populated or economically disadvantaged areas by type.	Complete	Section 6.1. 'Distribution'		
G4.FS14	Initiatives to improve access to financial services for socially disadvantaged persons.	Complete	Section 18.6.1. 'Financial literacy' and Section 18.6.2. 'Additional services to customers'		
Anti-Corruption					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) Section 18.2.4. 'Reputation & integrity' b) Section 18.2.4. 'Reputation & integrity' c) Section 18.2.4. 'Reputation & integrity'			
G4.S03	Total number and percentage of operations analysed for risks related to corruption.	Complete	Section 18.2.4. 'Reputation & integrity' The reputation and integrity policy applies equally to the Argenta Group and the independent distribution network.		
G4.S04	Communication and training on anti-corruption policy and procedures.	Complete	Section 18.2.4. 'Reputation & integrity' Everyone in the Argenta Group undergoes e-learning sessions in Ethics, Compliance & Anti-Money Laundering.		
G4.S05	Confirmed incidents of corruption and actions taken.	Complete	Section 18.2.4. 'Reputation & integrity' Formal reporting is in place here. This is reported in separate anti-money laundering reports.		
Public policy					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable. Argenta does not participate directly in the development of public policy. This is the domain of the professional federation of Belgian banks (Febelfin). Nor does Argenta make any financial contribution or contribution in kind to political parties, politicians and related institutions in the countries it operates in.			
Anti-competitive behavior					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable. There are no legal actions for anti-competitive behaviour, anti-trust, or monopoly practices.			
Compliance					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) Section 18.2.4. 'Reputation & integrity' b) Section 18.2.4. 'Reputation & integrity' c) Section 18.2.4. 'Reputation & integrity'			
G4.S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Not applicable	No fines or non-monetary sanctions for non-compliance with laws and regulations		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
Review suppliers regarding social consequences					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Argenta buys in primarily services. It has established a sustainable purchasing process for this. Social effects are not relevant to what Argenta purchases.		
Handling complaints concerning social consequences					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable to Argenta's activity (financial services provider).		
Product responsibility Indicators					
Customer health and safety					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable to Argenta's activity (financial services provider).		
Information on products and services					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) Section 18.4.3.4. 'Changes in products' b) Section 18.4.3.4. 'Changes in products' c) Section 18.4.3.4. 'Changes in products'		
G4.PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Complete	Section 18.4.3.4. 'Changes in products' + annex 23.4 'Appendix 4 'Changes in products'.		
G4.PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Complete	Section 18.4.3.4. 'Changes in products'		
G4.PR5	Policy regarding customer satisfaction, including results of surveys measuring customer satisfaction	Complete	Section 18.4.1. 'Satisfaction survey of customers and branch managers'		
Marketing policy					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not relevant. Argenta has a sober, 'no frills' marketing strategy with limited campaigns.		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
Customer data privacy					
DMA	Report why this aspect is material. Report the impact that makes this aspect material. Report how the organization manages the material aspect and its impact. Report the evaluation of the management approach.	a) Section 6.7. 'Mediation service' b) Section 6.7. 'Mediation service' c) Section 6.7. 'Mediation service'			
G4.PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Complete	Section 6.7. 'Mediation service'		x
Compliance					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) Section 18.2.4. 'Reputation & integrity' b) Section 18.2.4. 'Reputation & integrity' c) Section 18.2.4. 'Reputation & integrity'			
G4.PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Not applicable	No fines and not applicable for Argenta's activity (financial services provider).		
Product portfolio					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) The impact of Argenta's products and services on its customers and on society should be considered to be material. Argenta's role as a driving force in the economy is explained in Section 18.3. b) Argenta has a Treasury and Asset and Liability Management policy guideline internally available. The Risk Management department within the Argenta Group monitors compliance with this. The Compliance department watches over the areas of money laundering, fiscal prevention policy, MiFID-compliant functioning, application of the rules of behaviour and the provision of correct information to customers. c) Neither department is involved in the operational activities of Argenta Group.			
G4.FS6	Percentage of portfolio by business line by region, size and sector.	Complete	Section 6.1 'Argenta in 2013 - Distribution'. Argenta is exclusively focused on families in Belgium and the Netherlands.		
G4.FS7	Monetary value of products and services developed in order to obtain specific social benefits by department and goal.	Partially	Section 18.4.3.3. 'Strengthening customer investments with social impact' The financial quantification has taken place solely for our investment products.	Financial quantification is difficult in the other product lines/ pillars Payment Services, Savings, Lending and Insurance (e.g. free accounts/ cards services). These are reported numerically in Section 18.4.3.3.	x
G4.FS8	Monetary value of products and services in order to obtain specific environmental benefits by business line and goal.	Not applicable	Argenta offers no products offering a specific environmental benefit in the Savings, Payment Services, Lending and Insurance product lines. The feasibility of these is being further examined.		



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor (see Section 23.3.3)
Audit					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Argenta focuses on families, not corporations or governments.		
Active ownership (fund management).					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The approach to 'healthy investment' and the monetary value of the funds are discussed in Section 18.4.3.3 'Strengthening of customer investments with social impact'. b) Section 18.4.3.3. 'Strengthening of customer investments with social impact'. c) Efforts were made in 2013 to increase transparency on the composition of funds (see Section 18.4.3.3. 'Strengthening of customer investments with social impact' and 18.7. 'Status of the 2013-2015 Action Plan').		
G4.FS.10	Percentage and number of companies in the business portfolio with which the reporting organization has communicated with regard to environmental and social issues.	Complete	Section 18.4.3.3. 'Strengthening customer investments with social impact' – to all external fund managers.		x
G4.FS.11	Percentage of assets that have undergone positive or negative environmental and social screening.	Complete	Section 18.4.3.3. 'Strengthening customer investments with social impact' – minimum criteria apply to all funds.		x



23.3.3. Auditor verification of the content of GRI indicators

Argenta Bank- en Verzekeringsgroep NV

STATUTORY AUDITOR'S REPORT ON THE LIMITED REVIEW CONDUCTED ON SELECTED CSR PERFORMANCE INDICATORS PUBLISHED IN THE COMBINED ANNUAL REPORT OF ARGENTA BANK- EN VERZEKERINGSGROEP NV AS OF 31 DECEMBER 2013

To the board of directors

In our jurisdiction of statutory auditor of the company and pursuant to your instructions we have performed review procedures in order to obtain limited assurance concerning a selection of CSR indicators marked with a symbol "X" in the GRI index table ("the Data") published in the Combined Annual Report of Argenta Bank-en Verzekeringsgroep NV for the fiscal year ended at 31 December 2013.

Argenta Bank- en Verzekeringsgroep NV has made the transition from the guidelines of the "Global Reporting Initiative" (GRI) version G3.1 towards G4. The Data are defined according to the most recent guidelines dated May 2013 of the "Global Reporting Initiative" (GRI) G4 – "extended".

The Data are applicable to Argenta Bank- en Verzekeringsgroep NV as well as the underlying entities (Argenta Spaarbank NV, the branch office in The Netherlands, Argenta Nederland NV, Argenta Luxembourg SA, Argenta Assurantie NV, Argenta-Life Nederland NV en Argenta Life Luxembourg SA). The independent branches are not incorporated as they are subject to the direct responsibility of the independent branch managers.

The scope of our work is limited to the Data relating to 2013. The statement mentioned below is therefore only applicable on these Data. The other indicators and information included in the Combined Annual Report are not part of this assurance review. Furthermore, we do not provide any assurance concerning the achievability of the in the annual report included future-oriented information such as objectives, expectations and ambitions of Argenta Bank- en Verzekeringsgroep NV.

Responsibility of the board of directors

The board of directors of Argenta Bank- en Verzekeringsgroep NV is responsible for the preparation of the Combined Annual Report in accordance with the applicable legal terms. Furthermore, the Board is responsible for the reported efforts and achievements within the domain of sustainability, the preparation of the Data itself as well as applying the G4 guidelines of the "Global Reporting Initiative" (GRI).

This responsibility entails the selection and application of appropriate measurement methods used to prepare the Data, the reliability of the underlying information as well as the application of assumptions and reasonable estimations. In addition to this, the responsibility of the board of directors also entails the design, implementation and maintenance of an internal control system and procedures relevant to the preparation of the Data.



Scope of the limited audit (opinion)

We have conducted a limited review in accordance with the International Standards on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Information" to assess whether the Data has been prepared in accordance with the GRI guidelines. Our most important review procedures entailed:

- Obtaining an understanding of the design and the operational structure of the systems and methods used to collect and process the Data, the classification, consolidation and validation of these Data as well as assessing the operational effectiveness of these systems used to determine the Data;
- Conducting interviews with responsible persons;
- Examining on a sample basis, internal and external sources of information in order to evaluate the reliability of the Data and performing consistency checks on the consolidation of these data.

The scope of a limited review is substantially less. Therefore, the limited review will not allow us to obtain reasonable assurance that we will receive information concerning all matters of significant importance that potentially may be identified following an audit. As a consequence of this, we do not express an audit opinion.

Statement

We have, based upon the limited review that we conducted, no knowledge of any facts which cause us to believe that the Data are not in all material aspects prepared according to the GRI guidelines.

Diegem, 26 March 2014

The statutory auditor

DELOITTE Bedrijfsrevisoren

BV o.v.v.e. CVBA

Represented by Dirk Vlaminckx



23.4. Appendix 4 Changes in products

We give below an overview of the additional verification by the supervisory authority on the launch and modification of products. The Belgian regulator is the FSMA. The Dutch regulator is the AFM. The overview is broken down between bank and insurance products.

23.4.1. Bank Products

23.4.1.1. Argenta Spaarbank (Belgium)

The following banking products are controlled by the Belgian regulator:

	Savings	Investment products	Loans and advances
Tariff changes	Control	Control	Control
New product launches	Control	Control	Control
Advertising / publicity	Control	Control	No control
Changes to legal documents	Control	Control	Control

23.4.1.2. Netherlands branch

In the Netherlands, the situation is different. Not every change is subject to control by the regulator. An 'X' in the table below should therefore be interpreted in the sense that the laws and regulations are followed. The Dutch regulator AFM regularly prescribes regulations and good/best practices and reviews them ex post in the event of complaints or comments.

	Savings	Insurance (Mortgage and life assurance)	Mortgages
Tariff changes			
New products			
Advertising / publicity	x	x	x
Changes to legal documents	x	x	x

23.4.2. Insurance products

23.4.2.1. Argenta Assuranties (Belgium)

Controls undertaken by regulators of product modifications or launches :

	Non-Life and Health Insurance	Life Insurance	Branches 21 and 23 life insurance	Branch 23 structured products
Tariff changes	All changes must be recorded in a technical file. They do not need to be submitted for approval. Insurers are required to self-police. The NBB and FSMA may check at any time whether this self-policing is being done correctly. For health insurance only, legally regulated indexation is possible. In Belgium, other tariff changes are permitted only with NBB permission.			Not applicable
Launch of new product / additional guarantee				Control
Advertising / publicity	No control	No control	No control	Control



24. Additional Information

The annual report of Argenta Bank- en Verzekeringsgroep nv is published in Dutch, French and English. Queries with regard to the distribution of these reports can be addressed to :

The English version is a translation of the original Dutch version and is published as a courtesy to stakeholders in the event of any disparity between the two versions, the Dutch language version takes precedence.

24.1. Argenta Bank- en Verzekeringsgroep nv

Belgiumlei 49-53
B-2018 Antwerp (Belgium)
Tel: +32 3 285 50 65
Fax: +32 3 285 51 89
www.argenta.be
pers@argenta.be

24.2. Mediation service

If you have a complaint or remark concerning the Argenta Group's services, we request that you first contact your branch manager. Our branch managers are always ready to try and do all they can to help resolve your problem. If you are not satisfied with the outcome, you can then contract Argenta Group's mediation service for both Banking and Insurance issues.

Mediation service
Belgiëlei 49-53
B-2018 Antwerp (Belgium)
Tel: +32 3 285 56 45
Fax: +32 3 285 55 28
klachtenbeheer@argenta.be



In line with Argenta's sustainability philosophy, this report is printed on Cocoon Silk (fully recycled paper). The used inks are made on the basis of vegetable oil and moreover, are solvent free.





Argenta Bank- en Verzekeringsgroep nv

Belgiëlei 49-53

B-2018 Antwerp

RPR ANTWERPEN 0475.525.276

pers@argenta.be

www.argenta.be