

# Argenta Bank- en Verzekeringsgroep nv

Combined annual report & sustainability report

# 2015





€ 24.1 billion  
of housing loans  
in Belgium and  
Netherlands

503 branches  
in Belgium

411 self-employed  
branch managers

Independent advisors  
in the Netherlands

Active in  
3 countries

1.65 million  
customers

NPS score:  
**+39**

€ 40.2 billion  
of  
customer funds



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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 financial statements and the consolidated financial statements, addressed to the shareholders of the Company and its subsidiary companies.

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



The sustainability report is integrated into the annual report.  
Sustainability-related content is shown in green boxes carrying this logo.

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

# 1. Foreword



While policy initiatives to further curb global warming of our planet are beginning to take a tangible form, the world economy seems rather to have a need for opposite measures.

Corporate earnings appeared to have recovered only slowly in 2015. Hopes of a widespread economic recovery had been fuelled by the wide-ranging commitment of central banks to supply the economy with cheap liquidity, in the form, among other things, of extremely low interest rates, a substantial quantitative easing programme by the European Central Bank (ECB) and severe interest rate cuts by the Chinese central bank, in conjunction with decreasing reserve requirements for their banks.

The consolidation phase that took place in the second quarter of 2015, degenerated quite quickly, though, with a series of panicky reactions of the various market parties.

In July, the Greek financial situation (once again) brought bond markets in the Eurozone peripheral countries into a very volatile stage, while stock prices took a heavy beating.

In September, attention shifted toward the impending decision by the US central bank. Given the weak economic situation and the turbulence in financial markets it was, however, decided to postpone this symbolically very important change in monetary policy. Meeting on 16 December, the Federal Reserve

reassessed the economic situation and finally took the decision to adjust the interest rate policy upwards.

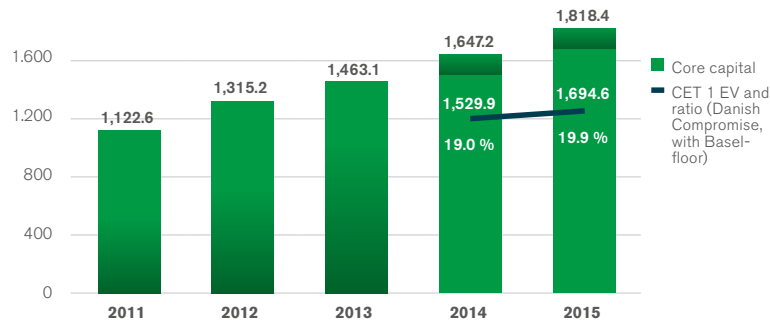
This decision is of historical importance: it being the first time in a decade that monetary policy has taken on a restrictive accent. It is still unclear whether this emphasis will prevail in the future. The continued low interest rates in any case remain a challenge for the financial sector.

In this continuing low interest rate environment, Argenta conducted a prudent financial policy based on seeking an optimal balance of risk with return, while keeping close watch on the net asset value on both the bank's and the insurer's balance sheets. Thus, no significant capital gains were realized in order to flatter profits in the short term, but a conscious decision was taken to have these proceeds flow into earnings in the longer term, leaving a buffer for the future.

In 2015, Argenta's net profit (IFRS) rose by more than 13%, from EUR 216.4 million to EUR 244.8 million. Under BGAAP, profit at group level amounted to EUR 226 million. This represents a drop in accounting earnings compared to the record year of 2014, but an EUR 11 million increase in recurring profit compared to the same year. The continued investment in digitization and in professionalism of the advisory services put pressure on expenses, but the cost-income ratio remained under control at 53%.



### Core Capital and Common Equity Tier 1 ratio (in millions en %)



The BGAAP core capital is calculated by the Building Block method. The prudential ratio (with Basel floor) has been calculated since 2014 by the Danish Compromise Method, applied at BVg level following the approval of the regulatory authority.

Excluding the bank levy, the cost-income ratio was 40%.

Regulatory core equity grew by 11% from EUR 1,530 million to EUR 1,695 million. The common equity tier 1 ratio increased to 19.9% (Basel III 'phased-in' with floor) and to 20.8% (Basel III 'fully loaded' with floor).

Argenta's strong creditworthiness was confirmed in late November 2015 by the transparency exercise of the European Banking Authority (EBA). Argenta is among the safest banks supervised by the ECB. This transparency exercise confirms the results of the asset quality review and stress tests conducted by the ECB in 2014.

Finally rating agency Standard & Poor's confirmed Argenta's A- rating as stable.

More than 500 branch offices and their branch holders continue to play a central role in Argenta's business model in Belgium, embodying the values of proximity, trust and local roots. Through these branch offices, Argenta builds lasting advisory relationships with its customers day after day. With its '2020' strategic programme, Argenta is working on an organization that can, into the future, remain the best financial services provider for individuals and families, in the light of evolving customer expectations concerning digitization, advice and convenience.

The Netherlands is Argenta's second home market and an important growth area. This is expressed in the controlled and steady growth of incoming funds and mortgage business. As part of the '2020' programme, the strategy of Argenta Netherlands was redrawn with a focus on innovation and digitization of the product offering, developing brand awareness in the Netherlands and improving existing processes.

Meanwhile, Argenta has to organize a changing of the guard. At the general meeting of 29 April 2016, Johan Heller will resign as CEO. Johan Heller joined Argenta in 2008 as CEO of the insurance business, and in 2010 was the first CEO to head up the entire Argenta Group, both the bank and the insurance business. Under his leadership the two executive committees were fully integrated.

Among the nearly eight years of Johan Heller's leadership, Argenta - right through the most difficult period of the global financial crisis - had its best years ever in terms of financial performance.

Under the leadership of its new CEO, Argenta will have to set its course for the next decade: with digitization and expert advice as key concepts.

Founded in 1956, Argenta celebrates this year its 60th birthday. In the past 10 years in particular, it has undergone a remarkable evolution from a family SME to a major retail banker and insurer. Ownership remains firmly anchored in the Van Rompuy family as controlling shareholder (through Investar) and 70,000 co-operative members (via Argen-Co), both striving for a high-performance company with a long-term vision.

This impressive evolution does not preclude Argenta from remaining true to its historical and strong cultural values of simplicity, transparency, 'no frills', honesty and sustainability. Based on these values, it wants to remain a reference in the financial sector for the next 60 years, as it has been successfully during the past 60 years.

Jan Cerfontaine  
Chairman of the Board of Directors



## 2. Argenta's Mission and Vision



**“For the past 60 years Argenta has grown in its own strength. Independently and autonomously. At times in ways that appeared at the time unusual or even contrarian. With Healthy Investment and Healthy Growth, new growth circles are presenting themselves in the Argenta epic.”**

**Johan Heller,**  
CEO

In coming years, growth in our society will be dominated by two major trends. The first is the digitization of society in all aspects of service provision. Customers want an up-to-date insight into their financial needs, possibilities and opportunities, 24/7 and wherever they are. Making personalized information available to each and every customer is a huge challenge and a major driver of Argenta. Our independent consultants will be supported by digital information and transaction channels to enable them to offer this permanent insight to everyone who wants it in Belgium.

The second trend is that of personal talent development. Every Argenta employee and every self-employed branch manager is given opportunities and space to develop within the Argenta framework. Lifelong learning, with training courses, mentors, sales coaches, Accelerando and investment projects, offers an inspiring environment in which to grow in one's daily work. This broad-based talent development fits into what we call 'Healthy Growth'. Employees' desires, goals and needs are linked in to Argenta's business goals. Argenta will need to offer its employees a motivating and inspiring environment, one in which people can give the best of themselves, where challenges can be picked up, where attention is paid to developing a good leadership culture, and where people can grow in a healthy work-life balance.

In 2015, Argenta, led by CEO Johan Heller, redefined its mission, vision and strategy based on these insights.

### 2.1 Mission



Argenta wants to assist families and individuals in living financially healthy lives, in a simple, honest and close-at-hand way.

- Argenta wants to achieve this mission with respect for the core values that have marked Argenta's strategy and corporate culture from the outset:
  - Simple, 'no frills'
  - Clean & honest
  - Human and close-at-hand
  - Enterprising and independent
  - Future-oriented and secure

### 2.2 Vision

Argenta wants to be a **strong and independent bank-insurer** with an excellent customer service and lasting relationships with its shareholders, self-employed distribution partners, employees and partners-suppliers.



Argenta wants to be a **secure and stable bank-insurer** with a sound risk and investment policy focused on sustainability. Secure and stable means, in addition to strong capital and liquidity ratios, that the current rapid digitization goes hand-in-hand with the necessary protection of personal and other data.

In **Belgium**, Argenta wants to be **human and close-at-hand** through its self-employed distribution partners but also digitally with a range of banking and insurance products tailored to individuals and families.

In the **Netherlands**, distribution takes place digitally and through independent distribution channels, with a focus on savings and housing loans.

In **Luxembourg**, Argenta manages investment funds.

## 2.3 Strategy

### Strategy towards customers - financially healthy living

Argenta wants to assist individuals and families to live financially healthy lives both today and in the long term. Each **customer is entitled to a** basic package of services consisting of internet banking and a high degree of self-service. Payment services and securities custody are free. Additionally Argenta offers **simple, honest and attractive banking and insurance solutions that give excellent value for money.**

### Strategy towards Argenta employees - healthy growth

Argenta wants to be an inspiring environment for its employees. Argenta encourages and supports them in developing their skills and in their personal growth.

Each Argenta employee is encouraged to pursue the following four core competencies: collaboration, customer and result-oriented working, and self-development.

### Collaborating Nexus, Nexus College and Nexus Design

Argenta wants to provide effective information and communication with its senior managers and its specialists.

- Each month, the Executive Committee and department heads meet in a consultation called Nexus, focused on strategy, core objectives, leadership, healthy growth and similar issues.
- In Nexus College, Nexus undertakes a substantive discussion three times a year with senior Argenta specialists on topics like systemic risk, the bank levy, and their vision for the future of the banking sector.
- In Nexus Design, EC members and department heads speak with senior process management specialists, IT analysts and business consultants on business architecture, innovative processes and



Nexus



organization. Recently, an external speaker spoke on 'exponential organizations', examining the impact of new technologies on existing organizational structures.

### Strategy for a healthy and sustainable organization

Argenta wants to implement this strategy with an efficient, lightweight and flexible business organization and through a continuous focus on process excellence.

Digitization makes up a substantial part of this business model, and digitally reliable solutions represent at once a challenge and an opportunity to better fulfil our mission. This must not, though, prevent Argenta from remaining accessible, human and close-at-hand.

## 2.4 Sustainable core objectives and values



Argenta has set sustainable core objectives for 2015 and the years ahead in its 'Argenta 2020' long-term strategy. These core objectives contribute to fulfilling

Argenta's mission. They are clustered into three themes:

- Entrepreneurship
- Reliability and safety
- Results for the future

These three core objectives are reflected in the sustainable values that Argenta pursues. They form the thread running through this combined annual and sustainability report.

## 3. Argenta In 2015: Some milestones

### 3.1 Credit rating from Standard & Poor's

The creditworthiness of Argenta Spaarbank nv (hereinafter **Argenta Spaarbank**) has been assessed since 2005 by Standard & Poor's (**S&P**). The rating agency assesses financial institutions on a regular basis based on their ability to fulfil their payment obligations in the short and long term. The credit rating expresses the institution's financial strength measured in terms of solvency, liquidity, business position, risk profile and creditworthiness. During the financial crisis, Argenta's rating remained stable at BBB+, while virtually every other bank's rating fell.

In April 2014, S&P upped Argenta Spaarbank's rating from BBB+/A-2 with stable outlook to A-/A-2 with negative outlook. Based on the very strong capital buffers, Argenta Spaarbank's rating was revised from BBB+ to A-. The initial negative outlook was based on the fact that S&P expected the implicit government support to disappear for systemic banks with the introduction of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 *on the establishment of a framework for the recovery and resolution of credit institutions and investment firms* (known as the Bank Recovery and Resolution Directive, hereinafter **BRRD**), even though it should be noted that Argenta has never received government support.

This upward revision runs counter to the general market downtrend for financial institutions' ratings.

On 2 December 2015, S&P judged that it expected Argenta to be able to withstand the loss of potential government support with a sufficient loss-absorbing buffer. Consequently, the rating was confirmed at A-/A-2, with the outlook changed from negative to stable.

**STANDARD  
& POOR'S**

**The long-term vision, recurring profitability, low cost ratio and the reinvestment by the family shareholder of a significant portion of its dividend year after year contribute to the organic and steady growth of Argenta's equity. This is expressed in a stable rating and very healthy capital and liquidity ratios. Argenta also demonstrates that it is preparing in an appropriate manner for a rapidly changing European regulatory environment that ensures even greater protection for our customers.'**

**Geert Ameloot**  
CFO



### 3.2 One year of ECB supervision and EBA review

In the wake of the financial crisis, the European Central Bank took over supervision of Europe's largest banks from the national supervisory authorities.

Being a systemic bank, Argenta falls, since 4 November 2014 and along with some 130 other systemic banks, under the direct supervision of the ECB.

This transfer was preceded by a comprehensive assessment. Argenta scored very well here, both in the asset quality and the stress tests. This we reported on extensively in the 2014 Annual Report.

In 2015, ECB supervision effectively got under way. Specifically: a Joint Supervisory Team (hereafter **JST**) organizes, on a structural basis, local inspections, workshops, interviews and requests various reports. The JST is, in Argenta's case, an international team with staff drawn from the ECB, the National Bank of Belgium (**NBB**) and the Dutch national bank De Nederlandsche Bank (**DNB**). In its supervisory role it has regular contacts with the bank's various supervisory bodies and management levels.

Other ECB bodies also impose direct reporting obligations on Argenta, as part of certain regular examinations to which all systemic banks are subject.

At the start of 2015, Argenta set up an ECB coordination function to ensure optimally smooth-running contacts with the ECB. Smooth, well-structured interaction with the ECB is in the best interests of both sides.

End 2015, the NBB required Belgian banks to set up a so-called 'systemic capital buffer'. For Argenta this amounts to 0.75% and needs to be set up within three years. Argenta's existing capital buffers fully meet all these additional requirements.

Besides the direct supervision by the ECB, Argenta is, like the other systemic banks, also subject to various reporting obligations towards, among others, the European Banking Authority (**EBA**). Based on the data reported in 2015, the EBA recently conducted a so-called transparency exercise.



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**“The EBA study again shows that Argenta ranks number one in terms of safety among banks in Belgium and the Netherlands, and one of the top banks in Europe. This is especially important for our customers. Thanks to this strong capital buffer, their assets are extremely well protected at Argenta, even in the event of severe shocks to financial markets. The EBA transparency exercise shows Argenta to have a very low rate (0.9%) of credits in severe payment arrears. This is substantially lower than the average of 5.6% for Europe and 4.4% for Belgium of the other banks under EBA supervision.”**

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**Gert Wauters**  
CRO



**EUROPEAN CENTRAL BANK**  
**EUROSYSTEM**

This exercise yielded detailed data on the balance sheets and portfolios of European banks. These were published at the end November 2015 on the EBA website. This transparency exercise confirmed Argenta's financial soundness. With an impressive capital ratio of 23%, the Argenta Group is one of the safest banks under the ECB's supervision in Europe. The European average was 12.8%. This result confirms the positive results of the asset quality review and stress tests carried out in 2014.

Together with the supervisory authorities, Argenta is examining the concept of 'proportionality'. The application in particular of the new European regulations in the context of the Banking Union needs to be tailored to the particular bank, a need that the EBA and the ECB also recognize. Since the introduction of the new prudential rules Argenta has felt the need for a new director (ECB coordination officer), various reports have changed significantly and grown sharply in number, and the number of stress tests and the intensity of inspections of every kind has risen sharply.



### 3.3 Healthy growth and Employee Opinion Survey

Argenta's HR department, under the name of Organisation & Talent department (**O&T**) has since 1 April 2015 been headed by Veronique Michiels. Together with the CEO and the programme steering committee, she has developed the 'healthy growth' vision which aims to support managers and employees at all levels. 'Healthy Growth' is Argenta's HR programme for the future and fits into the 'Argenta 2020' strategy.

In October 2015, O&T launched a first Employee Opinion Survey in conjunction with Process Excellence. Argenta employees were given an opportunity, via an online survey, to give their opinion on a number of issues that are crucial to the engagement between employee and employer. Further information can be found in Section 5.1.3. Organization & Talent



**Marinka van de Meer**  
CEO Argenta Nederland

### 3.4 Rethinking Argenta Netherlands

The Netherlands is Argenta's second home market and an important growth area. This is expressed in the controlled and steady growth of incoming funds and mortgage business.

Under the leadership of the new Argenta Netherlands CEO, Marinka van der Meer, the Argenta Netherlands strategy has been extensively redrawn. The focus is today on innovation and digitalization of the product offering, strengthening brand awareness in the Netherlands, improving existing processes, and more intensive cooperation with partner vendors; all in close collaboration with Argenta Spaarbank. See also Section 5.2.1.

### 3.5 Bank of the year 2015

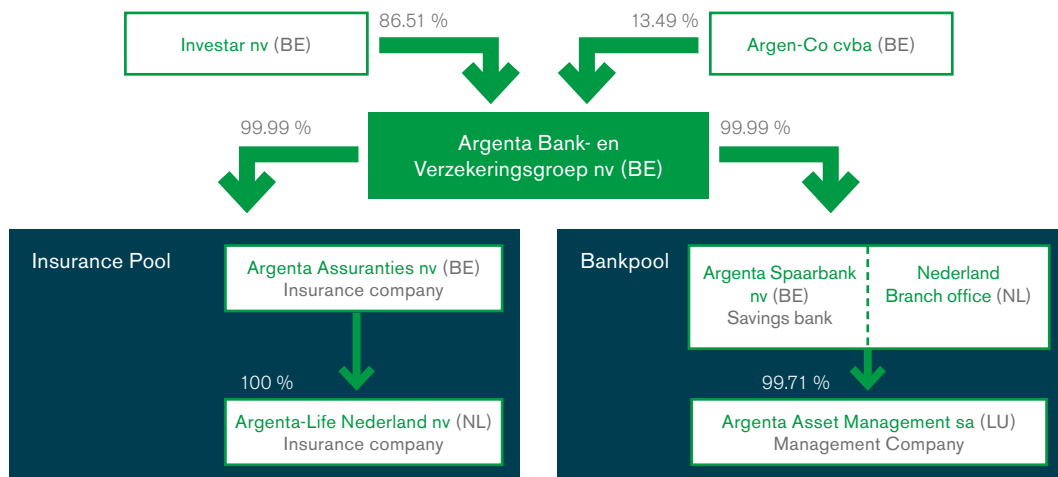
On 22 December, the online Bankshopper.be poll showed Argenta to be 'Bank of the Year' for the fifth time in a row.

As with the previous surveys Argenta is making good use of its victory. No less than 57,000 visitors cast their votes at Bankshopper.be.

**BankShopper.be**

## 4. Description of the structure of Argenta

### 4.1 Group structure at 31 December 2015



The Company's shares are held 86.51% by Investeringsmaatschappij Argenta nv (**Investar**), a mixed financial holding company, and 13.49% by Argenta Coöperatieve cvba (**Argen-Co**). Argen-Co has the status of a recognized cooperative company pursuant to the Act of 20 July 1955 concerning the National Council for Cooperation.

The Company is the management holding company of the Argenta Group. Its operating activities include Internal Audit, Compliance & Integrity, Risk & Validation, Legal, O&T, and since November also Operational Risk Management & ECB Office, which are organized centrally for all Argenta companies. Internal Audit, Compliance and Risk (risk management function) are the key statutory functions.

The Company has the status of a mixed financial holding company, a non-regulated parent company at the head of a financial conglomerate pursuant to Art. 3, 39 of the Belgian Act of 25 April 2014 on the status and supervision of credit institutions (hereinafter the **Banking Act**). The Company consolidates and is responsible for the joint control of its subsidiaries Argenta Spaarbank, a Belgian credit institution, and Argenta Assuranties

(hereinafter **Argenta Assuranties**), a Belgian insurance company. Argenta Spaarbank and Argenta Assuranties have in turn various subsidiaries.

Argenta Spaarbank has a subsidiary Argenta Asset Management sa. This Luxembourg company is responsible for the management and central administration of Argenta's UCITSs (Undertakings for Collective Investment in Transferable Securities) viz. Argenta Fund and Argenta Fund of Funds. On 27 October 2015, Argenta Netherlands nv, a Dutch SPV (*Special Purpose Vehicle*) for the issuance of bonds, was dissolved. Argenta Spaarbank also has a branch in the Netherlands. Argenta Spaarbank, with its Dutch branch and Luxembourg subsidiary, together form the Bank Pool.

Argenta Assuranties has a subsidiary Argenta-Life Nederland nv (**Argenta-Life Nederland**), an insurance company under Dutch law. Argenta Assuranties and its Dutch subsidiary together form the Insurance Pool.

All shareholdings in Argenta are (quasi) 100% shareholdings, so that no (other than purely formal) minority interests need to be reported.

The senior management structure was adapted in 2015 to meet Argenta's growth and the increasing complexity of the legal and financial world. Four new executive departments were established: Operational Risk & ECB Office, Credit Policy, Legal & Procurement and the new Portfolio Management Office. The number of executive departments has increased from 27 to 29. In 2015, there were 11 female executive department heads and one female member of the Executive Committee.

## 4.2 Argenta in the Netherlands and Luxembourg

### 4.2.1 Information concerning the existence of branch offices

Neither the Company nor Argenta Assuranties has branch offices.

#### Netherlands branch office

Argenta Spaarbank has had a branch in the Netherlands since 2003. This is responsible for the production of housing loans and attracting savings in the Dutch market.

The Netherlands is Argenta's second home market and an important growth area. In 2015, the Dutch market saw increasing pressure on interest rates and margins. The savings market found itself in a changed situation with the low interest rates and with pension funds and foreign investment companies entering the mortgage market (see also 7.2 Lending).

### 4.2.2 Information concerning foreign companies

#### Foreign subsidiaries of Argenta Spaarbank

With the cessation of all banking activities in Luxembourg, Argentabank Luxembourg was converted on 31 December 2014 into Argenta Asset Management (AAM), a management company that specializes in managing the UCITSs of the Argenta Group.

The liquidation of Argenta Life Luxembourg, dissolved on 23 July, 2014, was finally completed in 2015.

Argenta Netherlands, a Dutch law issuance vehicle, being no longer active, was dissolved on 27 October 2015.

#### Foreign subsidiaries of Argenta Assuranties

Argenta-Life Nederland has the status of a Dutch insurance company. It offers life insurance linked to housing loans. It also manages a portfolio of endowment mortgage insurance policies.

#### Foreign UCIs promoted by Argenta Spaarbank

Argenta Fund and Argenta Fund of Funds sicav are UCITSs (Undertakings for Collective Investment in Transferable Securities) with variable capital incorporated under Luxembourg law. These are institutions whose rules are harmonized. Argenta Fund of Funds 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 funds.



## 5. Description of the centrally organized activities

### 5.1 Strategy

#### 5.1.1 Argenta 2020

At the end of 2014, Argenta completed a strategic exercise based on the long-term strategy. This resulted in the 'Argenta 2020' long-term strategic plan. For implementing the 'Argenta 2020' plan, a number of specific programmes were developed in which certain long-term objectives were established for the Argenta Group.

Mid-2015, five programme definitions were selected within the strategic plan: Digital Belgium, Digital Netherlands, Investment House, Data and Information Management, and Healthy Growth. The different management teams direct the programmes.

In addition to these five programmes, there are investment projects - that is, major investments to ensure the proper functioning and/or strongly increase the operational excellence of the organization - with room also for smaller improvement initiatives.

The governance and support organization for programmes and projects was fine-tuned in 2015. Management and quality control of programme and project activities and processes are now brought together in the Project & Process Excellence department, which forms the competence centre for processes and projects. The portfolio function and project controlling have been placed with the Finance management team in the Portfolio Management Office. In addition, there is a separate function, that of business architect, tasked with developing the business architecture and aligning it with the IT architecture.

The above structures and processes will from 2016 strengthen the implementation and clout of the change paths.

#### 5.1.2 Project & Process Excellence

As from 1 December 2015, the project leaders are part of the Project & Process Excellence department, which is responsible for the methods, process support and quality assurance for projects and processes. Alongside project leaders, work simplifiers and management trainees also report to the Project & Process Excellence department head.

#### Culture of Improvement

For several years now, Argenta has opted for a 'lean' approach to process optimization. 'Lean' refers here to the managerial methodology which aims to be as efficient as possible. For this, the company-wide 'Accelerando' culture of improvement programme was introduced at Argenta, aimed at rooting the lean approach in every department and getting every employee to think and act lean.

The main aspects of the Accelerando programme and of Argenta's continuous improvement culture are:

- Doing the right things: focusing on all activities that add value, with an emphasis on 'no frills', avoiding waste and simplicity. Constantly working on a 'no frills' organization by avoiding waste and unnecessary costs.
- Doing things right: focusing on all activities that add value, on predictability, speed, error-free work and sustainability.
- Taking action to increase the NPS<sup>1</sup> of both customers and branch managers.
- Embedding a 'lean' improvement culture in the organization: a culture where employees ask themselves daily how they can do things better.



<sup>1</sup> The Net Promoter Score (NPS) is an easy way to measure customer loyalty in an organization. It is also comparable over time and between different sectors. The result can be between -100 and +100.

The core activities of Project & Process Excellence are:

- encouraging the organization to always think and act lean and customer-oriented;
- setting up, managing and running programmes that provide structure to improvement processes, like structuring satisfaction surveys and the Accelerando programme in which employees are encouraged to continuously improve their own activities;
- training and coaching staff in continuous improvement methodology;
- training and inspiring employees through workshops and training sessions in order to remove resistance to improvement, among other things by supporting change projects;
- undertaking improvement projects itself, especially those involving cross-departmental processes.



### Net Promoter Score (NPS): Satisfaction survey of customers and branch managers

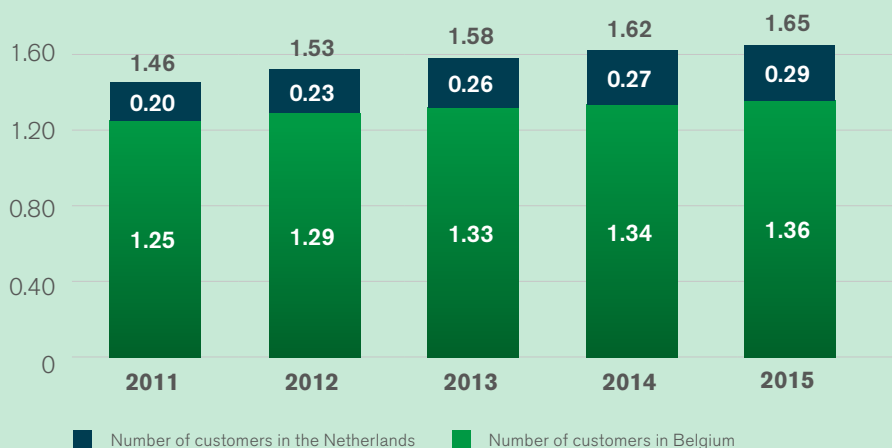
Long-term, sustainable relationships with branch managers and customers are of paramount importance for Argenta.

So as not to lose sight of the interests of customers and branch managers, Argenta initiated in 2012 its NPS surveys. These probe the loyalty and satisfaction of customers and branch managers. In the annual customer survey, customers are asked to state, on a scale of 0 to 10, whether they would recommend Argenta to friends or family. For the annual branch manager survey, the question is whether branch managers would recommend friends or relatives to become branch managers at Argenta. This question is supplemented each time with some open-ended questions and traditional satisfaction questions to clarify the results.

In 2012, Argenta received an NPS score of 51 from its customers, in 2013 of 53 and in 2014 of 33. In 2015, this rose to 39. This places Argenta among the best banks in Belgium (better than the four majors and other niche or retail bank(s)). In 2014, the NPS score of the branch managers was -9, increasingly slightly to -8 in 2015. At the same time, Argenta was voted 'Bank of the Year' for the fifth year in a row in the Bankshopper.be poll, in which no less than 57,000 persons took part.

The trust of our customers evidenced by the increasing NPS and the election as Bank of the Year is also confirmed by the rising number of customers. These increased from 1.43 million to 1.65 million between 2010 and 2015, that is by 15.38% over a 5-year period.

Number of customers (in millions)







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**“Argenta’s Customer Service wants to be the reference in the Belgian banking and insurance sector for excellent service to self-employed branch managers and retail customers. With a healthy, profit-making, lean and sustainable context it wants constantly and consistently to exceed customer expectations by aligning all processes to customer needs, so that every contact, whether face-to-face or digital, is of real value. Value-producing contacts contribute to the growth of Net Promoters”**

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**Anne Coppens**  
COO

### 5.1.3 Organization & Talent

Argenta's **O&T** (human resources management) department, headed since 1 April 2015 by Veronique Michiels, works with the CEO and the programme steering group to support managers and employees at all levels, based on the vision of 'Healthy Growth'. 'Healthy Growth' is Argenta's HR programme for the future and fits into the 'Argenta 2020' strategy.

For Argenta's executives, this means that O&T management:

- advises them in achieving their goals by linking the talents in their own teams with the needs of the organization;
- advises and supports them in the practical application of O&T policy across the organization;
- coaches them in developing into strong leaders;
- assists them with expertise in specific areas (recruitment, staffing, talent, team and organizational development, assessment and remuneration, legal regulations, social relations and the like), and
- as a process monitor watches over the correct implementation of procedures and policies across the company, and intervenes where necessary.

For Argenta employees, this means that O&T:

- takes the necessary actions to achieve the goals of this vision, along with Argenta senior management, employees and other stakeholders;
- seeks to increase the commitment and involvement with Argenta through various initiatives and clear communication; and
- provides a listening ear for suggestions and feedback as to how constantly to improve what we do and how we do it.



“With ‘Healthy Growth’ we have stated a sharp ambition. Our baseline measurement proves that the goal is achievable. The route towards it is as inspiring and meaningful as is reaching the finish line. Our talents are our real strength!”

**Veronique Michiels**  
Department head Organization & Talent

### Organization

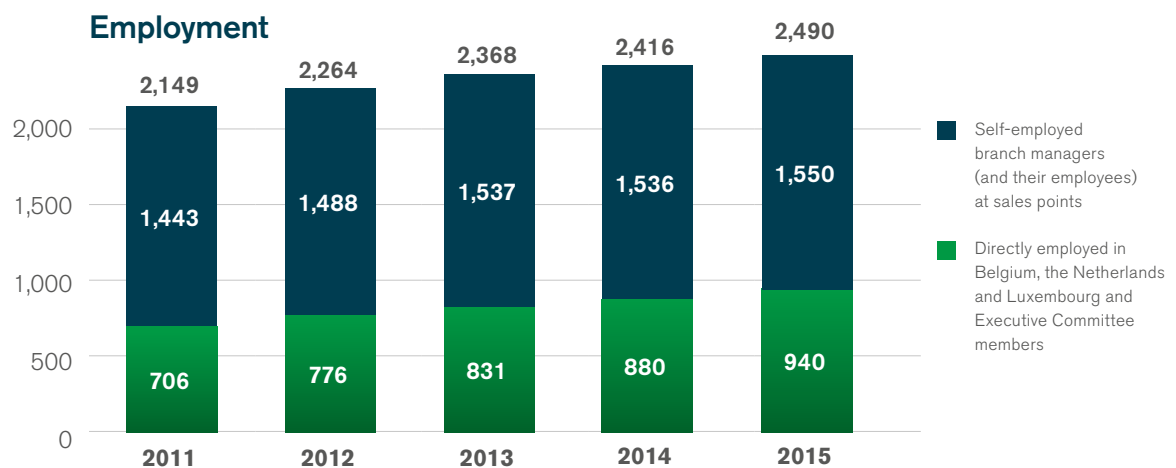
The O&T department looks after the central organization of all employee-related matters.

Total workforce by type of work, employment contract and country

		2013	2014	2015
Distribution by country	Belgium	775	830	888
	Netherlands	31	32	35
	Luxembourg	25	18	17
Full time/part-time	Full-time	75%	75%	76%
	Part-time	25%	25%	24%
Distribution by contract type	Permanent	99%	98%	98%
	Temporary	1%	2%	2%

The number of Argenta employees in Belgium grew by a net 58 during the year, to 888 employees at the end 2015. In the Netherlands and Luxembourg, the employee count remained relatively stable.

Beyond its salaried employees, Argenta also has an extensive network of self-employed branch managers with their own employees. In 2015, 2,490 people worked on a daily basis for Argenta.



## Employee turnover

		2010	2011	2012	2013	2014	2015
<b>Departures by region</b>	Belgium	99	76	68	65	91	108
	Netherlands	3	1	2	1	6	5
	Luxembourg	3	18	0	5	4	2
<b>Departures by gender</b>	Man	38	52	33	36	42	55
	Vrouw	67	43	37	35	59	60
<b>Departures by age</b>	< 30	31	26	18	20	20	24
	30 - 50	66	61	43	44	71	77
	> 50	8	8	9	7	10	14

In Belgium, employee turnover increased to 13.05% (includes branch managers in training and moves in both directions between the self-employed branch network and directly-run branches). In the Netherlands, there was an increase to 9.38% linked to the renewal process at Argenta Netherlands.

The pattern in Luxembourg reflects the liquidation of Argenta-Life Luxembourg and the conversion of Argentabank Luxembourg into Argenta Asset Management.

### Remuneration policy

The Argenta Board of Directors establishes the general principles of the remuneration policy for employees, with the advice of the Remuneration Committee, and monitors its implementation (**'Pay Policy'**). The Pay Policy determines which pay scales apply to what functions, taking into account the degree of difficulty, responsibility, the level of required training/experience and the necessary specialization of a particular function. The Argenta Group strives to remunerate its employees in line with market conditions. The salaries of Argenta employees, administrative staff, management and senior executives consist solely of a fixed amount. At Argenta, there is no variable compensation, except for regional directors who enjoy a limited variable remuneration (maximum one month's wage) under certain conditions. For the sake of technical business unity and for practical reasons, e.g. in the case of transfers between Argenta companies, Argenta's Pay Policy is aligned primarily with the collective bargaining agreement for savings banks (JC 308). For all functions within the Argenta working companies, the O&T department proposes a draft Pay Policy and any changes on the basis of internal and external conditions.

For 'Identified Staff', the remuneration principles are the same as for other positions in Argenta. The individual targets at Argenta are formulated in a way as not to interfere with independent operation (see also 10.3 Remuneration Committee).

In addition to the standard remuneration (monthly salary, single and double holiday pay, 13th month), all Argenta staff members receive hospitalisation insurance, group life and pension insurance and luncheon vouchers. The hospital insurance can be extended to the entire family. Company cars may be allocated for specific positions.

### Group insurance

Argenta's pension reserves are placed with an outside insurer: these are therefore not on the balance sheet.

in EUR millions	2013	2014	2015
<b>Overview of group insurance reserve</b>	32	36	39

Pension plans (including defined contribution ones) are regulated in Belgium by the Supplementary Pensions Act (**'WAP'**) of 28 April 2003. Under Article 24, WAP employers must guarantee minimum returns on employee and employer contributions. The legal minimum guaranteed return can only be changed by Royal Decree.

The guaranteed return within the WAP has come under heavy pressure in recent years. Insurance companies are no longer able to guarantee the WAP-guaranteed minimum return of 3.75% on employee contributions and 3.25% on employers' contributions. This is mainly due to the low interest rates on government bonds (known as OLOs) in which insurance companies invest the employee and



employer contributions entrusted to them. The low yield on government bonds is due to the current low interest rates that are to a large extent imposed by the ECB to boost the overall economy.

For this reason, the Act of 18 December 2015 *to ensure the sustainability and the social character of supplementary pensions and to strengthen the complementarity with respect to retirement pensions* adjusted the WAP-guaranteed yield. Until 31 December 2015, the interest rate on employee contributions was, as mentioned, 3.75%, and that on employer contributions was 3.25%. The interest rate applicable from 1 January 2016 was published

by the FSMA on its website on 29 December 2015. This is 1.75%, which is also the lower limit of the legal spectrum (between 1.75% and 3.75%). This rate applies to all new employee and employer contributions paid in from 1 January 2016. A calculation was made, as of 31 December 2015, of the adequacy of the technical reserves of the group insurance for covering the obligations, taking into account, inter alia, the need to continue to guarantee the 3.25/3.75% rate on already paid-in contributions (the 'horizontal method'). Based on the assessment of these figures, no additional charges and liabilities were recorded.



### Argenta's sustainable HR policy focuses on 'Healthy Growth'

Under the impetus of the new O&T Director, the CEO and the 'Healthy Growth' programme steering committee, a sustainable HR vision was developed for Argenta. This vision Argenta wants to implement and fulfil with conviction. This vision goes under the name of 'Healthy Growth'.

*'Our vision is that we can grow together. Both the organization and our talents.'*

On the one hand, we state that Argenta can grow only if it allows its employees - its talents - to. For example, new technologies and changing customer expectations require us to be constantly adapting and willing and able to change the way we run the business. Argenta can respond to these new developments by allowing its talents to pick up these innovations and integrate them into their everyday jobs. In this way, turning successful new trends into business strengths is linked to the growth of talents in the company.

The other way round, talent can grow only if the organization grows. Meaningful, challenging jobs, where employees can give of their best and where they are permanently learning, can come into being and continue only if Argenta is growing as a whole. In a stagnant business, there are few challenging jobs in which people can develop themselves.

Healthy growth is all about the connection between organization and talent, the connection between Argenta and every employee. That connection is visible - not coincidentally - in the ampersand in the name of the O&T department.

The connection between organization and talent we can identify with the term 'commitment'. And commitment is, by definition, mutual. Commitment supports, strengthens, engages and inspires people, and makes us able to achieve results and added value for customers, branch managers and partners.

### Features of the vision

In 2015, Argenta's vision of the future was further refined. Together, the Healthy Growth steering group, the Executive Committee, the department heads and all executives defined a number of features that reflect the ambitions.





As an organization and employer, we want to distinguish ourselves by the following features:

- Goal-oriented and powerful
- Contemporary and inspirational
- Teaching and coaching
- Leadership and mastery
- Flexible and lean

The ambition? That employees perceive Argenta as a place where ...

- they can be themselves and where the company is making efforts to improve employee well-being;
- they feel strong in themselves and supported in their personal and professional development;
- they can take the initiative to contribute, where effort and results are valued correctly, where they receive feedback and also where non-performance is addressed;
- they are given space, based on trust, and can take responsibility for their roles in realizing Argenta's core objectives;
- they have the opportunity to contribute meaningfully to the realization of Argenta's challenging targets and growth.

### Capacities, initiatives and core competencies

Healthy Growth is one of the major investment programmes at Argenta. Just as the ambition to interconnect organization and talent, the core objectives and competences are in continuous dialogue with Argenta's values and mission. The challenge lies in striking the right balance between maintaining and developing all these constantly-interacting components.

For this reason, we listed in 2015 those capabilities that Argenta needs in order to achieve this balance, and what initiatives are required in the short and longer term. No less than twelve initiatives were identified, ranging from ambition teams, new ways of working, assessment culture and pay policy, and vitality and well-being, to team coaching and personal talent planning.

In 2014, Argenta launched four core competencies - displaying customer focus, results-oriented working, working together, and self-development - all of which determine how we carry out our daily work. At Argenta we want to develop these four into a strength, both company-wide and in each individual talent. And not separate from, but connected to each other, and at all levels. The Healthy Growth initiatives are aimed at strongly growing the core competencies.

### Employee Opinion Survey

In October 2015, O&T launched a first Employee Opinion Survey in conjunction with Process Excellence. In it, Argenta employees were given an opportunity, via an online survey, to give their opinion on a number of issues that are crucial to the engagement between employee and employer.

The 2015 survey is the first in a series of annual surveys, providing a baseline reference point, a snapshot against which subsequent survey results will always be compared. The first striking result is that the 958 participants who fully completed the questionnaire represent an 80% response. For an initial measurement exercise this is particularly good.

The survey probes four key elements: commitment, employee NPS, motivational climate and well-being.





## Engagement

The first thing to be measured was employee's sense of involvement in Argenta, i.e. their commitment or 'engagement' to the Group. At Argenta level the results were: 20% of employees are engaged, 52% nearly engaged, 21% not engaged, 7% disengaged. The ultimate goal is an engagement level of 80%.

## Employee NPS

The employee Net Promoter Score is the extent to which employees recommend Argenta as an employer to friends and/or family. It gives a glimpse of the employees' ambassador role. The score was -5. The ultimate goal is 50.

## Motivational climate

Motivational climate involves eleven criteria that impact (dis)satisfaction, motivation and engagement/involvement.

Working conditions and the collegial relationships within Argenta were highly rated by staff. The role of the staff member's immediate superior was generally appreciated. Information on pay policy needs to improve, with a clear demand for greater clarity and transparency on the composition and size of the pay package and the rules on wage increases. The working environment can be better designed to promote team working and communication. Clear communication for all employees on Argenta's strategic objectives is another item for attention.

Employees feel recognized at Argenta. They receive appreciation, their opinions and ideas are taken into account and communication between colleagues functions smoothly. They also experience a lot of freedom to organize their own work. Degree of autonomy scored highly: the ability to take responsibility is an important motivator. Many employees also experience their work as meaningful and challenging. Items for improvement are investing in personalized development plans, coaching and support. Staff also indicated that we do not congratulate ourselves much on our successes: we would do well to attend more to celebrating these together!

## Well-being

In the framework of the legislation on psychosocial well-being, Argenta has been careful to ensure that the personnel survey also provides input on issues that impact well-being. These results are being analysed in 2016.

Based on the survey conclusions, the Executive Committee and directors determined which items for improvement will be prioritized for the company as a whole. An annual action plan was drawn up for Argenta containing the priorities for 2016 and action points contributing to improvement. In addition, all departments and management teams got to see their own results. After analysis, they are helped to discuss those results with their employees and, above all, to put together their own action plans.





### Return rate after parental leave

A high return rate after parental leave is a signal of well-being at work. This figure has fallen very slightly compared to the maximum possible retention in 2014.

Retention after parental leave	2013	2014	2015
Full-time parental leave (in numbers)	23	21	33
Men	6	6	7
Female	17	15	26
Leaving employment within 12 months	1	0	1
<b>Retention rate</b>	<b>96 %</b>	<b>100 %</b>	<b>97 %</b>

### Confidential contact persons for Argenta employees

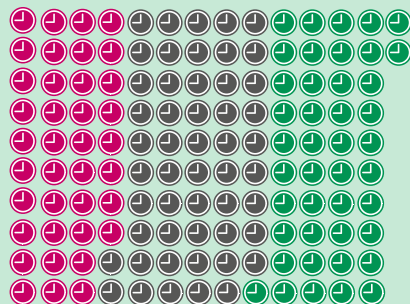
Employees can report situations of non-ethical behaviour to a confidential contact person at Argenta. The number of complaints doubled from 7 in 2014 to 14 in 2015. We can say that, compared to 2012, employees are quicker to find their way to the contact persons, are more articulate, and go looking for channels faster to bring problems to management's attention.

Number of informal and formal complaints through confidential contact person	2013	2014	2015
Number of complaints solved	5	7	14
Number of complaints under investigation	1	0	0
<b>Total complaints received</b>	<b>6</b>	<b>7</b>	<b>14</b>

### Learning and development

Argenta encourages employees to further develop their professional skills, to enable them to contribute to Argenta's long-term growth. They are helped here by training sessions, e-learning, coaching and exchanges of knowledge and experience between colleagues, and interaction with senior managers.

The number of training hours has increased sharply in recent years. In 2015, each employee in Belgium, the Netherlands and Luxembourg spent an average 43 hours on training, in the form of both job-specific technical training, and of more general skills training for which each employee can enrol in consultation with his or her supervisor.



2013

2014

2015

Learning at Argenta is not limited to internal training. Employees are also invited to participate in external conferences, training sessions and seminars.



## Equal Opportunities and Diversity

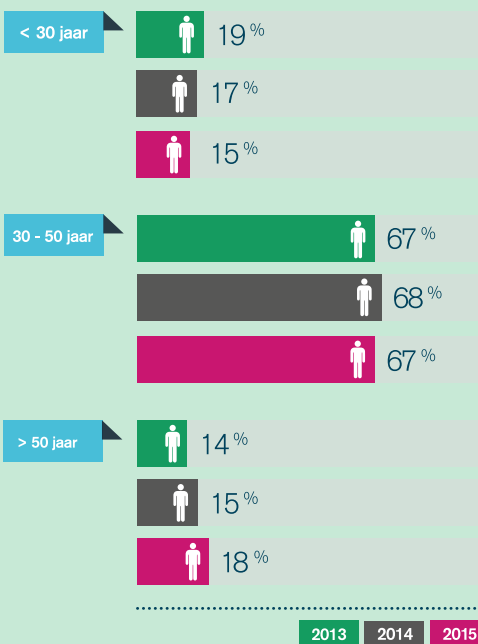
Argenta operates an equal opportunities policy in the recruitment and promotion of its employees. The primary concern is to attract the right people, and to put them in the right place. Argenta is also convinced of the importance of diversity.

For this Argenta, when recruiting, makes no distinction in according to sex, age, physical disability, weight, origin, and residence. Candidates are assessed on skills, talents, knowledge and experience.

With a view to organizational continuity, Argenta places great importance on all its managers being able to handle diversity among their employees. Its workforce therefore consists of a healthy mix of male and female workers of different ages, ethnicity and religion.

### Age groups at Argenta

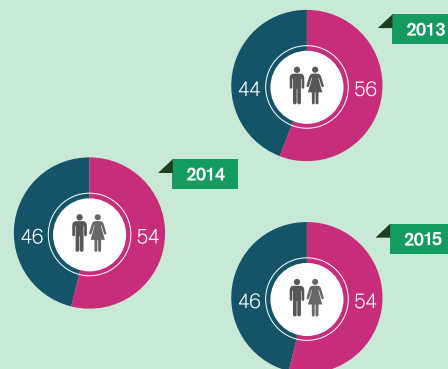
The 30 to 50 group is by far the largest age group in the age pyramid at Argenta. With an average age of 39.5, Argenta is a young company. The proportion of workers under the age of thirty is, however, decreasing. Conversely, the 50+ group continues on an upward trend.



### Male/female ratio

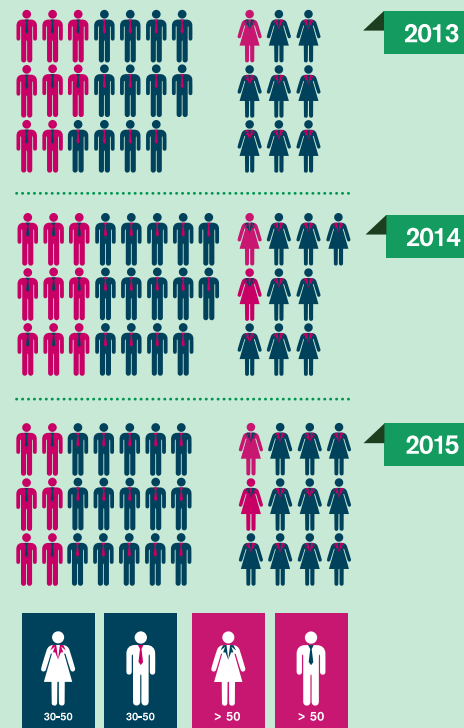
For some years we have seen the proportion of men gradually growing to balance that of women. This evolution stagnated in 2015. As in 2014, the Argenta workforce was 54% female and 46% male.

Male/female ratio %



The overall group of department heads and Executive Committee members numbered 33 persons at the end of 2015. Just under two-thirds of them are men. The number of women at department head level is increasing year after year.

Number of senior management positions at Argenta





### New systems for the future

In 2015, O&T invested in improving two major systems: the tool for more effective recruitment and selection of suitable candidates for our continued growth (recruitment tool), and the Crescendo learning management system.

#### Recruitment tool

The new tool will also help Argenta keep better tabs on past candidates. Increasingly, our recruitment practice is directed at proactively scanning interesting talents, with a view to our future growth. And as we grow, we establish contacts and sign contracts with talents who come to work as employees at Argenta, and also with talents who contribute to our objectives through external assignments. In 2015, a dedicated recruitment team set to work and provided no fewer than 200 new contracts.

#### Crescendo (*learning management system*)

Argenta invests continuously in its employees' professional development. For this, the Crescendo learning platform was launched on 16 November 2015, bringing all aspects related to employees' personal and professional growth together in a single system.

Via Crescendo, employees can now consult the training offering, manage and monitor their own learning plans, register for traditional courses and do the necessary follow-up, follow online courses and take tests.



**“The new recruitment tool is helping us to approach the labour market in a professional way. Follow-up of candidates and vacancies is faster and more effective. With our new tool, senior managers looking to recruit are kept better informed throughout the process.”**

**Annelies Smits**  
O&T Manager



**“Crescendo encompasses all aspects that a modern learning platform needs to fulfil, and supports ‘blended learning’ at the employees’ own initiative. Crescendo gives an attractive big picture of what our talents need in order to learn and how Argenta supports them in this.”**

**Hannelore Van Meldert**  
Process manager O&T



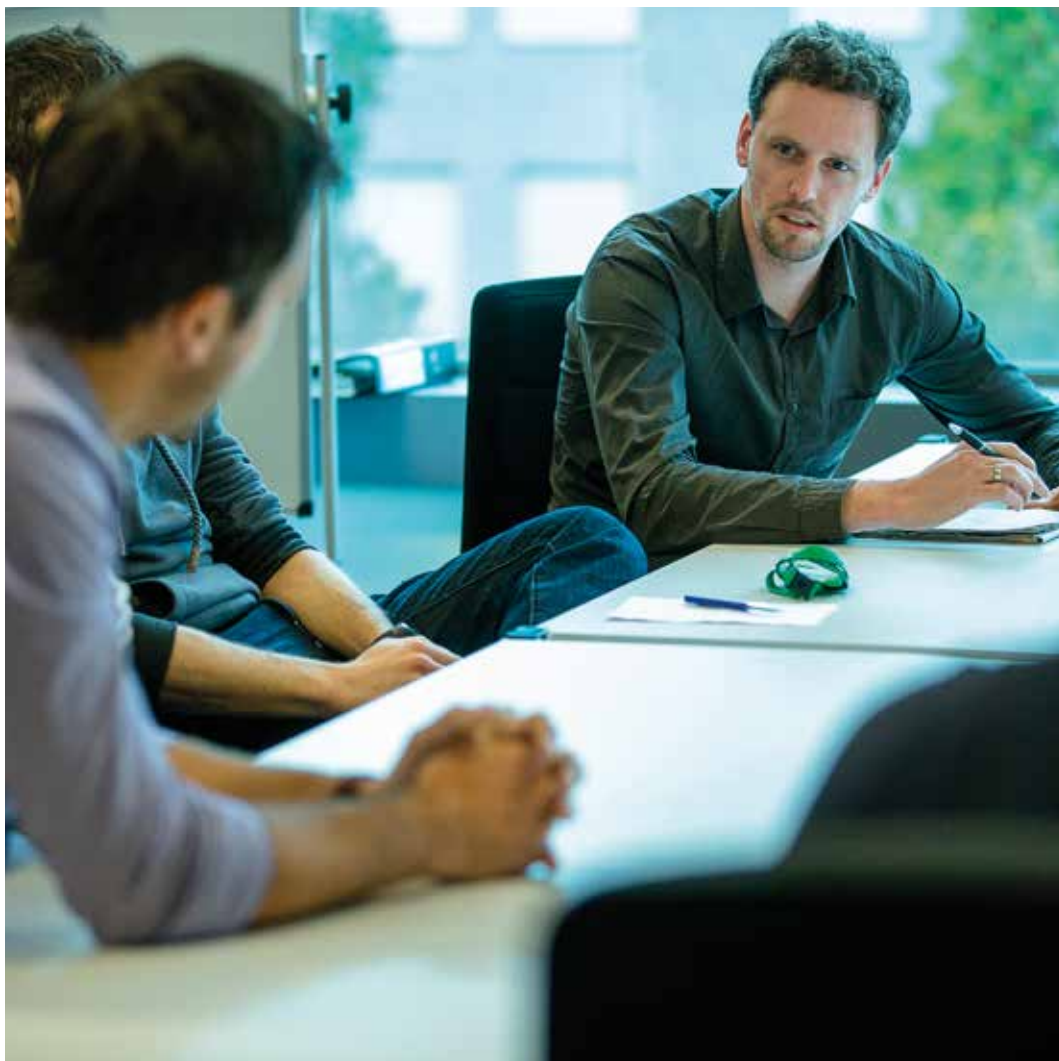
### Argenta Innovation Network

The Argenta Innovation Network (**AVN**) network was launched in 2015 to involve recent hired headquarters employees and branch managers more in Argenta. AVN is managed by an annually rotating organizing committee. The aim is to bring members into contact with each other and have them think along with the company in an innovative perspective and with a healthy critical approach.

During organized activities, members are invited to discuss issues of concern to Argenta. Outside the network, they are also encouraged to seek each other out on-the-job and to share ideas. Argenta's continued growth makes it crucial that people know each personally across departments, sites and branches. Networks play a central role in this.

The first year of the Argenta Innovation Network was a success, thanks to the very enthusiastic participation and to the reactions after the activities.

Across the various activities, innovative and fun formats were used again and again to facilitate networking and collaboration. There was also room for fun and time was freed up to continue the discussions between members.



## 5.2 Central departments

### 5.2.1 Compliance & Integrity

#### Compliance

All the more important for not being expressed directly in the figures of this report is the trust that Argenta enjoys. The trust of customers, the market, employees and society.

As bank-insurers we play a central role in social life. Maintaining our trustworthiness requires us to comply with social rules - written and unwritten. Compliance has the task of ensuring that we comply with these social norms.

To enable us to implement this integrity policy as a group, true to our identity, Compliance is centrally organized. To comply with national regulations and practices, the Netherlands and Luxembourg subsidiaries also have their own compliance managers.

Every year, in its action plan, Compliance defines its priorities, including second line checks on the duty of care. This is done based on potential risks, social trends and activities in Argenta. In 2015, the compliance risks were mapped in detail to ensure that the main risks are covered with pre-planned controls. The team closely monitors compliance with scheduling.



With key emphases on items like consumer protection, privacy, supply chain management, prevention of money laundering and ethics, Argenta defends the integrity of its customers and of the financial system. Standards it recognizes as a company, with Compliance operating as an independent touchstone to preserve the balance of interests of the parties involved. A Compliance department that stimulates the integration into the daily operation and the embedding into the Argenta culture of the standards that we endorse on paper, in process and in practice.

#### Inspection

Preventing and mitigating operational incidents is not the task of a single individual or a single department. Rather it presupposes awareness, knowledge and commitment of everyone, cooperation between the various departments and, where appropriate, collaboration with external agencies.

Inspection is responsible for monitoring the operational risk management that exists in the branch network in Belgium as a result of human intervention. Inspection focuses its activities not only on the early detection of irregularities but also on proactively preventing the occurrence of errors in the branch network.

In collaboration with the commercial departments, Inspection reviewed in 2015 the sanctions policy for the branch network. A policy was developed for managing operational incidents in the branches.

Inspection consists of a mobile team and of branch risk experts at headquarters.

The branch risk expert assesses the way branches organize their activities and manage their risks, taking into account the financial impact and the consequences for business performance and reputation. Inspection formulates recommendations to remedy and prevent shortcomings. The branch risk expert carries out his inspection activities independently and separately from any commercial interest. Depending on the (Basel) classification of the findings and the likelihood of shortcomings being repeated, remedial or punitive action is taken as defined in the OKI policy.

In 2015, Inspection started using a GRC (Governance, Risk Management and Compliance) tool for both first and second line. The tool serves to record investigations and findings, document and assess the risks in the branch offices, and to register branch-level operational incidents observed by the commercial departments. Storing this data centrally permits efficient, quality reporting to stakeholders and external agencies.





“Together with our branches, we are striving for continuous risk management in our daily work.”

**Els Croes**  
Team Leader Inspection



## Complaints Management

### Complaints Management in Belgium

Argenta attaches great importance to good relationships with its customers and branch managers. This includes the proper handling of complaints. A central Complaints Management service exists within the Compliance & Integrity department, to which customers, branch managers and third parties can address their complaints about Argenta products and services. Complaints Management acts then as a mediator.

Anyone not satisfied with the efforts of the Argenta Complaints Management service is free to contact Ombudsfm (the Banking - Credits - Investments mediation service) and the Insurance Ombudsman. Argenta Spaarbank is a member of Ombudsfm, Argenta Assurantie of the Insurance Ombudsman service.

Complaint management reports regularly, including an annual internal report. These reports serve as a source of information for improving internal processes and controls, in respect of which it plays a signalling role.

In 2015, Complaint Management focused on developing a Complaints Management policy and further tailoring the various processes and guidelines to the needs of customers, branch managers and the regulatory authorities. Complaints Management also paid particular attention to the flow-through of signals within the organization so as to optimize processes in terms of customer satisfaction.

### Complaints Management in the Netherlands

Argenta Netherlands places its customers at the centre of concern and translates this through its processes. Even so it can happen that a customer is not satisfied. Argenta therefore offers its customers the opportunity to report complaints through various channels: telephone, letter, email and using an online web form. Spontaneous expressions of dissatisfaction are also picked up and dealt with through social media. A customer who is dissatisfied with the end result can lodge a complaint with the 'KIFID' financial complaints institution. This possibility is communicated proactively to customers by Argenta.

Complaints are handled by a complaints manager. The Netherlands Branch and Argenta-Life Nederland each have a complaints manager. The complaints manager is responsible for recording the complaint in the complaints register and for handling it in accordance with the set procedures and service levels. The partners to whom Argenta has fully or partially outsourced its services report to Argenta complaints received by them from customers. These are also included in the complaints register and monitored in accordance with the complaints handling guidelines.

The compliance manager has worked through the complaints process together with the complaints coordinators so as to streamline the process based on the key Customer is Central principles.



### Complaints Management in Luxembourg

In Luxembourg, a rigorous complaints handling procedure is applied. Complaints handling is centralized with the compliance officer.

In 2015, there were no complaints.

### Overview of complaints to Argenta in Belgium and the Netherlands

A total of 2,186 complaints were reported in Belgium and 45 in the Netherlands.

Total number of complaints Belgium and Netherlands	2013	2014	2015
<b>Total complaints received</b>	<b>2,332</b>	<b>2,496</b>	<b>2,231</b>
Justified complaints	681	804	611
Number answered by Complaints Management	387	555	861

- Until mid-2015, Argenta distinguished between admissible and inadmissible complaints. Inadmissible complaints were complaints where there was no evidence of human, process or procedural error. Admissible complaints were considered in the first instance as valid. After further investigation it turned out that some of these complaints were not justified, while others were.
- Since mid-2015 and under the new Complaints Management policy, no distinction is made any longer between admissible and inadmissible complaints. That implies that from 2015, Argenta no longer reports the numbers of admissible and inadmissible complaints but only the total number of complaints.
- This policy translates into a higher number of complaints that were answered by Complaints Management itself using a standard reply to general problems, or based on experience with similar complaints (861 of the 2,231 complaints - of which 816 in Belgium and 45 in the Netherlands).

Total number of complaints in Belgium and Netherlands alleging breach of privacy	2012	2013	2014*	2015*
Justified complaints	24	3	4	1
Unjustified complaints	8	5	0	5
<b>Total complaints received</b>	<b>32</b>	<b>8</b>	<b>4</b>	<b>6</b>

\* The numbers of privacy complaints relate, unlike previous years, only to the situation in Belgium. With a new complaints registration system launched in 2014 in the Netherlands, there is currently no exact data available on the number of privacy-related complaints in the Netherlands.



### 5.2.2 Risk & Validation

Argenta's Risk & Validation policy is managed centrally from the Risk Management function. Risk assesses, controls and monitors risks across the organization. In so doing, Risk plays mainly an advisory role. In addition to an advisory function, it also initiates and implements specific risk management processes. The risk management function takes final responsibility for the processes concerned with risk appetite, ICAAP (Internal Capital Adequacy Assessment Process) and ORSA (Own Risk and Solvency Assessment).

Validation has the specific task, within the process of defining, developing and managing, of ensuring that the models in fact do what they were designed to do, at every step of the model cycle. Validation checks here the models conceptually and numerically levels, oversees their implementation and validates how effective and correct they are by focusing on optimization.

A detailed discussion is provided in Chapter 13 'Risk Management' later in this report.



### Risk Appetite Framework

Argenta's Risk Committee deliberately frames its risk tolerance within the RAF (Risk Appetite Framework).

This tracks (with set limits and flashing lights) the main risk indicators quantitatively, for Argenta Spaarbank and Argenta Assuranties, their subsidiaries and branch.

These indicators are:

- Capital adequacy (Pillar 1 regulatory and Pillar 2 internal)
- Asset quality of mortgage and investment portfolios and the new portfolio of loans to local and regional authorities,
- Liabilities quality (especially of the insurer through the adequacy of reserves)
- Liquidity and interest matching,
- Income and value stability,
- Concentration.

Besides the quantitative RAF, greater attention was paid in 2015 to qualitative RAF, that is monitoring the appetite for non-financial risks.

The RAF limits are translated into concrete Argenta policy through policy documents and are constantly monitored.

In 2015 the pro-active RAF was further embedded in the business plan.



Risk & Validation department

### 5.2.3 Operational Risk Management (ORM) and ECB

In 2015, Argenta worked on further improving its operational risk management, for example by including the maturity score of internal control and the Key Risk Indicators (KRI) for ORM in the qualitative part of the RAF.

The tasks of Operational Risk Management are:

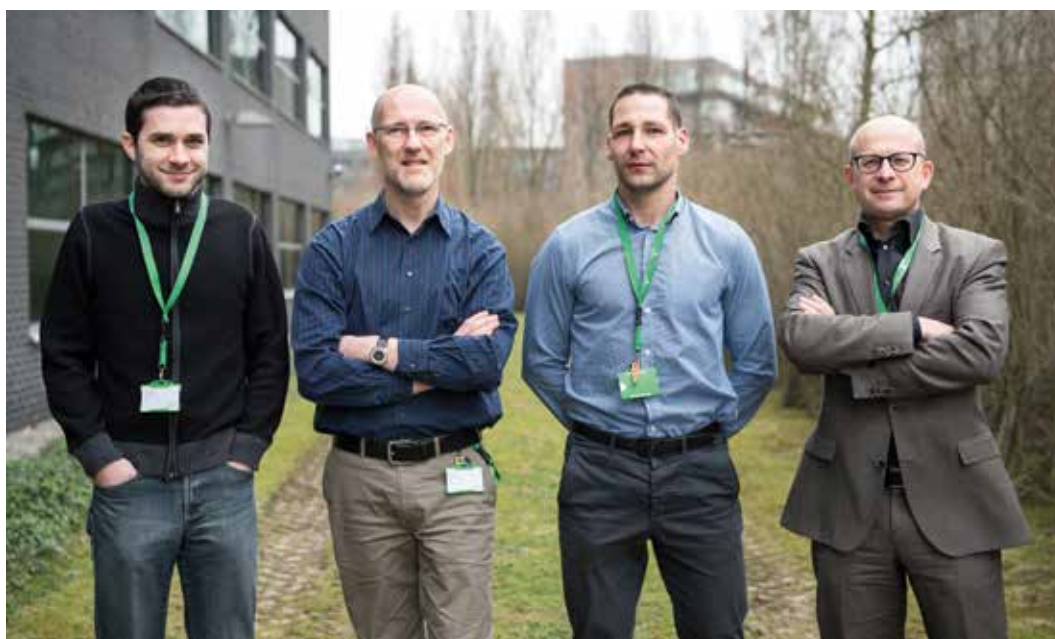
- proposing a policy and procedures for operational risk management,
- outlining and implementing the methodology for measuring and assessing operational risk,
- designing and implementing a reporting system for operational risk management,
- developing a strategy for identifying, assessing, monitoring and controlling operational risks.

Here, the ORM & ECB department has an advisory function (including challenging and monitoring) towards management and the business in the search for high quality operational risk management. Structurally, this is done through the so-called Operational Risk Committee (Orco). As with the other risk categories, here too the cooperation with the first line (through the so-called ORM contact persons) is crucial.

Given the growing importance of operational risks, the Operational Risk Management team<sup>2</sup> - formerly part of Risk & Validation - has since 1 November 2015 been placed into a new department. This department is also responsible for coordinating the activities with the ECB. The ORM (*Operational Risk Management*) and ECB director reports, as does the Risk & Validation director, to the Argenta CRO. The Operational Risk Management & ECB department will be expanded from the beginning of 2016. In 2016, the operations and priorities of the ORM & ECB department will be fine-tuned. Alignment with the Risk and Validation department (on matters of general policy and ultimate global risk reporting) remains a crucial factor here.

**“Doing the right things in the right way also means working day-in, day-out to ensure effective operational risk management. And that’s everyone’s business.”**

ORM department



Operational Risk Management department

<sup>2</sup> This relates specifically to operational risk at headquarters. Operational risks at branch level come under the authority and responsibility of Compliance & Integrity.

#### 5.2.4 Credit Risk Policy

This department is responsible for retail lending in Belgium and the Netherlands. As such it is responsible, among other things, for Argenta's meeting the regulations concerning credit risk. For this, a credit risk policy has been developed and efficient credit risk processes introduced with appropriate measuring and reporting tools. A capital allocation process has also been outlined. The department continuously maps all relevant credit risks and tracks them in relation to the risk appetite approved by the Board of Directors. It has also developed a methodology for developing credit risk models and for permanently monitoring their accuracy and consistency. The department is also responsible for:

- analysing trends or the impact of external economic or financial events on the behaviour of the loan portfolios;
- the correct reflection of credit risk in loan pricing.

The Credit Risk Policy department operates independently. For this reason, a clear distinction is made between the competences of i) the Credit Risk Policy department which prepares policy (under the CRO), and ii) the operational credit departments, responsible for the commercial aspects of lending and the daily management of credit or debit positions (under the COO).

The credit policy for non-retail loans is part of the Financial Management department.

#### 5.2.5 Internal Audit

The Internal Audit department is centrally controlled and organized. It is responsible for auditing all activities of the Company, Argenta Spaarbank (incl. the Netherlands Branch and Argenta Asset Management) and Argenta Assuranties (incl. Argenta-Life Nederland).

It aims to provide independent, objective, high-quality and consistent assessment and reporting of processes to the Executive Committees, the Audit Committee and the Board. It also suggests improvements. All reports are discussed on an informative basis in the Executive Committee and presented to the Audit Committee. Organizational weak spots are investigated and corrected by management within agreed time frames. All recommendations are registered in the Pentana database and followed through to implementation.

In addition to performing audit assignments, the internal audit department pays constant attention to improving its own modus operandi. Periodically, this is subjected to outside examination.



The most important improvement initiative in 2015 was the establishment of a permanent quality program (QAIP), with time freed up in the Internal Audit department to improve internal functioning. Internal Audit also paid additional attention to and took a more active role in the implementation of the outstanding recommendations.



Internal Audit department



### 5.2.6 Legal & Procurement

At the start of 2015, a separate Legal department was created. In the course of the year, the Procurement function was added to it.

Several new employees with considerable experience in various organizations were recruited to ensure the quality of this service.

#### The legal function

Argenta's legal function consists of i) the legal staff of the Legal & Procurement department and ii) lawyers spread in decentralized fashion across other departments. Together they set out to provide professional, high-quality and independent legal support to Argenta companies, covering all aspects of banking and insurance law.

The Legal Function maintains close relations with the business, the support functions, the administrative bodies of the companies concerned and the departments responsible for risk management. It maintains contact with the legal world outside Argenta and represents Argenta in the legal committees and working groups of the professional associations.

#### Procurement

Procurement supports Argenta's sourcing decisions and its procurement processes, with the goal of high

quality, innovative and cost-conscious purchasing of goods and services. The focus is on professional selection of suppliers and partners offering a good balance of risk and cost. The ultimate objective is to procure for Argenta the services and goods that enable it to function better.



Procurement contributes to efforts to strengthen relations with (critical) suppliers, ensuring that the cooperation is properly described in the contractual arrangements. Procurement is committed to sustainable partnerships with strategic suppliers by seeking to align both sides' long term interests, to gain insight into these suppliers' financial situations and to take joint positions on sustainable integrity principles.

The sustainability charter was added in 2015 to our standard contract which is signed by each new supplier and a large portion of the existing suppliers. In 2015, 65 new suppliers signed this charter.

In addition, the general conditions on the Argenta order form mention the requirement to comply with our sustainability charter.



Legal & Procurement department

## 5.3 Commercial organization

### 5.3.1 Profitability



Argenta strives to be profitable at all times, both through commercial results based on a consistent and competitive pricing policy and through sustained cost control. It wants to offer its customers products that offer the best value for money without jettisoning the principles of proper economic pricing. This is made possible by a low level of costs, the constant quest for a lean and agile organization, maximum outsourcing of non-core tasks, high productivity and an efficient network of independent branch managers. The fruits of all this are in the first place passed on to the customer.

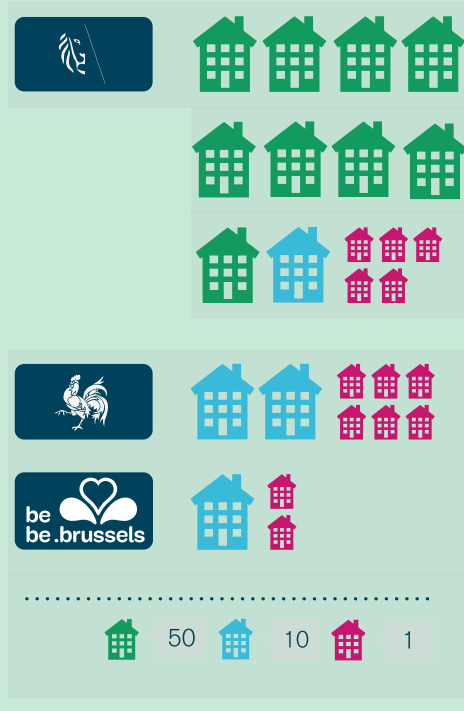
### 5.3.2 Belgium branch network



At the end of 2015, Argenta's Belgian branch network consisted of 503 outlets. This is in line with previous years.

Argenta wants every customer in Flanders to have a branch within 10 minutes' travelling distance. In this way, customers always have a contact point in their neighbourhood.

There are 465 branches in Flanders, 26 in Wallonia and 12 in the Brussels-Capital Region.



The Belgian branches are managed by 411 self-employed branch managers and their 1,139 employees (an average of 2.3 employees per branch) and 105 salaried Argenta employees in the branches under direct Argenta management. This branch network is centrally managed from the Branch Network department.

The self-employed branch managers work exclusively for Argenta. This means they offer exclusively products from Argenta and from Argenta-selected partners.





Argenta pays great care and attention to the recruitment of new branch managers.

During the selection process, candidates are assessed on their personal characteristics, skills, proven knowledge and experience, and also whether they are at home with Argenta's values and standards. Branch managers are trained to a high level in guiding customers in choosing from a quality offering of transparent products those that best suit their individual profiles and needs. Proper attention is of course also paid to compliance with the related laws, regulations and administrative procedures.

In 2015, 23 new branch managers started out. These include 2 in family succession, 6 existing employees from independent branches and 2 employees from Argenta's own mobile team. In 40% of these cases, Argenta took the initiative of terminating the previous collaboration, with the branch continuing under another branch manager.

The number of second and third-generation branch managers stands at an impressive 84. This unique feature of Argenta's distribution policy is the best reflection of the pursuit of long-term relationships between customers and their advisors. Familial transfers are assessed in the same way as the appointment of candidate branch managers from outside the company.

### 5.3.3 Digital Bank

Argenta wants to continue to develop an omni-channel experience for its customers. For this, the choice of possible interfaces with Argenta has been significantly expanded, with customers choosing how they want to handle their banking affairs.

The Digital Bank department gives concrete form to this programme. Starting from the commercial strategy, it defines the various initiatives for offering the Argenta experience to customers through modern information and communication channels like internet, tablets, and smartphones, while explicitly preserving the local contact between the customer and branch manager whenever this offers added value. Specifically, we are focusing on developing Internet Banking, the website, the app for mobile devices, tablets, and the branch experience.

In autumn 2015, Argenta's internet banking and the website were relooked. These are now mobile responsive, forming the basis for building new functionalities for even easier everyday banking. While a number of customers took a bit of time to get used to the new format, others were immediately excited and congratulated Argenta spontaneously on this new path.

**“The opinions and suggestions received post-launch from customers are very important to us and are helping Argenta to continuously improve the website and internet banking.”**

**Tanja van der Peet**  
Product Owner Internet Banking





**“For defining and developing new concepts, we believe strongly in a co-creative approach in dialogue with Argenta’s customers and internal staff. Only in this way can Argenta ensure its relevance and added value today and in the future.”**

**Kim Maes**  
Business Consultant Digital Bank

In 2015, the number of functionalities and ease of use of the Argenta Banking app were extended, to the satisfaction of customers. Also, the number of registered users far exceeded initial expectations. Since January, the number of app users has nearly doubled from 87,506 to 158,584.

In order, in today’s rapidly changing and challenging financial environment, to meet the needs and (complex) financial life questions of wealthy families, the Investment House seeks to have branch managers, employees and internal departments grow in organizing advice and sales, offering them the prospect of gaining further skills in advising on financial and personal asset issues. This upgrades the customer relationship (top-of-mind awareness) and increases the accent on ‘Healthy Investment’, given that the composition and structure of an investment portfolio is often the answer to the above questions.

All new functionalities for both Internet banking and the mobile app are tested on customers and branch managers. Their valuable feedback is being used to further improve the user experience.

#### 5.3.4 Investment House

The strategic choice for further digitization and an omni-channel customer experience brings with it the need to maximize the advisory role of Argenta’s branch network. The quality of this advice, covering various areas, is being constantly upgraded. The main fields in which the Investment House operates are wealth structuring, succession planning, taxation, investments, life insurance and financial planning. The emphasis here is on high net worth families.

The Investment House supports the branch network here in several areas. A team of consultants and experts provides back-up advice to branches on the legal, tax, and financial situations of their wealthy customers. The consultants travel out to have direct contact with the customer, always in the presence of the branch manager, given that the existing confidential relationship between branch and customer remains a crucial part of the Argenta strategy. The experts are responsible for research and



**“The Investment House mission is to support and strengthen the branches in building lifelong relationships of trust with more affluent families.”**

**Els Vanparys**  
Department head Investment House



development within the various knowledge areas and provide remote support to those branches that have already achieved a certain level of knowledge. A team of trainers is busy developing a specialized training offer within the various advice areas.

The Investment House forms an integrated whole with the various other initiatives in the commercial organization, such as:

- coaching in relationship banking;
- various training paths;
- developing the Digital Bank to enable branches to focus on customer relationships and good personal advice.



The customer is central in the contact with Argenta. Before giving advice, a lot of attention is given to getting to know the customer. This is because product selling and product advice, and especially investment products, always provide a solution to the customer's needs within the broader framework of his or her overall financial situation.

For this reason, Investment House's primary focus is on the long-term relationship with the customer. Argenta wants to stand for total solutions for the cost-effective and safe management of savings and investments. Its values of 'no frills' and simplicity are paramount here. Argenta also wants to do this with a minimum of risk and with great respect for other than purely financial aspects. Argenta's first concern is to relieve wealthy families of worries. It is important to know first what their real needs are, in order to react to them. Paying attention to today's concerns helps secure the future.

### 5.3.5 Marketing and Communication

Argenta's marketing policy in Belgium is centrally managed by the Marketing and Communications teams.

#### Communication and dialogue



Argenta communicates openly about its policies, business achievements and results. It maintains a dialogue with its customers, its staff, the government, its environment and other relevant stakeholders. It is kept in this way to increase customers' and employees' involvement in the company.

Argenta also wants its employees to work together as a team in a pleasant and transparent atmosphere, where things are clear and to the point. You also see this in practice in the open space offices where every employee can be seen working and is easily approachable.

Dialogue is important. This is promoted through high quality performance and evaluation interviews. Argenta also organizes regular staff meetings, with staff kept up to date on new projects and other business information via the intranet and staff magazine.

#### Argenta's marketing policy in Belgium

Argenta's marketing policy is founded on the themes: Healthy Banking, Healthy Saving & Investing, and Healthy Housing & Living. The term 'healthy' stands for 'safe and right for the customer'.

The updating of Argenta's internet banking and website, as well as the new features in the Argenta Banking app, are obviously an additional boost for Argenta's image.





Argenta works with a modest marketing budget. A sober, 'no frills' approach is an Argenta core value.

This is visible in the simple, but no less effective campaigns. From the outset, Argenta has viewed its own customers and word-of-mouth advertising as the best marketing channel. The branches 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 and television.

In 2015, 'The Healthiest Bank' and 'Healthy Investment' were central themes, including a striking three-wave poster campaign and two advertising waves on popular radio stations.

Proximity is a core Argenta value. In 2015, Argenta highlighted this feature by partnering the PopUp Live summer concert series on TV channel one, with a striking presence and activity in eight locations across Flanders. Argenta also partnered the Running Tour, consisting of around 15 city-to-city runs across Belgium, organized by Golazo, once again underlining its full commitment to 'health' (in all its aspects). In all, 67,300 runners took part in the Running Tour, with another 160,000 fans turning out to cheer them on.

Through these campaigns, Argenta has communicated to both existing and prospective customers on the healthy and sustainable nature of Argenta as a bank and insurer.

### 5.3.6 Management & Quality



The four teams in the Management and Quality department together ensure that the branch network continues to meet the needs of Argenta's customers and is ready for the future in an ever-changing landscape, taking into account both the commercial challenges and changes in the legal framework.

The Branches team manages and executes the branch network plans, and changes in the network in terms of branch management, portfolios and buildings. The premises negotiators stimulate the creation of a uniform Argenta identity at all branches, and a safety coordinator watches to ensure safe working environments.

The Branch Administration team provides back-up support to branches throughout their life cycles. This support begins with the correct start-up of a branch, including formatting and management of related documents such as the Commercial Agency Agreement and the FSMA file, and ends only with the termination of the cooperation agreement.

The Branch Performance team monitors the profitability of the network, the branches, products and customers. In this way, management achieves an accurate picture of business performance and portfolio composition.



In 2015, a Training and Certification team was set up within the department. This team aims to train branch managers and their employees in providing optimal advice to their customers.

This year, the department took great strides towards greater maturity and process optimization. Attention was paid to data accuracy and centralization, with an attendant improvement in reporting quality. It also collected and consolidated data to meet new information needs. Several processes were closely examined in a team process and improved and better integrated into the daily operation. The department is keen to continue this improvement journey in terms of maturity and process focus, with ongoing self-assessment and optimization.

### 5.3.7 Product Management

Product Management's mission is the development, management and monitoring of all existing and new banking and insurance products marketed by Argenta at the technical, financial and legal levels.

The department is responsible for the proactive management of products, including after-care to reflect market trends and customer needs. Product Management works closely with the commercial

organization to develop creative solutions to increase customer satisfaction and maximize the market share of its products within the limits of sought-for profitability and accepted risks. The department is centrally controlled at Argenta in Belgium so as to optimize synergy between the bank and the insurer.

The framework for product management is provided by the rules and regulations imposed by the relevant supervisory authorities on the placing on the market and delivery of banking and insurance products. For this reason, senior management is careful to ensure that the guidelines concerning commissioning and conflict of interest are complied with for each product, that products are offered in line with Argenta's philosophy, and that these match the customer's profile.



In 2015, the focus lay on standardizing the Product Approval and Review Process (PARP) that ensures that Argenta products are constantly tested against customers' requirements. In addition, 2015 saw the implementation of a whole range of new legislative initiatives, which impact both banking and insurance products.



Product Management department



### Emphasis on advice and on the customer's interests

Out of a concern for the long-term relationship with the customer, investment products are always offered in Belgium only after advisory discussions with the customer. These discussions start with the customer's needs, encapsulated by the key moments in his or her life. This year, the investor profile questionnaire was modified in order to better respond to customer needs and desires. Advisory discussions go further than product sales and advice. In every case, the starting point is the customer's own needs and desires.

Customers can also avail of expertise on taxation, asset transfer and succession planning. This is provided by the Investment House department. Argenta wants to keep commission-driven arbitraging out of its sales network. This is done

by means of various controls and a healthy commission structure. Each month the MiFID score is delivered for each branch in order to check how far branches are compliant. Argenta Assuranties' low redemption rate is an indicator of good quality selling. The average redemption is under 1.5% for both tax and non-tax savings policies (branch 21 and 23). Competitive profit sharing, low interest rates for alternative investments and good solvency also help keep redemption levels low.

### Accessibility of products

Argenta's philosophy is that customers should not have to pay when entrusting their own money 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.

In thousands

Pillar	Free Banking Infrastructure	Belgium 2013	Belgium 2014	Belgium 2015	Netherlands 2013	Netherlands 2014	Netherlands 2015
Savings and payments	Number of current accounts	997	1,033	1,071			Not offered
	Number of savings and term accounts	1,234	1,239	1,250	120	137	145
	Number of pension savings accounts	117	131	148			Not offered
	Number of internet banking subscriptions	544	592	619	124	135	144
	Number of debit and credit cards	1,302	1,409	1,493			Not offered
Investing	Number of securities accounts	123	133	143			Not offered

### Strengthening of customer investments with social impact

In line with its own long-term vision, Argenta offers funds with a long-term horizon. Argenta has defined several principles for 'Healthy Saving and Investing'. Healthy Investing with Argenta consists of striking the right balance between availability, security and yield. Further information on <http://gezondbeleggen.be/>.

In composing its own funds, Argenta always performs a screening based on a list of social and environmental exclusion criteria. No investments are undertaken that are linked to depleted uranium, cluster bombs, land-mines or white phosphorus, breaches of arms embargoes, or violations of environmental, human and labour rights. Additionally, Argenta tries where possible to take social criteria into account: in this way, investments relating to gambling and tobacco are excluded from its own funds.





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

- 'Best in class' funds: containing only companies that score best in their 'class' on a range of social and ecological criteria. The values assessed are based on the Ethibel Sustainability Index (ESI).
- '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. Compared with 2014, this fund has grown by nearly EUR 10 million.

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. Additionally, Petercam, Carmigac Gestion and Edmond de Rothschild Asset Management have also endorsed the UN Principles for Responsible Investment (UNPRI). GS&P has not endorsed these because it invests only in European family companies, which anyway are sustainable in character and where these rules are less important.

### Healthy investment

#### Argenta Spaarbank – Investment funds

Assets under management, in EUR millions	2013	2014	2015		2013	2014	2015
'Exclusion criteria', before including companies in own funds	256.4	444.3	681.1	'Best in class' approach. Companies meet sustainability criteria	18.4	55.3	97.5
External fund managers screened for application of a sustainability policy	1,620	2,040	2,603	'Thematic approach' companies assessed on a specific sustainability theme	10.1	22.3	31.8

#### Argenta Assuranties – Insurance-based investments

Assets under management, in EUR millions	2013	2014	2015		2013	2014	2015
Exclusion criteria', before including companies in own funds	155.2	262.4	442.8	'Best in class' approach. Companies meet sustainability criteria	3.7	20.4	55.8
External fund managers screened for application of a sustainability policy	487.1	712.8	1,005.6	'Thematic approach' companies assessed on a specific sustainability theme	3	9.5	15

### Changes in products

All new products and rate adjustments in Belgium and the Netherlands are subject to an internal quality process, involving the Product Management, Banking, Savings & Investing, Compliance & Integrity, Branch Network,

Actuarial, Financial Management and Risk Management departments. Certain products also require prior approval from the Belgian and Dutch regulators. The regulators have not established any instances of non-compliance



### 5.3.8 Customer Support

The Contact Centre of Argenta Spaarbank and Argenta Assuranties in Belgium is centrally managed from the Customer Support department.

#### Contact Centre

Incoming volume at the Contact Centre was initially relatively stable in 2015, with accessibility under control. The updating of Argenta Internet Banking in November produced a flood a contacts, as a result of which waiting times increased at the end of the year. In total, the Contact Centre received in 2015 more than 350,000 telephone calls and nearly 70,000 e-mails.

Offering a good service to customers requires the Contact Centre to work closely with many departments within Argenta, in particular Banking, Savings & Investments, Lending and Insurance. A number of initiatives were launched to improve this cooperation, with the Contact Centre supporting these departments with spoken and written communication, and the departments in turn assisting

the Contact Centre more intensely with content. Bringing these departments onto the same telephony platform allows Argenta to gain an end-to-end view on accessibility from a customer perspective. These initiatives were launched in 2015 and will be continued in 2016.



The Contact Centre organizes regular quality surveys after calls with customers and branches, aimed at observing the evolution of customer experience and making any necessary adjustments. With an average score of 8.6, customers expressed greater satisfaction than in 2014, when the average score was 8.4. Branches too were satisfied with the service received from the Contact Centre, and gave an average score of 8.8, the same as in 2014.



Contact Centre

## Customer management

Argenta wants to build long term relationships with its customers - and their children and grandchildren. The death of a person is a difficult moment for survivors. It also comes with a whole range of financial and administrative requirements. To assist survivors better, the Legacies department took several initiatives in 2015. IT systems were improved to shorten file processing times, a guide for branches was developed to assist not only in handling the administrative requirements in a qualitative manner but also in engaging discussions with heirs. The first steps were also taken in rolling out practical training for the branch network.

Money laundering legislation and the 'know your customer' principle require the Argenta network, like all financial institutions, to have adequate identification data on its customers. Correct identification protects customers from, among other things, third party fraud. Many customers' place of birth was missing in the customer database. In 2015, the Customer Identification department took action to complete this information for all customers to permit correct identification.

At the end of 2014, Customer Administration began a coaching cycle with each employee receiving personal feedback on a frequent basis. The visible results in 2015 were both employee growth and a better quality of service.

## 5.4 Finances

### 5.4.1 Accounting & Reporting

The Accounting & Reporting department consists of four teams, each with its own specific tasks in respect of the bookkeeping of the Belgian Group entities, payments tracking, processing and monitoring the investment portfolio, consolidating the accounts of the individual legal entities and external reporting of the figures.

Care was taken systematically throughout the year to ensure that the accounts of the respective Belgian entities were closed on a monthly basis in accordance with internal and external reporting deadlines, with all unconsolidated and consolidated figures sent in a timely and correct manner to the supervisory authorities. The beginning of the year is dominated by the year-end closing, the audit by the external auditors and the preparation of the financial statements and reports.

In recent years, all teams have been faced with a flood of new legislation. Various projects are being started or are already running in order to handle this. All other projects at Argenta also impact the department (including for example digital banking in the Netherlands and Belgium) because all customer transactions have to end up being reflected in the accounting figures.

The department has consequently evolved towards a more project-oriented department for which other skills are also needed. To date, this transition has been very successfully implemented by all the department's employees.



**“Since the ECB has become the umbrella regulator for the Argenta Group, the number of reports has increased enormously. The flexibility and enthusiasm of all Finance department employees have enabled us to meet all these requirements.”**

**Willy Schalk**

Department head Accounting & Reporting

2014 was marked by the introduction of a robust new accounting application, providing the foundation for the future. In 2015, all new functionalities were embedded in the application and management started reporting 'within very strict deadlines' the new obligatory data imposed by the Regulation (EU) 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, generally known as the Capital Requirement Regulation (CRR) and the Directive of the European Parliament and Council 2009/138/EC of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance, generally referred to as Solvency II.

In the autumn, the department went through an impact and assessment process for the implementing of new International Financial Reporting Standards (IFRS). Other departments were also involved in the training sessions and workshops on IFRS 9 (accounting treatment and the creation of impairments on financial instruments) and IFRS 4 (including the valuation of insurance contracts).

With the ECB as an umbrella regulator for the largest European banks, reporting was expanded and will continue to be standardized at European level. In 2015, the department was able to meet all additional questions, in so doing spotlighting the flexibility and determined commitment all of Finance department employees.

#### 5.4.2 Financial Management

The Financial Management department consists of the sub-departments Financial Planning & Analysis (FP&A), Asset & Liability Management (ALM) and Credit Risk Analysis (CRA) of the investment portfolio.

It closely tracks the evolving capital needs, taking the necessary initiatives to support the rapidly evolving capital requirements. With the transposal of the BRRD (Bank Recovery and Resolution Directive) into our national legislation and the consequent expectation that banks will have to meet certain minimum capital requirements (so-called MREL or minimum requirement for own funds and eligible liabilities), the department will begin issuing instruments in the course of 2016 that meet these requirements.

Finally, Financial Management provides the information required by rating agency Standard & Poor's.

#### FP&A (Financial Planning & Analysis)

FP&A is responsible for timely, accurate and clear management information within Argenta. not only to the Executive Committee and the Board of Directors, but also to the various departments within Argenta Spaarbank and Argenta Assuranties.

The beginning of the year is dominated by the year-end closing, with the presentation and discussion of the results.

Every year, the department draws up a business plan with prospects for the coming years in terms of portfolios, results and ratios within a defined strategic and macroeconomic framework. Every month, it compares this plan with the actual figures, and any deviations are analysed and interpreted. On this basis also, the detailed budget is prepared for the coming year. Much attention is paid here to the monitoring of costs.

In addition, FP&A provides analytical support in all kinds of questions and for preparing various reports, like those for the rating agency and regulator. The department is also involved in preparing the processes to ensure compliance with future legal requirements.

#### ALM (Asset & Liability Management)

Market Risk and Liquidity Management at Argenta Spaarbank and Argenta Assuranties in Belgium are in the first line centrally managed from the ALM department. In addition, the capital ratios are closely monitored.

- *Market risk management* consists mainly of managing the pure interest rate risk, based on the market value and net interest income sensitivity of real cash flows in the event of certain interest rate shocks;
- *Liquidity management* is the management of the funding liquidity risk, that is the risk of an adverse change in the financial situation as a direct or indirect result of the inability to attract the necessary funding at an appropriate price. It also involves managing the market liquidity risk, or the risk of adverse change in the financial situation as a direct or indirect result of the inability to sell assets within a short period of time and at an appropriate price (temporarily) because of unfavourable or dislocated market conditions;



- To pursue a healthy risk/return relationship, both on the balance sheet and at product level, ALM also reports an FTP (*Funds Transfer Pricing*) to Pricing Committees, who build compensation to offset market and liquidity risk into product prices;
- Argenta must at all times comply with the capital ratios and strives for a healthy balance between its objectives and the prudential requirements by:
  - complying at all times with the minimum requirements of the regulatory authorities;
  - meeting additional self-imposed requirements from the Risk Appetite Framework;
  - managing and allocating capital efficiently with a view to structural optimization of return and in order to facilitate the growth objectives;
  - striving to meet Standard & Poor's A-capital requirements for Argenta Spaarbank (via an ICAAP of 99.90%).

### CRA (Credit Risk Analysis)

The CRA department manages the credit risk of the investment portfolio of Argenta and/or its subsidiaries. Its main objectives are to ensure that each position in the securities portfolio undergoes analysis, resulting in an internal rating (reviewed at least annually) and that all movements in ratings and outlook as well as market signals, and in particular downgrades, are communicated in a timely manner. This communication takes place in both the *Asset and Liability Committee (ALCO)* and in the dedicated Rating Consultation.

The credit policy for retail lending is provided by the Credit Risk Policy.

The processes are based on the *Model Management Governance Framework (MMGF)* and were approved by the NBB with respect to the portfolios that invest in banks, corporates, real estate and structured products. A strong emphasis is placed here on the independent second line control by Risk and the involvement of Audit and Validation.

For positions in (central, regional and local) government paper, an internal rating model is applied (investment decisions, portfolio monitoring and ICAAP/ORSA).

Finally, major attention is paid to ongoing training, which benefits both the employees involved and the company.

### 5.4.3 Treasury & Investment Management

In 2015, Treasury & Investment Management was placed into a separate department, which centralizes the non-retail business of both Argenta Spaarbank and Argenta Assuranties. It is founded on two pillars. First, it is responsible for managing its own securities portfolio. On the basis of a conservative investment policy and with a focus on diversification, it strives for an optimal risk/return balance for incoming funds that are not used in the mortgage portfolio.



The second activity is the expansion of lending to local authorities. After finalizing the market study and initiating the necessary investment projects, Argenta has high hopes for this activity in the future. This activity will help strengthen our local presence and optimize existing knowledge and infrastructure.

The department is busy building up the portfolio of loans to local authorities. One of the first projects was the financing of the Hoogstraten swimming pool, in cooperation with Sportoase. The complex was officially opened in January 2016.





### Argenta as a driving force in the real economy: Reinvestment of savings in families' primary needs

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 targeted strategies.

Argenta collects funds from families with surplus savings via current accounts, traditional savings accounts, pension savings and insurance, and lends these out to families with temporary cash

shortfalls or investment plans. In 2015, 70% of the savings money and insurance reserves went back in loans to households.

Savings and insurance reserves are reinvested primarily in 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. This has the effect of mitigating the overall credit risk.

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

Argenta	2013	2014	2015
<b>Household savings and insurance contracts<sup>3</sup></b>			
In EUR millions	33,425	34,814	36,051
as % of total equity	94%	92%	93%
<b>Loans to customers, mainly families</b>			
In EUR millions	22,256	23,790	25,088
as % of savings and insurance contracts	67%	68%	70%
in % of total Argenta assets	63%	63%	65%
<b>Reinvestment in Belgian government bonds (*)</b>			
In EUR millions	5,523	4,258	3,133
as % of savings and insurance contracts	16%	12%	9%
in % of total Argenta assets	15%	11%	8%
<b>Reinvestment in non-Belgian government bonds</b>			
In EUR millions	1,459	1,539	2,072
as % of savings and insurance contracts	4%	4%	6%
in % of total Argenta assets	4%	4%	5%

(\*) incl. loans to regional governments and investments in public-private partnerships

The amounts in the table above show that 84% of the savings and insurance contracts are reinvested by Argenta in loans to customers and loans to central governments or regional authorities or public-private partnerships (vs. 85% in 2014).

As the table shows, investments in government securities continued to decline in favour of loans to households.

Reinvestments are subject to strict rules. Argenta invests primarily in a diversified portfolio of securities with high credit quality (*investment grade*). Argenta does not invest in exotic instruments. Speculative transactions to generate profits in the short term ('trading') are not allowed. All reinvestments are in euros; in this way, there is no exchange rate risk.

<sup>3</sup> This amount relates to the collected funds shown on the balance sheet. Additionally, Argenta attracts money from bank fee-generating products. These funds are invested not by Argenta but by the fund.

## 5.5 Information and Communication Technology

The ICT department was reorganized at the start of 2015. The Operations sub-department became responsible for the smooth, efficient and high qualitative delivery of all changes to IT systems. A second entity focuses on risk management, partner management and compliance/controlling. A third develops and keeps watch over the IT architecture.

Systems availability, according to the *Key Performance Indicator*, improved here by 20%. Systems unavailability, both unplanned (due to incidents) and planned (due to maintenance), decreased by 27% and 46% respectively.

The average overall satisfaction score has increased from 6.9 in 2014 to 8.1 in 2015. A determinant factor in this significant progress is the *First Time Right* percentage, which went from 59% to 74%.

Hand in hand with the reorganization, the department set to work in 2015 on managing and reducing risks in the following areas: business continuity, disaster recovery, change management, access control, security of file sharing and monitoring of backups.

The security infrastructure was renewed, resulting in more secure access control as a function of the target group (headquarters staff, branches, customers, partners).

In late 2015, a number of pilot branches were equipped with a new infrastructure, with a complete roll-out scheduled for the first half 2016.

Along with the financial departments, ICT provided several statutory reports, including the Solvency II reporting for insurance and the first international automatic exchange of information to the United States (the so-called 'FATCA'), in a timely manner. ICT also carried out various functional enhancements to the Procurement tool and other modules in the Oracle *E-Business Suite*.

In November 2015, Argenta's internet banking and the website were updated. Besides a modern look and feel and an expansion of the functionality, the underlying platform is also more secure and flexible. The Argenta Banking app also received three major updates.

Among product applications, we can mention deliveries for branch 44, housing bonus, hospitalization insurance and life insurance, in addition to investments in updating the Savings, Credit and Lending applications.



**“Argenta as a European player made substantial progress in 2015 in different fields. ICT made important contributions to this. ICT will continue in 2016 to concentrate on innovation, to create added value for Argenta and to strive for optimum service for our customers.”**

**Dirk Van Dessel**  
CIO

## 6. Description of the activities of Argenta Spaarbank

Argenta Spaarbank, together with the branch in the Netherlands and Argenta Asset Management, forms the Argenta 'Bank Pool'.

### 6.1 Banking, Savings and Investing

2015 was again a good year for Argenta Spaarbank in Belgium, with a growth in both deposits and number of customers.

#### 6.1.1 Daily banking

Besides the personal approach offered by Argenta branch manager, and still appreciated by customers, digital channels offer a complementary service which has become an essential part of Argenta's way of doing business.

Argenta believes strongly in this 360° or 'omni-channel' approach, where the customer himself chooses which channel he wishes to use for certain transactions.

Half-way through 2015, our Argenta Banking app celebrated its first birthday. This first year can certainly be considered a success. The app was very quickly accepted, with usage at times as high as Internet banking via PC or laptop. Customers especially appreciate the ease of use of the app, which is an essential requirement for operations offered through this channel. It also received very good reviews in the *Apple App Store* and *Google Play Store*.

The app was further developed in 2015 with new functionalities giving the customer a better view of his payment traffic from his smartphone or tablet. For 2016, we have planned pretty of attractive developments.

In 2015, this omni-channel approach and (digital) evolution, coupled with the free current account, again made a lot of people opt for Argenta. The number of current accounts increased by 5.45%. The number of payment cards (both debit and credit cards) increased to more than 1.5 million units. The number of Internet

Banking/Argenta Banking app subscriptions continued to grow nicely (+4%).

Behind the scenes Argenta is also playing its role with other banks to optimize Belgian (and European) payment traffic and to offer customers the smoothest possible payment experience.

#### 6.1.2 Savings-related trends

##### Belgium

The savings trend observed in 2014 continued in 2015. The Belgian savings rate remained, as expected by the NBB, at a similar level of around 12.5% of disposable income. Liquid deposits maintained their important place in the composition of individuals' financial assets. Interest rates continued to decline due to the low market interest rates, with the short-term interbank interest rate falling further into negative territory. The long-term rate experienced a brief surge in May, but turned downwards again under the influence of the macroeconomic development and the extensive quantitative easing in the Eurozone.

The low long-term rates, combined with the difference in withholding tax treatment, meant that individuals again remained averse in 2015 to long-term fixed income products. As a result, financial institutions including Argenta saw their portfolios of term products continue to decline in favour of savings deposits. This trend was less pronounced in 2015 than in previous years. With the sharp shrinkage of the term products portfolio, fewer deposits matured than before.

In 2015, consumers again saw mutual funds and investment-linked insurance as an attractive alternative to the low-income savings products. The historically low level of the risk-free rate and the good market performance of recent years supported the popularity of these products.





## Netherlands

Midway through 2012, the Netherlands branch switched to a direct Internet channel ('Savings Direct'), enabling savers to become Argenta customers in the Netherlands without the involvement of an intermediary. Since late 2015, Argenta Netherlands has offered savings products solely through this online channel, and it is no longer possible to be a customer via an adviser.

In total, 6,747 new savings customers were attracted and 11,956 new accounts opened. Both new and old customers accounted in 2015 for a EUR 210,339,748 growth in savings. The result is a total of EUR 2,322,339,987 of funds raised.

Argenta Netherlands retains its ambitious but steady growth targets for savings. But remaining competitive in terms of service calls for major efforts in both digitization and online marketing.

### Changes in the range of savings products

#### *Thematic People's Loan*

From early 2014, individuals could subscribe with Argenta to time deposits under the Act of 26 December 2013 containing various provisions on Thematic People's Loans. At the end of 2015, the Company stopped offering thematic people's loans. This decision was based on the scrapping of the product's tax-advantaged status, the restrictive legal conditions, lack of customer interest and Argenta's desire to keep its product offering simple. In addition, the eligible projects are being financed with other monies.

#### *Savings account with third-party clause*

Since June 2015, it has been couple a third party clause to an Argenta regulated savings account. This makes it possible to save on an account in one's own name for the benefit of a third party, such as a grandchild.

#### *Retail savings certificates*

In March 2015, Argenta stopped offering retail savings certificates. With the upgrade of the functionalities of the term deposits, both products had become very similar. Out of the concern for a simple product offering, it was chosen to offer only term deposits.

### 6.1.3 Investment-related trends

The portfolio of units of Undertakings for Collective Investment (UCI), placed on behalf of customers, grew in 2015 by EUR 886.5 million, or 36.0%, to EUR 3.41 billion.

Among the most successful UCIs are the Argenta pension funds managed by Petercam. In 2015, both the dynamic and the defensive pension fund were the best performing funds in their categories. Their success reflects the excellent returns over the long term and good attention to them in the distribution network.



**“In 2015, customers opted especially for mixed profile funds. The active management coupled with a dynamic exposure to underlying assets, according to market conditions, are a benefit for our customers.”**

**Banking, Saving and Investing department**



### 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 is offering in Belgium 'third pillar pension savings' for private customers.

In 2015, pension savings again grew further with 147,700 customers paying in a total of EUR 92 million. These are 16,400 customers more than the year before (131,300 in 2014 paying in a total of EUR 86 million). Payments into insurance-based pension savings schemes were at the same level as last year, i.e. EUR 19 million. For both pension savings and insurance-based pension savings, 14% of the enrolments are from persons aged under 30.

Argenta Fund sicav, an EU harmonized Undertaking for Collective Investment with a variable number of shares under the laws of the Grand Duchy of Luxembourg, seeks to provide investors with attractive returns by investing securities selected to reflect the customer's desired level of risk.

Eleven sub-funds invest solely in equities, spread across different countries, regions and sectors. In addition, Argenta Fund sicav has one permanent bond sub-fund and two mixed sub-funds that invest in both bonds and equities.

Argenta Fund of Funds sicav 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.

Argenta Fund sicav and Argenta Fund of Funds sicav are two funds managed directly by Argenta. Both are managed by Argenta Asset Management. End of December 2015, the total amount under management amounted to EUR 1.42 billion, up 60.1% or EUR 533.9 million on the year before. It is the second year in a row that these funds show strong growth, having grown by EUR 383 million in 2014. Argenta Savings Bank also distributes UCI units in guided architecture. It distributes UCIs managed by Petercam, 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.

The Company also distributes structured notes issued by Securasset SA. In 2015, there were four new issues. Total sales amounted to EUR 41.6 million, including entry fees. In June 2015, the Company decided to put a temporary stop on selling structured bonds. The low interest rates are limiting the scope for developing attractive structured products. On 31 December 2015, the total structured notes portfolio amounted to EUR 739.4 million.



### A vehicle for private customers to invest directly in the economy

Customers can invest their money with Argenta in funds, bonds and shares and in this way invest in the real economy. Argenta invested a total of 84% of the savings entrusted to it into the real economy. In each case, the branch manager selects investment products, in consultation with the customer, that match the latter's risk profile, determined on the basis of a questionnaire filled out together.

Data sheets give the features of the different investment products. These are in the public domain and available on [www.argenta.be](http://www.argenta.be).

## 6.2 Lending

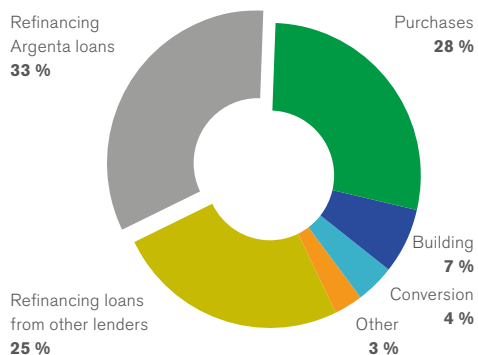
### 6.2.1 Belgium

Lending-wise, 2015 was an unusual year, with continuing low interest rates in the financial market producing a huge surge of refinancing. Indeed, internal refinancings counted for no less than 33% of total production, or more than EUR 900 million.

On top of this comes new production of around EUR 1.83 billion. In this way, 2015 closed with a total production of some EUR 2.7 billion. A strong performance, when set against total production of EUR 2.2 billion in 2013 and EUR 1.9 billion in 2014.

In 2015, an additional 5% growth took our housing loan portfolio beyond the EUR 9 billion mark. In addition, 25% of the credit business was with customers who have had Argenta take over their existing home loans. These customers opt deliberately for Argenta. The chart below shows the distribution among the different credit destinations.

#### LOANS USED FOR



Production of instalment loans amounted to 2015 to around EUR 35 million compared to 25 million in 2014 (+40%). It remains Argenta's strategy to focus on credit activities that meet customers' basic financial needs, that is especially mortgage loans and, to a limited extent, instalment loans.

### 6.2.2 Argenta Netherlands Branch Office

Argenta Spaarbank has been providing mortgages in the Netherlands since 1997. These are offered by the independent consultants of De Hypotheker Associatie, and the labels Adaxio (formerly Welke), DAK, VCN United Capital and Huismerk.

2015 was the first time that consultants' Net Promoter Score was measured. These were asked how likely they were to recommend Argenta to customers. This resulted in an NPS-score of +24.8. This very strong score, combined with improvement suggestions received, provides a basis for further improvement initiatives in 2016.

To increase the manageability of the mortgage portfolio and to make the IT infrastructure less complex, the two mortgage portfolios previously outsourced at Stater and Quion were in October 2015 successfully centralized at Quion. Since then, Quion has managed the entire Argenta Netherlands mortgage portfolio. At the same time, the service contract with Quion was renegotiated to give greater customer focus and quality. That led to the implementation of closer operational cooperation based on performance indicators that take into account customer experience, operational process performance and data quality.

In 2015, Argenta Netherlands produced EUR 1,911 million of mortgage business, with a redemption of EUR 1,082 million, resulting in a net increase of



**“The diversification of the portfolio of mortgage loans across Belgium and the Netherlands and the healthy growth of new production have limited the impact on the interest margin of the surge wave of internal refinancings.”**

**Chris Lambrechts**

Department head Financial Management

EUR 827 million over the year. This result was achieved by a stable interest rate policy, product adjustments, widening the distribution network, adding longer fixed-rate periods and optimizing the mid office.

On the other hand, a number of major Dutch banks have announced that they want to limit their production in the context of the increasingly stringent demands BY the regulator, including capital costs.

Although the housing market is again on the rise, the Dutch market continues to require special attention in order to maintain a competitive product offering, given signals that pension funds will be continuing to focus in the near future on the Dutch mortgage market, offering loans at sharp conditions and in competition with the banking sector.



## 7. Description of the activities of Argenta Assuranties

Argenta Assuranties, together with its subsidiary Argenta-Life Nederland, forms Argenta's Insurance Pool.

### 7.1 Insurance business

On the list of insurers drawn up by Assuralia on the basis of premium income, Argenta Assurantie stands at tenth place in Belgium. For life insurance, Argenta Assuranties comes in Belgium in seventh place.

Argenta Assuranties offers a wide range of products for private customers. The proportion of customers who are customers of both Argenta Spaarbank and Argenta Assuranties is steadily increasing, and now amounts to over 30%.

In the Netherlands, Argenta-Life Nederland offers outstanding balance insurance and manages a portfolio of endowment policies.

Argenta frequently conducts tests to verify the soundness of the technical provisions set up in order to meet future obligations. Analyses of the tests for embedded value, combined ratio, value new business and profit are good tools for controlling profitability and risk management for both life and non-life insurance. Argenta reports on Solvency II legislation in accordance with the Interim Measures. Management is heavily involved in preparing ORSA (*Own Risk and Solvency Assessment*), both in the Netherlands and Belgium.

#### 7.1.1 Life Insurance Belgium

In 2015, the portfolio continued to grow. Despite the low interest rate environment, new production of about around EUR 225 million was achieved in branch 21. This is a significant amount, seeing that Argenta Assuranties sells insurance only to individuals. Like last year, the Argenta Life Plan is the driver behind this production. The biggest growth came, however, in branch 23, where new production fell just short of EUR 500 million. Over a period of four years, production in branch 23 has doubled.

Production in life insurance is the result of Argenta's 'Healthy Investment' strategy, with a constant watch

kept on maintaining a diversified portfolio tailored to customer needs. Life insurance is an important component of customer portfolios, because the policies often respond to specific needs. They are therefore an essential element in advisory discussions on asset transfer and succession planning. Argenta's branch managers and specialists situate these contracts in an increasingly broad consultation discussion.

Death cover (outstanding balance insurance), usually related to the sale of credit products by Argenta Spaarbank, grew by 8%.

#### Profit sharing

For certain life insurance policies in effect on 31 December 2015, a profit-sharing bonus was granted subject to a number of criteria

For 2015, profit sharing was proposed Argenta Life Plan, Argenta-Flex, Life Plus and Youth Savings Plan as follows:

- a gross return of at least 2.20%
- a profit sharing bonus for all units up to 2.10% inclusive

Unit	Profit sharing in 2015	Gross return in 2015
1.00% (Kapitaal Plus)	0.25%	1.25%
1.60%	0.60%	2.20%
1.70%	0.50%	2.20%
1.80%	0.40%	2.20%
2.00% (Kapitaal Plus)	0.20%	2.20%
2.10%	0.10%	2.20%

For Kapital Plus, the same returns applied except for the recent deposits at 1% where the profit sharing is limited to 0.25%.

For units with a guaranteed interest rate of 2.20% or higher, the overall gross return for 2015 is equal to the guaranteed interest rate for that unit. For these units, there is therefore no profit sharing.



## 7.1.2 Non-life insurance

The indemnity and health insurance portfolio grew steadily. Premium income amounted to EUR 122 million.

By the end of 2015, the total number of car insurance policies had increased by 5.6% to 121,791. In terms of customer numbers, Argenta's penetration in car insurance is on the low side.

The fire and family policies continued to grow. This is mainly due to the strong growth of the combined Insured Dwelling plus (Verzekerd Wonen plus) policy. This policy combines the 'Family Protection' policy with the 'Dwelling plus' fire insurance. By the end of 2015, the total number of family policies had increased by 10.3% to 98,391. The total number of fire policies amounted at the end of 2015 to 149,531, an increase of 9.4%. Despite strong growth, it remains true here that Argenta's penetration of family and fire is rather low.

Argenta Assurantie is a major provider of individual hospitalization insurance. Premiums were adjusted here in 2015 in line with the consumer price index.

Claims per policy were at the same level as in 2014. Where 2014 was negatively impacted by the Whitsun weekend storms, 2015 was characterized by a smaller number of car claims, but for larger amounts.

For claims settlement, Argenta collaborates with Van Ameyde Group, a specialized service. Since mid-2015, they have also handled all legal assistance claims.

### Innovation

On 20 September 2014, Argenta launched its 'innovation path' for claims processing starting with on-line declarations of motor, fire and family insurance. For this, the client can scan a QR code or click on the mobile app home screen.



He can create a profile in advance - though this is not obligatory - and in case of a claim event can produce a mobile declaration of damage via his smartphone or tablet. He can also add photos and video in a simple way. In 2015, 10% of declarations made use of this app.

Together with Van Ameyde, Argenta is continuing to seek to optimize claims processing for its customers. In this way, at the end of 2015, a partnership was started with DEKRA for complex fire claims or claims, the size and nature of which require an on-site expertise.



### A major innovation is the 'remote expertise'.

This innovation is an absolute first on the Belgian market. Once a declaration of loss under a fire policy reaches Argenta, the claim is immediately investigated. From now on, the damage can in many cases be determined via this 'remote expertise'.

Argenta calls the customer, and with his consent, takes over his camera via his smartphone or tablet. In this way, Argenta is present live at the scene of the damage. On the basis of instructions, Argenta can record both audio and video in the file. At the same time, the damage is calculated on the basis of these images and the repair costs can be calculated immediately using a specially developed calculation tool. This leads to an immediate payment onto the customer's account. This is possible because all the prices of materials and workmanship are included in the calculation tool. In practice, 80% of the claim events are eligible for this 'remote expertise'.

For the client, this offers many advantages: fast processing, no loss of time as the remote expertise obviates the need for an onsite visit, speed of payment and correct settlement the first time round.

DEKRA ensures, inter alia, that the expertise assignments are always performed by a certified expert with sufficient knowledge and empathy. In this way, DEKRA is (co-) responsible in the service chain for providing a 'quick' and 'quality' expertise.

For Argenta, a good customer experience is one of the main objectives of this project. For this reason, it is vital in every claims settlement to achieve this aim and make the process easier for the customer. Another important objective is to get a grip on the through-time of this process. To achieve this, Argenta Assurances has concluded very tightly worded service contracts.

### 7.1.3 Life Insurance Netherlands

Argenta-Life Nederland is Argenta's Dutch life insurer. It is a 100% subsidiary of Argenta Assuranties. Argenta entered the Dutch life insurance market in 2005 with savings insurance, which is uniquely linked to the Argenta mortgage loans offered by the Netherlands Branch.

Since 2013, the concluding of endowment mortgages has been discouraged in favour of linear and annuity mortgages. For this reason, ALN made its 'Mortgage Protection Life Insurance' more competitive, in order to achieve a high cross-selling ratio with the mortgage business.

The reorientation of Argenta-Life Nederland in 2013 resulted in a further portfolio growth based on the life insurance. In 2014 and 2015, ALN focused on strict cost control and a more client-oriented service. The planned Straight Through Processing automation project, intended to significantly reduce throughput and processing time and associated FTE costs, was halted following a cost-effectiveness analysis. In 2015, a strategic and tactical reflection process was launched. This will result in 2016 in the necessary conclusions and consequent action plans.

Premium income amounted in 2015 to EUR 52.5 million. The technical provision amounted at 31 December 2015 to EUR 314 million. This is an increase of 14.2% compared with 31 December 2014. Argenta-Life Nederland was faced in 2015 with 18 deaths.

## 7.2 Actuarial department and Actuarial function

### 7.2.1 Actuarial department

The main tasks delegated to the Actuarial department for life, as well as indemnity and health insurance are:

- monitoring the required profitability and solvency of Argenta Assuranties;
- embedding a consciousness of this at Argenta;
- delivering analyses and recommendations on value and income stability, quality of liabilities, capital management, reinsurance and profit sharing;
- final responsibility for the reporting, in its area, to the regulator, to the auditor and to the Actuarial function;
- management of various actuarial models for, inter alia, Solvency II;
- dissemination of knowledge within Argenta Assuranties.

The Actuarial department also provides actuarial assistance to various departments, including Product Management for product development, to the Insurance operational department in complex dossiers, and to the Financial Management department for preparing the business plan.

### 7.2.2 Actuarial function

The actuarial function is a key function that has been granted legal recognition in the risk management process as outlined by Solvency II. The actuarial function provides Argenta Assuranties and Argenta-Life Nederland with independent and objective advice when launching or changing insurance products, on profitability, on technical provisions, on reinsurance and on the technical provisions of Solvency II.

The aim is to assist the effective management in the pursuit of the pre-set objectives.

The advice and recommendations are intended to give effective management the necessary tools for bearing their full responsibility for leading the company.

At Argenta, the Actuarial function is outsourced to the firm Everaert Actuaries in the persons of Willy and Kim Everaert. For Argenta-Life Nederland, this is Koen Verveiren. Needless to say, Everaert Actuaries can perform its functions in full independence and objectivity. Independence is also ensured functionally



by the fact that the actuarial function reports/  
can report directly to the Argenta Assuranties and  
Argenta-Life Nederland Boards of Directors.





## 8. The macro-economic and financial environment

### 8.1 General macro-economic and financial environment

#### A promising start ...

The far-reaching monetary stimuli implemented by central banks raised hopes in the early months of 2015 for a recovery in the global economy. In the US, the monetary easing programme had already been halted in autumn of 2014, as expected, but with the extremely low US interest rates maintained. In turn and with great conviction, the Eurozone set out its intentions for an impressive schedule of bond repurchases.

The Chinese central bank too followed a similar policy, with substantial drops in its key rate and the reduction of bank reserve requirements. These measures, taken initially out of a sense of togetherness with the other monetary authorities, were later speeded up in an intensive effort to neutralize the initial signs of a weakening of the country's own economic growth.

This prospect of a combination of sustained monetary stimulus and increased chances of sustained economic recovery whipped equity markets to new record highs during the first four months of the year. This was particularly true of the CSI 300 Index, which represents local Chinese securities. Continuing the upward course already begun in 2014, this index climbed a further 40% in the first quarter of 2015. During this period, European and US stock markets too made major advances in the triumphal march they had begun in late 2011.

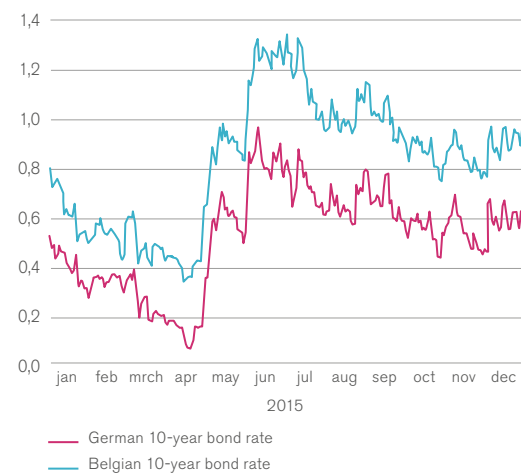
#### A (modest) economic recovery in the Eurozone

Faster economic growth, as still expected in early 2015, implies, however, an increase in real interest rates and accelerating inflation. At the start of the second quarter, this prospect brought the impressive price climb of long-term bonds to an abrupt halt.



**Stefan Duchateau**  
Advisor to the Executive Committee

**Graph: US and German government bond rates (10 years)**



Source: Thomson Reuters Datastream

The ECB may have initiated the sudden and sharp rise in long-term interest rates. This is because monetary easing was intended to decisively stimulate lending in the Eurozone by using a very low interest rate to make alternative investments such as government bonds as unattractive as possible for European banks. The rate cuts were predictable, being needed in order to arrive at such a low level. But this created a speculative opportunity, increasing rather than reducing the profit potential of (risk-free) government bonds, with credit activity becoming relatively less

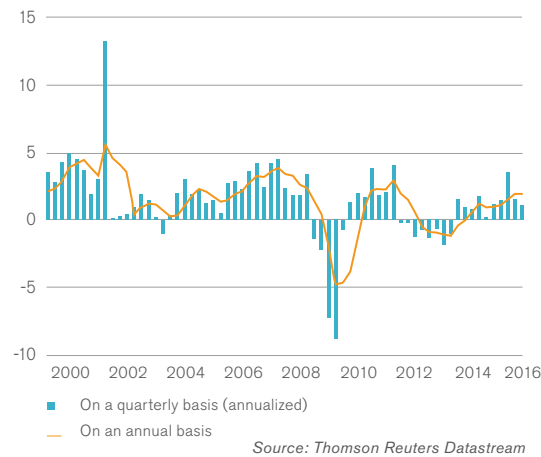


attractive, and thereby threatening to short-circuit the objectives of this monetary stimulus. Permitting temporary upward shocks in long-term interest rates was, however, an effective way of counteracting this.

On money markets, interbank rates were at the same time manoeuvred further downwards. For this, the ECB maintained a policy of keeping its policy rates at extremely low or even negative levels. Finally, this produced increased credit creation, including consumer loans in the Eurozone.

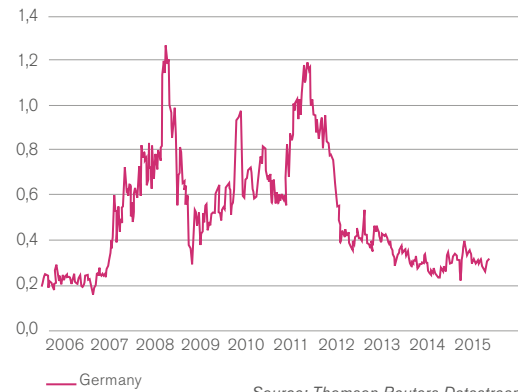
The European economic indicators too showed a modest rebound. These were slowed, it is true, though not crippled by slowing growth in the two largest world economies and the restrictive impact of tighter capital requirements in the banking sector. In this way, Eurozone GDP was able to remain, with a modicum of conviction, out of the red.

**Graph: Eurozone GDP on an annualized basis**



The risk of the Eurozone imploding under the weight of internal economic and fiscal differences between Member States continued to reduce during the first months of the year. This manifested itself, among others, in a stabilization of the interest rate differentials on the bonds of the former problem countries (Spain, Italy, Ireland and Portugal) with German 10 year government bonds and a differential arising between the 2 year euro swap rate and similar placements in German treasuries. This *flight to quality* premium stabilized at around the pre-crisis levels of 2006.

**Graph: Interest differential between Belgian and German government 2-year bonds**



However, with the Greek financial situation forcing itself more and more into the foreground of attention, investors on world stock markets gradually lost confidence in a global economic recovery. This led to stagnating stock indexes, and increasing intra-European interest rate differentials.

**The first disappointment came (rather unexpectedly) from the US economic barometers ...**

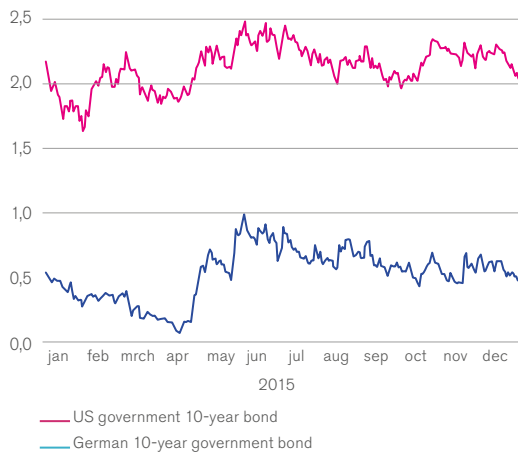
During this period, US manufacturing indexes delivered a row of disappointing outlooks, contradicted each time, however, by developments in the services sector. Growth in service activities – focused mainly on the internal US consumption – was by now responsible for the bulk of job creation in the US. With the unemployment rate now down to a level still associated by the Federal Reserve with a natural rate of unemployment, any further tightening of the labour market would, it was thought, threaten to unleash wage pressure and inflation. Louder and louder calls were heard at the US Central Bank for an end to the zero policy rate.

Memories of the 2004-2005 monetary débâcle apparently still loomed large: back then, in a similar situation the Federal Reserve had waited too long to raise its interest rate with no wage tensions yet in sight. After which it took seventeen consecutive interest rate increases over an eighteen month period to break the upward wage spiral, and in so doing probably creating the breeding ground for the subsequent US real estate crisis.



Under the joint effect of stagnating US corporate profit forecasts (partly due to the sharp declines in oil prices, which hit the country's energy majors very hard), the further sharp fall in economic cycle-sensitive copper prices and increasingly explicit messages about a substantial slowdown in China, the world's second largest economy, nervousness rose in the second quarter of 2015 right across the world's financial markets. With this, interest rose in supposedly safer German and US government bonds, which in previous months had opted for an upward path with declining growth and inflation expectations and thus a more attractive, risk-free return.

**Graph: Returns on German and US government bonds (10 years)**



Source: Thomson Reuters Datastream

### Financial markets take the Greek drama in their stride ...

Halfway through 2015, this quest for quality, risk-free investments was intensified by a violent flare-up of the Greek financial crisis, which initially looked to be moving towards a hopeless stalemate. Finally, the country got (predictably but only at the last minute) a solution based on a renewed European credit line and tighter conditions imposed on Greece.

The political pressure to seek and reach a solution in the Eurozone was particularly large. Countries like Spain and Italy had imposed significant austerity plans in recent years on their populations. A 'Grexit' would no doubt have again upped the pressure on these countries' debt positions, and a large part of these efforts would have been lost.

The stock markets and bond markets survived the nerve-wracking poker game between the Eurozone, the Greek government, the IMF and the EU – with the inevitable interim turbulences – without major damage. But immediately after agreement had been reached, which should have sent stock exchanges rebounding strongly, the published Chinese economic data proved so alarming that this 'relief rally' was immediately aborted and the gains were limited to the European bond markets, with a renewed decrease in interest rates and spreads.

### But followed by a disenchanting financial débâcle in August ...

The situation in the financial markets deteriorated totally in mid-August. Following a slew of disappointing data from China, the yuan exchange rate was adjusted relative to the dollar. At the time, this looked to be only a minor step, instigated moreover by the IMF authorities charged with investigating China's candidacy as a reserve currency. This was, however, interpreted as a panic reaction by the Chinese government aimed at reversing the unmistakable decline in its exports. Also the economic forecasts, including the Caixin manufacturing PMI figures, were translated overly negatively in terms of a Chinese recession, while actually pointing only to a slowing of growth.

This cooling is admittedly substantial, but largely matches the transformation process that will be needed to align the Chinese labour market to the country's dramatic demographic decline. This requires the government to reposition its economic policy emphasis away from the bulk export of limited added value merchandise, which is highly vulnerable to the unpredictable fluctuations of the world economy, towards quality-driven production with higher margins and greater emphasis on domestic consumption.

This will make the economy more stable, with the wage increases inherent in a shrinking labour market offset by higher value added in the manufacturing process. It may be that the Chinese government applied the brakes too hard on the development of industrial products by underestimating the impact of its policies on a global scale.

Probably the Chinese slowdown is, however, also caused by the exchange rate of the yuan. Since 2008, this has been widely seen as too high in relation to its competitors on the world markets.

Such a monetary policy is admittedly consonant with such a transformation process, but in so doing the Chinese government assumes that the increase in the nominal exchange rate is compensated by productivity improvements.

Such a mechanism ought in principle to stabilize China's real effective exchange rate and push the economy in the desired direction of higher added value based on quality improvements and increase efficiency.

But this process is certainly not proceeding as desired. The nominal price appreciation of the yuan has led only to higher real effective exchange rates, in so doing reducing China's competitiveness in the (weakened) world market to a significant and unexpected degree. This explains why the Chinese government – under the protection of its newly acquired status as an official reserve currency – is leaving the determination of the yuan exchange rate more and more to the financial markets in order to bring it gradually into line with reality.

#### **The Federal Reserve meanwhile takes informed decisions but faces a dilemma ...**

In September, attention shifted toward the impending decision by the US central bank. The strength of the service sectors in the US (accounting for two-thirds of GDP) was such that various governors pointed repeatedly to the increasing risk of wage pressures (albeit nowhere visible in the statistics), calling for an increase in the US policy rate. Given the weak economic situation and the turbulence in financial markets it was, however, decided to postpone this symbolically very important change in monetary policy. At the Federal Reserve meeting on 16 December, the economic situation was reassessed and the decision finally taken to adjust interest rate policy upwards.

This decision is of historical importance, being the first time in a decade that monetary policy has taken on a restrictive accent. This is because the growing service sector is placing pressure on the labour market and will likely provoke wage tensions. Once such an upward spiral starts, it can be very difficult to stop. Hence the Federal Reserve's preference to intervene very early in this cycle. In this way, it is hoping that the policy rate's upward path will, in contrast to 2004-2005, be limited to a few upward

adjustments. An increase in the policy interest rate does not necessarily translate into higher interest rates on long-term government bonds. Rather, the decision underlines the determination of the US central bank to nip inflation formation in the bud, which ought rather to bring down the long-term rate.

Such intervention is not, however, without risk. If the US economy still threatens to show signs of weakness in 2016, the Federal Reserve can no longer throw a lifeline in the form of lower interest rates. On the one hand, such policy inconsistency would severely damage the central bank's credibility. On the other hand, the US economy faces a fundamental bifurcation. The services sector (mainly aimed at domestic consumers) is evolving relatively favourably and is 100% responsible for the creation of employment. But the manufacturing sectors are underperforming. This is partly due to the lack of investment in the oil and gas sector but also to the rising dollar, which further complicates exporting to already seriously weakened global markets. And since the country's monetary authority has but one policy rate available to it (albeit in various forms), this two-way development considerably complicates its task.

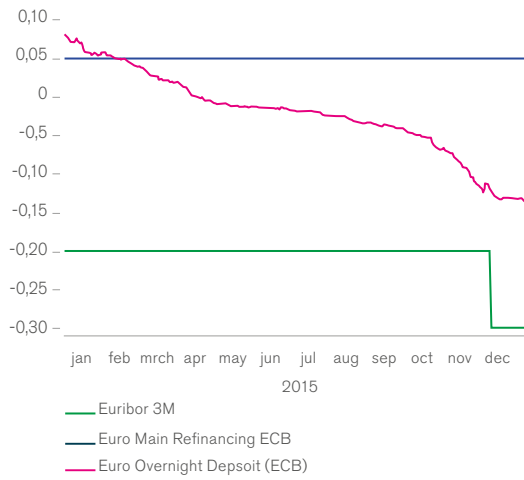
The sharp fall in oil prices can, however, considerably affect the disposable income of the average American, from which one can extrapolate an increase in consumer spending. Given the great weight of this in the GDP figures (over 70%), this can result – over time – to a substantial boost. But the negative impact needs also to be taken into account, in particular the lower investments in the local shale gas and oil industry and potential bankruptcies of US energy companies. The latter datum can also potentially significantly increase the credit spreads on corporate bonds.

#### **And the ECB continues to work unperturbed on setting the European economy on an upward path ...**

The ECB has meanwhile, as an additional measure, pushed the deposit rate further into negative territory, while stating that the need for additional incentives will be decided based on an analysis of the upcoming macroeconomic data. The predictive economic indicators show that the monetary policy has produced a precarious recovery.



Graph: ECB policy interest rates during 2015



Source: Thomson Reuters Datastream

Expected inflation in the Eurozone is still far too low in terms of policy objectives, while employment in key Member States still contains a significant margin for improvement. Unlike in the US, there is therefore no reason for a change in monetary policy and in the first months of 2016, no significant upward pressure is expected on government bond rates.

Intra-European government spreads are currently at levels that are certainly justified by the evolution of the real effective exchange rates of the various member states in relation to the German anchor. The austerity measures, with their far-reaching social consequences, imposed in most Member States, have indeed led to an improvement of the efficiency rate, placing the European currency zone on a better foundation.



## 8.2 Impact of the general macro-economic and financial situation on Argenta Spaarbank and Argenta Assuranties

2015 was marked by a moderate economic recovery in Europe. In this context, Argenta Spaarbank and Argenta Assuranties can again publish very good results.

### 8.2.1 Impact on Argenta Spaarbank

With extremely low policy rates and cheap financing the economy experienced an increase in credit creation. Argenta also transacted a very high level of mortgage business. A significant part of this consisted of refinancing of existing mortgages at new, lower interest rates.

The investment portfolio slightly reduced. Argenta maintains as always a cautious investment policy.

The diversification into loans to local authorities and into real estate was further developed and implemented.

Customer savings assets also grew. As a result of the low interest rates, we continue to see a shift from term products to savings accounts.

Stock markets rose to record levels. In this favourable market climate, Argenta, which is promoting its fourth pillar, Investments, in order to expand its offerings to customers, delivered strong fee production, especially during the first half of the year.

- The reported profit is down slightly on 2014, but has risen sharply compared to previous years. Operating profit is at the same level as in 2014;
- Argenta Spaarbank's return on equity is very favourable;
- With the adding of a large part of the profit of the year to reserves, equity continues to rise;
- The solvency ratios continue to rise and liquidity ratios remain comfortable.

### 8.2.2 Impact on Argenta Assuranties

With low interest rates making long-term saving less attractive, premium income from life insurance fell. As a result, the portfolio of branch 21 products reduced slightly, with new production unable to fully offset maturing policies.

Clearly observable was a shift from branch 21 to branch 23 insurance. Branch 23 was a great success, with strongly rising premium income in the first half of the year in particular, due to positive signals from record levels in equity markets.

To guarantee future payouts, Argenta Assuranties reinvests a portion of the collected premiums. In so doing, it adheres to the rules of its own financial policy.

The company easily meets all solvency requirements. The switch to the new Solvency II solvency framework, including a comprehensive ORSA (Own Risk Solvency Assessment) was successfully completed.

Argenta Assuranties again achieved an attractive net profit. The slight decrease compared to last year is mainly due to a major reversal of the equalization reserve engine in 2014. Without this one-time effect, net profit rises to the highest in the history of Argenta Assuranties.

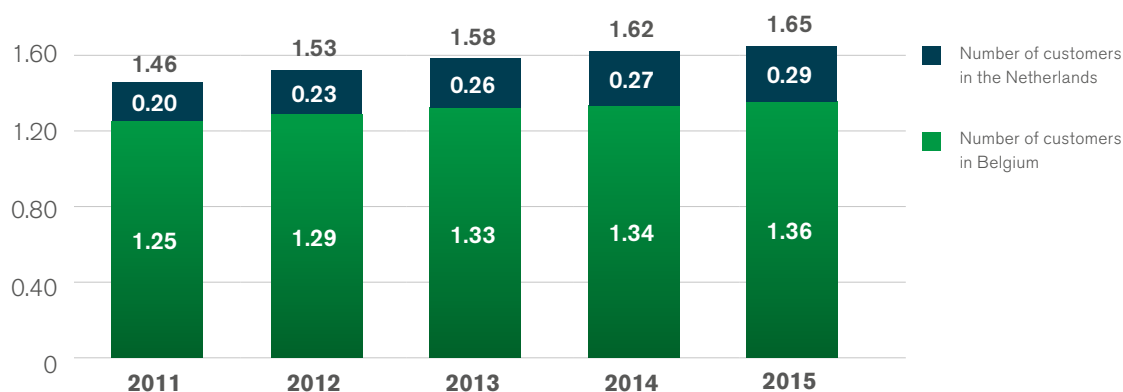
Argenta Assuranties's return on equity is very favourable. Retaining this profit in equity further strengthens its position.

Policyholders receive a profit sharing which is among the best on the Belgian market.

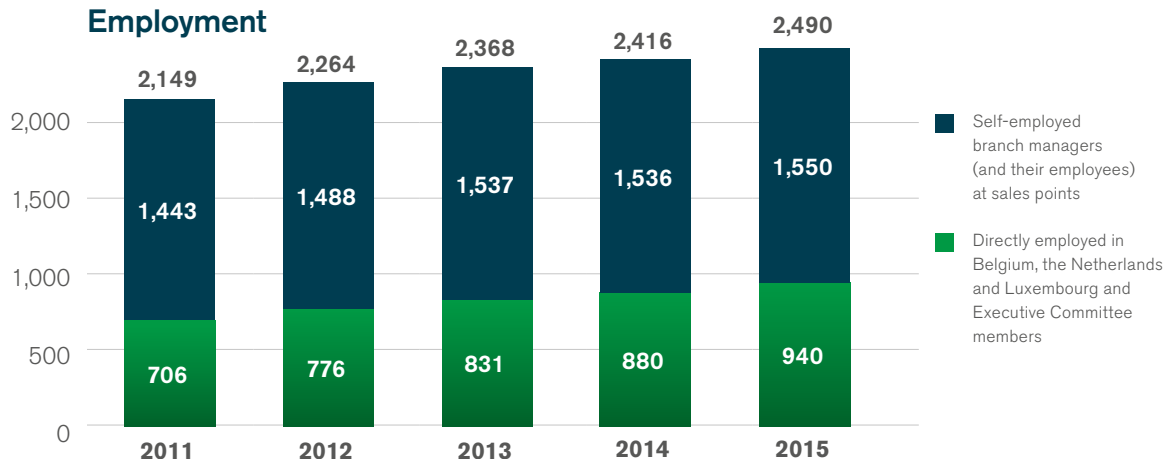


## 9. Key financials: Argenta Bank- en Verzekeringsgroep

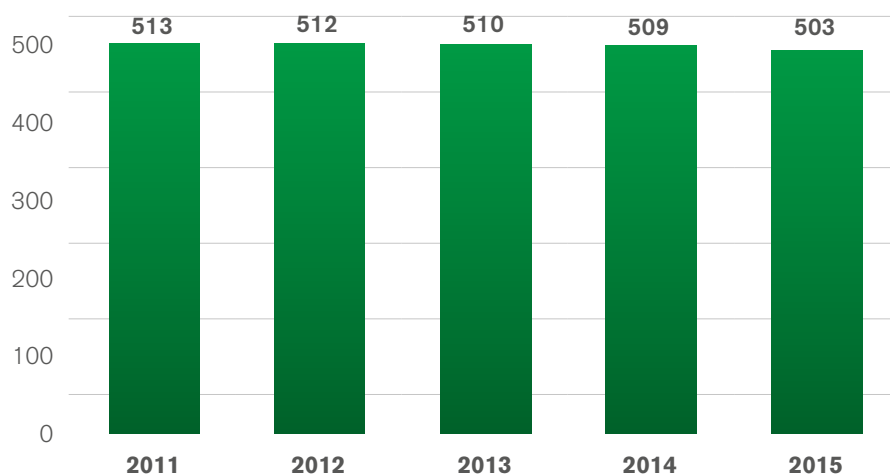
Number of customers (in millions)



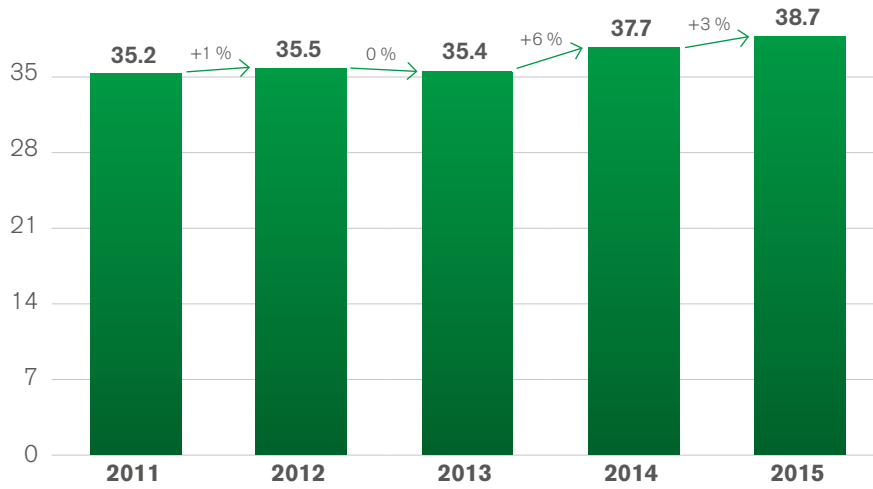
Employment



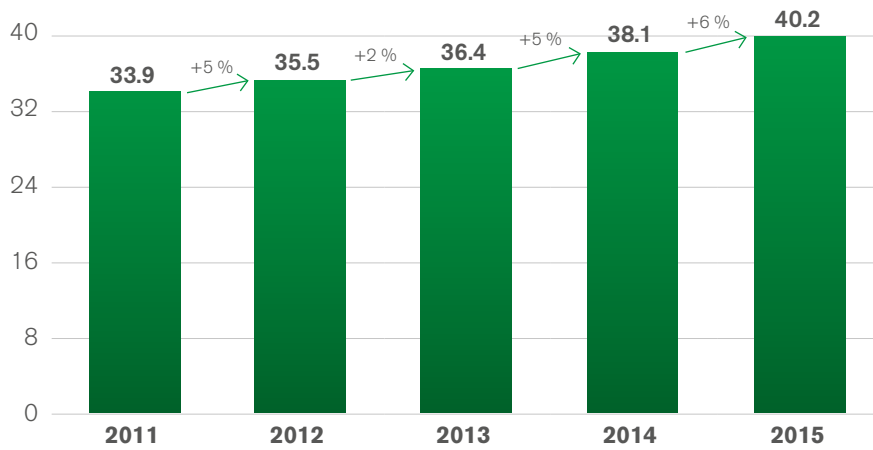
Number of sales points in Belgium



### Consolidated balance sheet (EUR in billions)



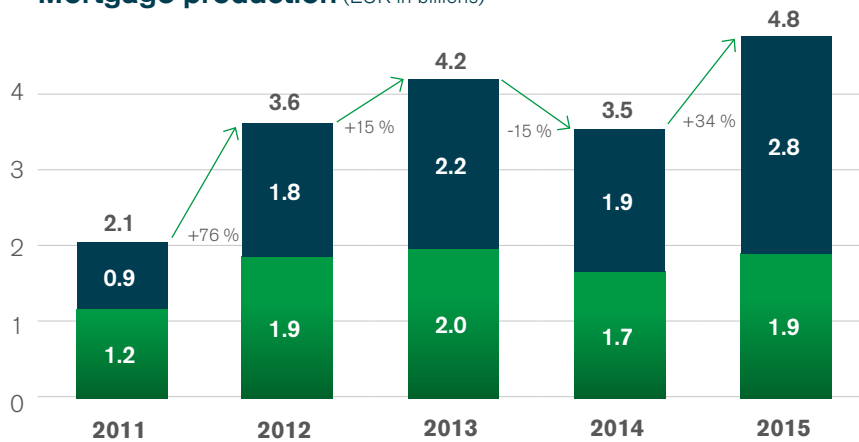
### Funds collected from the public (EUR in billions)



Also includes funds not on the balance sheet, such as investment funds



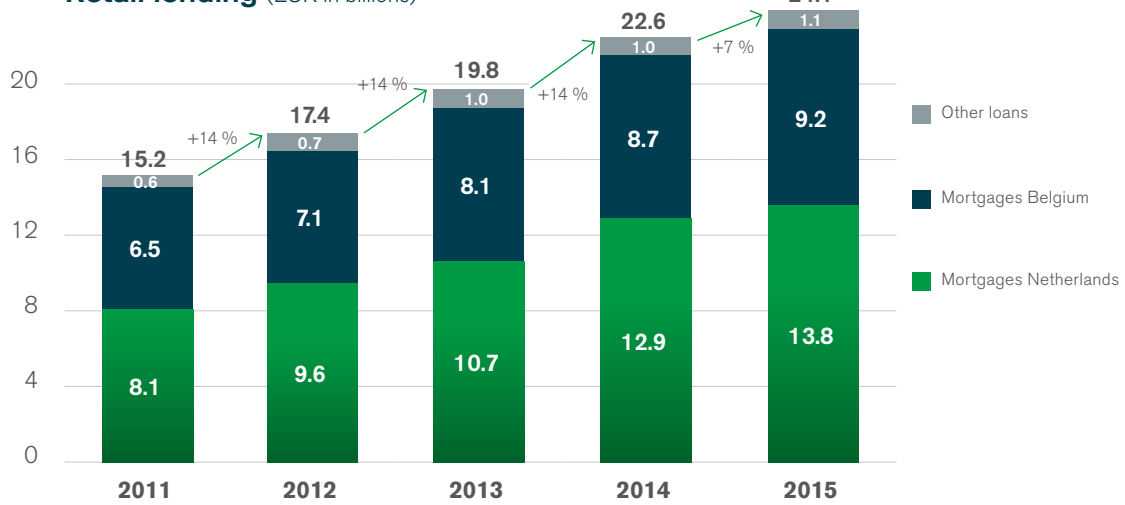
### Mortgage production (EUR in billions)



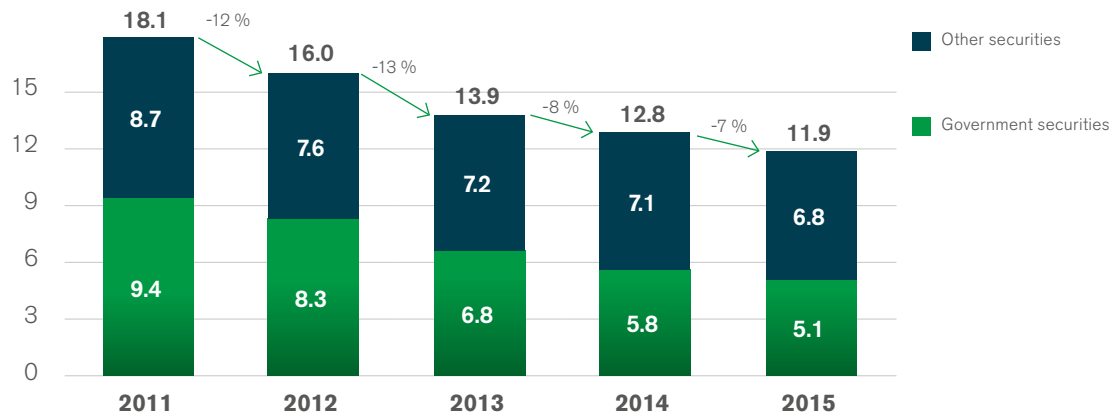
Concerns production, internal refinancing included



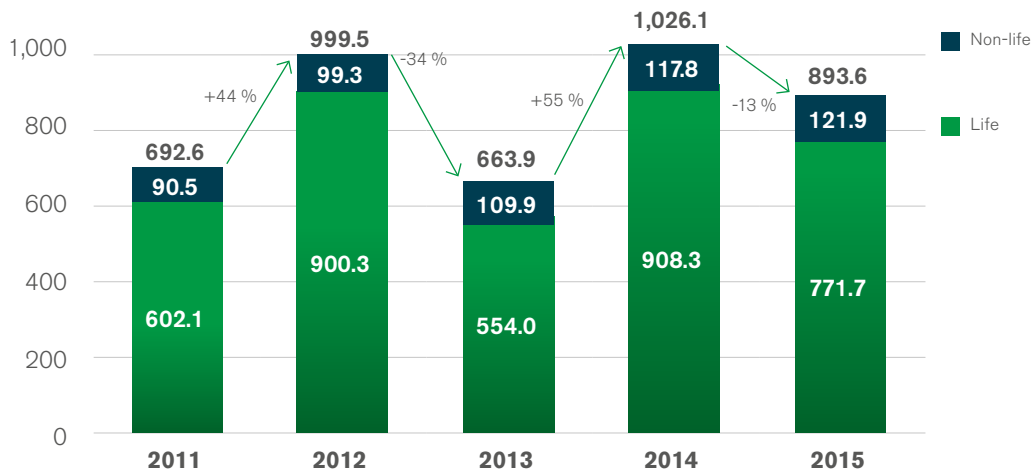
**Retail lending (EUR in billions)**



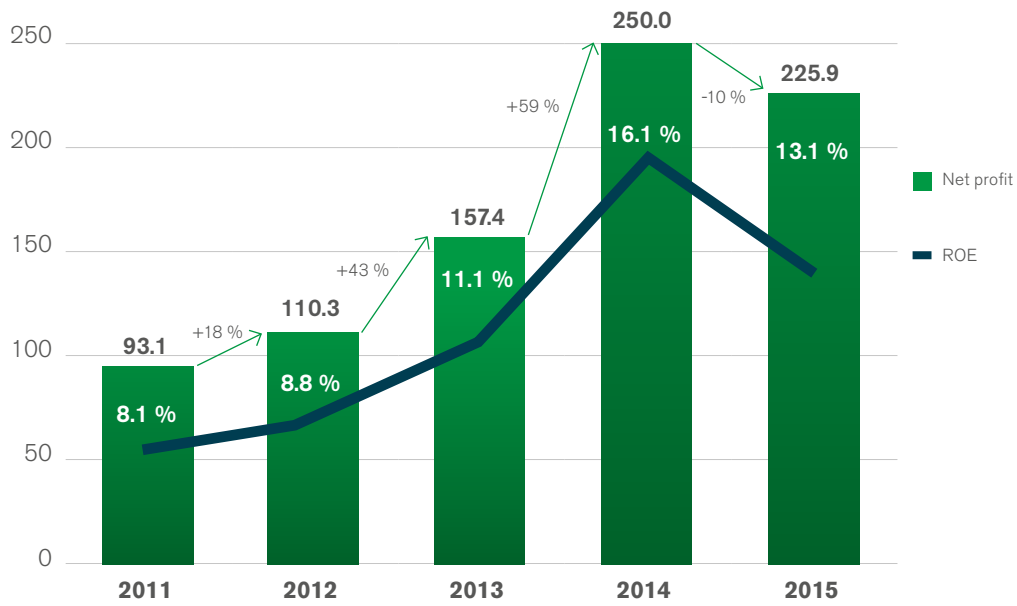
**Bonds and fixed-income securities in investment portfolio (EUR in billions)**



**Insurance premium income (EUR in millions)**



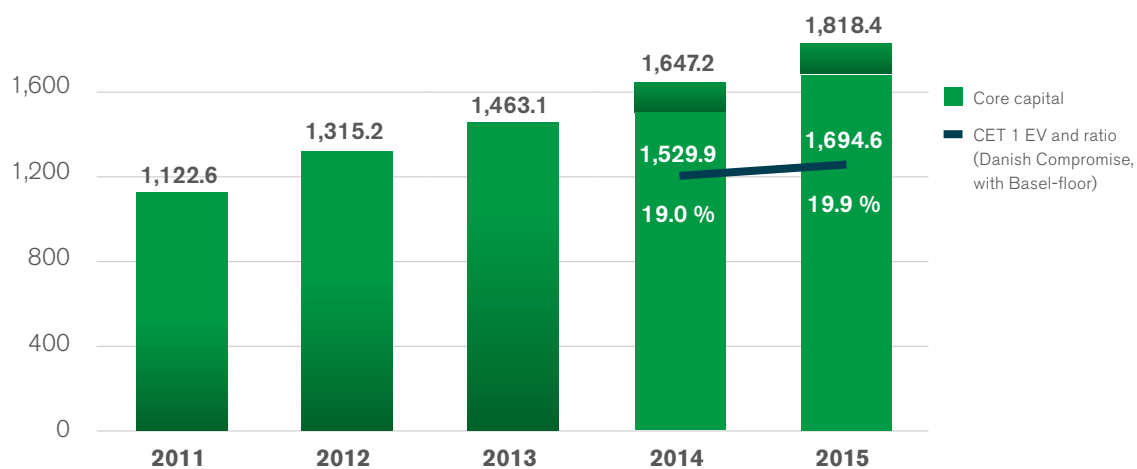
### Net profit and ROE (EUR in millions and %)



### Balance sheet equity (EUR in millions)



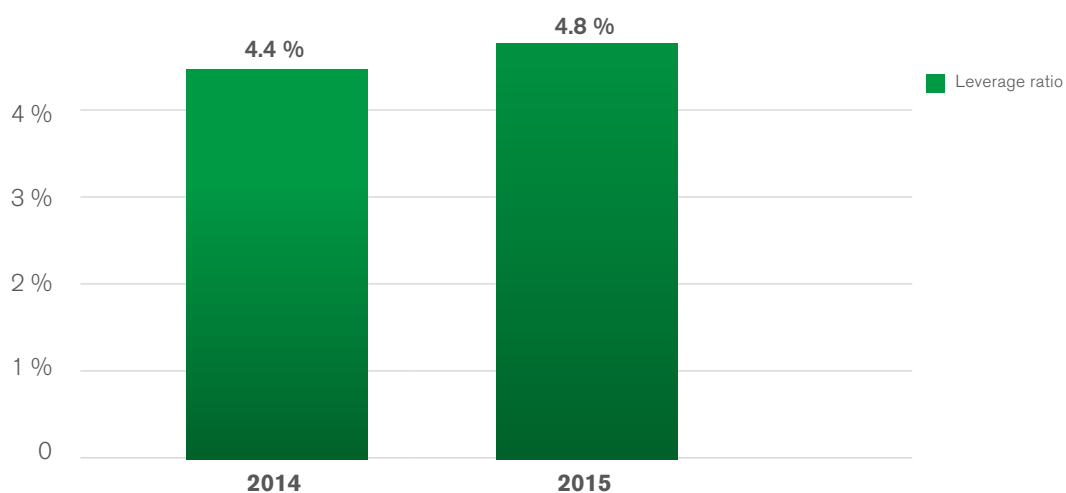
## Core Capital and Common Equity Tier 1 ratio (EUR in millions and %)



The BGAAP core capital is calculated by the Building Block method.  
The prudential ratio (with Basel floor) has been calculated since 2014 by the Danish Compromise Method, applied at BVg level following the approval of the regulatory authority.



## Leverage ratio (in %)



This is the prudential leverage ratio according to Basel III



*Left to right:*

*Front: Marie Claire Pletinckx, Jan Cerfontaine, Dirk Van Rompuy, Anne Coppens (sitting), Elke Vanderhaeghe, Johan Heller en Cynthia Van Hulle.*

*Back: Dirk Van Dessel, Emiel Walkiers, Raf Vander Stichele, Walter Van Pottelberge, Carlo Henriksen, Geert Ameloot, Gert Wauters en Bart Van Rompuy.*

# 10. Corporate Governance

## 10.1 Composition and functioning of the Argenta Boards of Directors

The Boards of Directors of the Company and of the other Argenta companies 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 shareholders (together with the independent directors, the **non-executive directors**).

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

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

The following age limits apply for directors:

- executive directors are legally required to resign on reaching the age of 65;
- non-executive directors are legally required to resign on reaching the age of 70;
- directors reaching the age limit may continue to exercise their mandates until a successor has been 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 distinct groups in them (the directors representing the shareholders, the independent directors, and the directors on the Executive Committee) has a majority. The majorities of the Boards are always formed by non-executive directors.

Independent directors are appointed with a view to attracting competencies in the Argenta Group's core activities, namely banking and insurance. Independent directors need to demonstrate broad experience in at least one of these core fields on the basis of their former or current activity. They must meet all the requirements stipulated in Article 526.3 of the Belgian Companies Code.

The Boards of Directors of the Company, Argenta Spaarbank and Argenta Assuranties each have a number of independent directors, with at least one independent director of Argenta Spaarbank not sitting on the board of Argenta Assuranties, and vice versa. The independent directors of Argenta Spaarbank and Argenta Assuranties may be, but are not necessarily, members of the Board of Directors of the Company.

The governance rules concerning independent directors aim to ensure an appropriate balance in the management of the various Argenta companies between the representation of the group's interest and that of the interests (of the stakeholders) of the individual companies making up the Group.

With a view to an appropriate representation of Argen-Co, the cooperative company of Argenta branch managers and customers which holds a 13.49% equity participation in the Company, Ms. Cynthia Van Hulle was appointed on 14 October 2015 as a director of the Company, Argenta Spaarbank and Argenta Assuranties. Ms. Van Hulle has sat since 23 June 2015 as an independent director on the Board of Directors of Argen-Co.

The division of tasks between the Boards, and the interaction with the various committees (see 10.2 and 10.3 below), is documented in the Internal Governance Memorandum.



### 10.1.1 Meetings of the Boards of Directors

#### The Company

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

#### The Argenta Group

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

### 10.1.2 Suitability and assessment

The 'Suitability of Key Executives' Charter produced for the Argenta Group, including the foreign subsidiaries Argenta-Life Nederland and Argenta Asset Management, sets out the governance and structured framework that Argenta has put in place to ensure the suitability of its key executives.

'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 executives' 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 eligibility criteria, the Board also periodically evaluates its operation, its performance and the performance of individual directors. During 2015, a comprehensive and externally facilitated evaluation of the functioning of the Executive Committee took place. A new and comprehensive evaluation of the functioning and performance of the entire Board will take place in 2016, succeeding the one undertaken in 2013.

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



## 10.1.3 Composition of the Boards of Directors on 31 December 2015

	Argenta Group	Argenta Spaarbank <sup>(1)</sup>	Argenta Assuranties <sup>(1)</sup>	Argenta-Life Nederland <sup>(2)</sup>	Argenta Asset Management <sup>(1)</sup>	Argenta-Fund	Argenta Fund of Funds
<b>Chairman:</b>							
Jan Cerfontaine							
Johan Heller							
Stefan Duchateau							
<b>Members:</b>							
Emiel Walkiers							
Raco bvba <sup>(3)</sup>							
Advaro bvba <sup>(4)</sup>							
Walter Van Pottelberge <sup>(5)</sup>							
Marie Claire Pletinckx <sup>(5)</sup>							
Raf Vanderstichele <sup>(5)</sup>							
Carlo Henriksen <sup>(5)</sup>							
Cynthia Van Hulle <sup>(5) (6)</sup>							
Johan Heller <sup>(7)</sup>							
Geert Ameloot							
Gert Wauters							
Dirk Van Dessel							
Gregory Ferrant							
Jos Stappers							
Anne Coppens							
Stefan Duchateau							
Michel Waterplas							
Edmond Es							
Ben Knüppe							
Adriaan Frijters							

<sup>(1)</sup> Since the beginning of October 2015, Geert De Haes has no longer been a member of the board and the Executive Committee of Argenta Spaarbank and Argenta Assuranties. At Argenta Asset Management, he was replaced by Gregory Ferrant. Since then, Jos Stappers has replaced Gregory Ferrant in the boards of Argenta Fund and Argenta Fund of Funds.

<sup>(2)</sup> In Dutch company law, the supervisory body is referred to as the supervisory board (raad van commissarissen). For Argenta-Life Nederland, the governance rules have been drawn up to conform with national regulations. The Supervisory Board of Argenta-Life Nederland strives to achieve a balance of complementary knowledge, skills, experience and talents. Since Marc De Moor's departure, the board was undermanned during 2015. From 1 February 2016, it was brought back up to strength with Messrs A.L.C. Frijters and B.F.M. Knüppe. Since that date, there have been four board members, of whom two employed in Argenta Group and two independent. All members are assessed by DNB for meeting the 'fit and proper' rules.

<sup>(3)</sup> with Bart Van Rompuy as its permanent representative (as of 30 April 2016 he will exercise the mandate in his own name)

<sup>(4)</sup> with Dirk Van Rompuy as its permanent representative (as of 30 April 2016 he will exercise the mandate in his own name)

<sup>(5)</sup> sitting as an independent member

<sup>(6)</sup> appointed on 14 October 2015

<sup>(7)</sup> Johan Heller will resign as chairman of the Executive Committee of the Argenta Group, Argenta Spaarbank and Argenta Assuranties at the general assembly of 29 April 2016. He will continue his mandate as a member of the supervisory board at Argenta-Life Nederland.

#### 10.1.4 Remuneration of senior Argenta Group management

The remuneration of the executive and non-executive directors of the Argenta 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 2015 was ratified unanimously by the shareholders of Investar SA (the family holding that bundles the interests of the Van Rompuy family) and Argen-Co (the cooperative company of customers and branch managers).

#### Remuneration of non-executive directors

The remuneration of the non-executive members of the Boards of Directors of the Argenta 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 shareholders.

Non-executive directors receive an additional fee for each meeting attended 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 representing the family shareholder. He receives a fixed remuneration which differs from that of the other non-executive directors.

#### Remuneration of executive directors



Executive directors receive a fixed annual remuneration. They do not receive variable

remuneration of any kind. In this way, their pay does not contain elements that could encourage the pursuit of short-term objectives that are inconsistent with Argenta's long-term objectives. The remuneration meets the provisions of the CBFA Regulation of 8 February 2011 concerning the remuneration policies of financial institutions, as well as the provisions of the Banking Act. 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 three group policies (pension capital, disability and hospitalization insurance).

The composition of, and the division of responsibilities within the Executive Committees of Argenta's three core companies (the Company, Argenta Assuranties and Argenta Spaarbank) are largely integrated.

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

In 2015, the basic salary of Johan Heller (CEO of Argenta and chairman of the Executive Committees of the Company, Argenta Spaarbank and Argenta Assuranties) amounted to EUR 449,200, including a leased car. This is an increase of 12.75%.

The CEO's pay is 8.9 times the median wage at Argenta.

In 2015, the total direct remuneration of the executive directors/Executive Committee members of the Argenta Group (excluding that of the CEO), amounted to EUR 1,505,684.

Contributions to the group supplementary pension and disability policies in respect of the Executive Committee members, excluding those of the CEO, amounted to EUR 241,532.





The median base salary in the Company in 2015 amounted to EUR 50,465. The median salary increase compared to 2014 amounts to 2.3%.

In 2015, severance payments totalling of EUR 474,525 were made to Executive Committee members.

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.

#### 10.1.5 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 Group held external appointments during the past fiscal year (outside the Argenta or their own management companies through which they exercise their mandates within Argenta):

1. Jan Cerfontaine holds an external mandate in:
  - General Partner to Invest for Jobs, with its registered office at 1030 Schaarbeek, Boulevard Auguste Reyers 80, a limited company not listed on a regulated market, as an independent director.
2. Walter Van Pottelberge holds external mandates in:
  - Justitia, with its registered office at 2140 Borgerhout, Plantin en Moretuslei 295, not listed on a regulated market, as chairman (this mandate was terminated on 11 June 2015);
  - Unibreda, with its registered office at 2140 Borgerhout, Plantin en Moretuslei 303, not listed on a regulated market, as a director (this mandate was terminated on 24 April 2015);
3. Marie Claire Pletinckx holds external mandates in:
  - Nationale Suisse Verzekering, with its registered office at Rue des Deux Eglises/ Tweekerkenstraat 14, 1000 Brussels, not listed on a regulated market, as director;
  - Europese Goederen-en Reisbagage Verzekeringsmaatschappij, with its registered office at Rue des Deux Eglises/ Tweekerkenstraat 14, 1000 Brussels, not listed on a regulated market, as director;
  - Patronale Life, with its registered office at 1040 Brussels, rue Belliardstraat 3, not listed on a regulated market, as director;
4. Emiel Walkiers holds external mandates in:
  - Tramonto cva, with its registered office at 2020 Antwerp, Eglantierlaan 5, not listed on a regulated market, as executive director;
  - Moore Stephens Verschelden Bedrijfsrevisoren cvba, with its registered office at 1020 Brussels, Esplanade 1, not listed on a regulated market, as a non-executive director.
5. Raf Vanderstichele holds external mandates in:
  - Korora, a private limited liability company, not listed on a regulated market, having its registered office with effect from 1 January 2016 at 3000 Leuven, Refugehof 4/0301, as general manager;
  - Nemrod, with its registered office at 8560 Wevelgem, Neerhofstraat 33, a public company not listed on a regulated market, as a non-executive director.
6. Carlo Henriksen holds an external mandate at:
  - Donorinfo, with its registered office at 1150 Brussels, Raketlaan 32, a public utility foundation, as director.
- Vanbreda Risk & Benefits, with its office at 2140 Borgerhout, Plantin en Moretuslei 297, not listed on a regulated market, as a director (this mandate was terminated on 7 April 2015);
- Capricorn Venture Partners, with its registered office at 3000 Leuven, Lei 19/1, a limited company not listed on a regulated market, as a director;
- Nipponkoa Insurance Company (Europe) Limited, with its registered office at EC3A 7JB London, 18 Bevis Marks, not listed on a regulated market, as a director (mandate was terminated on 30 September 2015);
- Ethias Droit Commun/Gemeen Recht, with its registered office at 4000 Liège, Rue des Croisiers 24, a mutual insurance association, not listed on a regulated market, as a director.



7. Cynthia Van Hulle holds external mandates in:
- Miko, with its registered office at 2300 Turnhout, Steenweg op Mol 177, a limited company, listed on a regulated market, as a director;
  - Warehouses De Pauw, with its registered office at 1861 Meise, Blakebergen 15, a partnership limited by shares (commanditaire vennootschap op aandelen) listed on a regulated market, as a director;
  - Argenta Coöperatieve, with its registered office at Belgiëlei 49-53, 2018 Antwerp, a cooperative company with limited liability, not listed on a regulated market, as a director.

## 10.2 Audit Committees and Risk Committees

### 10.2.1 Governance

Until 16 December 2014, Argenta operated with a single audit, risk and compliance committee. This was structured as a committee of the Company. Based on a waiver from the supervisory authority, this committee operated at group level and no separate audit committees were set up within the Boards of Directors of either Argenta Spaarbank or Argenta Assuranties.

At the meeting of 16 December 2014, as reported in a previous annual report, the Board of Directors of the Company decided to dissolve this committee and to establish separate audit and risk committees within the Boards of Directors of Argenta Spaarbank and Argenta Assuranties. At Argenta Spaarbank, both committees would be chaired by an independent director not belonging to the Board of Directors of Argenta Assuranties. At Argenta Assuranties, the two committees would be chaired by an independent director who is not a member of the Board of Directors of Argenta Spaarbank. The (limited) specific activities of the Company would be monitored by the Audit and Risk Committee set up within the Board of Directors of Argenta Spaarbank.

### 10.2.2 Composition

The following non-executive directors sit on the Audit Committee established within the Board of Directors of Argenta Spaarbank:

- Raf Vanderstichele\* (Chairman);
- Carlo Henriksen\*;
- Raco bvba, permanently represented by Bart Van Rompuy;
- Emiel Walkiers.

*\*Independent members of the Audit Committee within the meaning of Article 526ter of the Companies Code*

The committee members have collective expertise in the area of activities of Argenta Spaarbank and in accounting and auditing. Two members are former external auditors with very many years' professional experience.

The following non-executive directors sit on the Risk Committee established within the Board of Directors of Argenta Spaarbank:

- Raf Vanderstichele\* (Chairman);
- Jan Cerfontaine;
- Carlo Henriksen\*;
- Emiel Walkiers.

*\*Independent members of the Risk Committee within the meaning of article 526ter of the Belgian Companies Code*

Mr. Raf Vanderstichele was active for many years as an auditor with an international auditing firm and statutory auditor of several Belgian companies, also in the financial sector.

Mr Carlo Henriksen, the former CEO of a Belgian banking institution, has been a member of the Argenta Spaarbank Audit Committee since 16 December 2014.

The committee members possess individually the necessary knowledge, expertise, experience and skills to understand and grasp the strategy and risk tolerance of the institution.



The following non-executive directors sit on the Audit Committee established within the Board of Directors of Argenta Assuranties:

- Marie Claire Pletinckx\* (chair);
- Raco bvba, permanently represented by Bart Van Rompuy;
- Emiel Walkiers.

*\*independent member of the Audit Committee within the meaning of article 526ter of the Belgian Companies Code.*

The committee members have collective expertise in the area of activities of Argenta Assuranties and in accounting and auditing. One member is a former external auditor with very many years' professional experience.

The following non-executive directors sit on the Risk Committee established within the Board of Directors of Argenta Assuranties:

- Marie Claire Pletinckx (chair);
- Jan Cerfontaine;
- Emiel Walkiers.

*\* independent member of the Risk Committee within the meaning of article 526ter of the Belgian Companies Code.*

Ms. Pletinckx has long been active in the financial sector, both in the banking and insurance sectors, including as Chairman and member of several boards of directors of a bank-insurer.

The committee members possess individually the necessary knowledge, expertise, experience and skills to understand and grasp the strategy and risk tolerance of the institution.

## 10.3 Remuneration Committee and Appointments Committee

### 10.3.1 Governance

There is a single Remuneration Committee at Argenta, 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 two members: one independent director from the Board of Directors of the Company, and one director representing the family shareholder.

The Company's Remuneration Committee met twice, 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 remuneration and incentive programmes in the Group and makes general recommendations to the Board of Directors. For this, the committee investigates annually whether the Group's remuneration behaviour is compliant with the Pay Policy.

The Remuneration Committee assesses annually the remuneration of executive and non-executive directors from the perspective of the Pay Policy adopted by Argenta and the conformity of the remuneration with legal and regulatory provisions, including the possibility that the remuneration could be such as to create a conflict of interest between the directors and the institution.

The Committee has established 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 create conflicts of interest between the non-executive directors and the institution.

The Committee has further established 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 a disability and hospitalization insurance. The basic fixed remuneration reflects primarily the relevant professional experience and organizational responsibilities, as set out in the job description that 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 of significant influence on the risk profile of the financial institution. The assessment is based on qualitative and quantitative criteria in accordance with delegated regulation (EU) No. 604/2014 of 4 March 2014. At Argenta, five executive directors, nine non-executive directors and 40 employees (independent control functions, directors and managers of substantive business units, etc.) were designated as *Identified Staff*.

This is 2.2% of the total number of employees (including managers, branch managers and their staffs).

At its meeting of 16 December 2014, the Board of Directors also established an Appointments Committee within the Board of Directors of the Company. Based on a waiver from the supervisory authority, this committee operates at group level, with no separate appointment committees established within the Boards of Directors of Argenta Spaarbank and Argenta Assuranties.

The Appointments Committee is composed of four members: one independent director from the Board of Directors of the Company, two directors representing the family shareholder and the chairman of the Company's Board of Directors. The Committee is chaired by an independent director.

In 2015, the committee took the lead in assessing the functioning of the Executive Committee and its individual members. The committee reported its findings on this matter to the Board, along with a number of recommendations.

### 10.3.2 Composition

The following non-executive members of the Board of Directors of the Company sat in the Remuneration Committee:

- Walter Van Pottelberge\*, also chairman of the Appointments Committee of the Company;
- Advaro bvba, permanently represented by Dirk Van Rompuy.

*\*independent member of the Remuneration Committee within the meaning of article 526ter of the Belgian Companies Code.*

The Remuneration Committee is composed so as to be able to give a sound and independent assessment of remuneration policies and compensation practices and the incentives created by it for risk management, capital requirements and liquidity position.

Remuneration Committee meetings are also attended by a member of the Risk Committee.

The following non-executive members of the Company's Board of Directors sat on the Remuneration Committee:

- Walter Van Pottelberge\*, also chairman of the Remuneration Committee of the Company;
- Jan Cerfontaine;
- Advaro bvba, permanently represented by Dirk Van Rompuy;
- Raco bvba, permanently represented by Bart Van Rompuy.

*\*independent member of the Appointments Committee within the meaning of article 526ter of the Belgian Companies Code.*

Mr Walter van Pottelberge has long been active in the financial sector, both in the banking and insurance sectors, having been, among other things, Chairman of the Executive Committees of a bank and an insurance enterprise.

The Appointments Committee is constituted so as to be able to give a sound and independent assessment of the composition and functioning of the administrative and management bodies of the component institutions of the Argenta Group, in particular on the individual and collective competence of their members, and on their integrity, reputation, independence of mind and availability.



## 10.4 Executive Committees of Argenta

### 10.4.1 Governance

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 Argenta Group companies met regularly during the past year, in principle weekly, to discuss 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.

At its 16 December 2014 meeting, as reported in an earlier annual report, the Board of Directors made the following changes to the mission and the composition of the Executive Committees. The proposed restructuring of its internal governance is aimed at achieving the maximum integration of the operations of the individual companies in the interest of the group. As explained above with regard to the composition of the Boards of Directors, Argenta is also aware that this type of control calls for the requisite necessary checks and balances, both in the corporate interests of the respective entities, and more particularly out of a concern to protect the various stakeholders of the individual Group companies.

At the level of the Executive Committees it was decided:

- to divide up more cleanly the assignments of the Company, and of the Group's two operating companies, Argenta Spaarbank and Argenta Assuranties;
- to limit the Company's mission from now on to the controlling of the Group, and to the second line control functions and human resources;
- to maintain unchanged the composition of the Executive Committee of the Company with the three existing positions (CEO/CFO/CRO) and Personnel;
- henceforth to place in Argenta Spaarbank and Argenta Assuranties all functions linked directly to the banking/insurance activities, in a maximally integrated manner;
- to compose the Executive Committees of both companies in an identical manner, as follows:
  - alongside the CEO/CFO/CRO (who together also constitute the *Executive Committee* of the Company),
  - three further positions, that of *Chief Operations Officer* (COO), responsible for customer service, *Chief Information Officer* (CIO) and *Chief Commercial Officer* (CCO), responsible for commercial policy, the management of the branch network and product development.

The Executive Committees of Argenta Spaarbank and Argenta Assuranties are composed of executive directors having strong technical banking and/or insurance experience or solid training and/or experience (like ICT) that is not specific to banking or insurance but valuable in the managing of a banking or insurance business, and who have also clearly demonstrated leadership qualities.

On 30 September 2015, the Executive Committee mandate of Mr Geert De Haes was terminated. He has yet to be replaced as CCO. This function has been temporarily taken over by the CEO.



#### 10.4.2 Composition of Executive Committees, management and managing directors on 31 December 2015

	Argenta Groep	Argenta Spaarbank <sup>(1)</sup>	Argenta Spaarbank Branch Office	Argenta Assuranties <sup>(1)</sup>	Argenta-Life Nederland	Argenta Asset Management
<b>Chairman:</b>						
Johan Heller	■	■		■		
Erik Schoepen						■
Marinka Van Der Meer			■		■	
<b>Members:</b>						
Geert Ameloot	■	■		■		
Gert Wauters	■	■		■		
Dirk Van Dessel		■		■		
Anne Coppens		■		■		
Peter Verberne (ad interim)			■		■	
Dietrich Heiser			■		■	
Michel Waterplas						■

<sup>(1)</sup> Since the beginning of October 2015, Geert De Haes has no longer been on the Executive Committees of Argenta Spaarbank and Argenta Assuranties

<sup>(2)</sup> Johan Heller will resign as chairman of the Executive Committee of the Argenta Group, Argenta Spaarbank and Argenta Assuranties at the general meeting of 29 April 2016.



# 11. Overview of individual Argenta companies

## **Argenta Bank- en Verzekeringsgroep HOLDING COMPANY**

public limited liability company  
Belgiëlei 49-53  
B-2018 Antwerp  
RPR Antwerpen VAT BE0475.525.276

## **Argenta Spaarbank CREDIT INSTITUTION**

public limited liability company  
Belgiëlei 49-53  
B-2018 Antwerp  
RPR Antwerpen VAT BE 0404.453.574

## **Argenta Spaarbank has a branch office in the Netherlands (Bijkantoor Nederland)**

Stadionstraat 2  
NL-4815 NG Breda

## **Argenta Assuranties INSURANCE COMPANY**

public limited liability company  
Belgiëlei 49-53  
B-2018 Antwerp  
RPR Antwerpen VAT BE 0404.456.148

## **Argenta Asset Management MANAGEMENT COMPANY**

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

## **Argenta-Life Nederland LIFE INSURANCE COMPANY**

public limited liability company  
under Dutch law  
Stadionstraat 2  
NL-4815 NG Breda  
H.R. Amsterdam 33301491



# 12. Notes to the annual financial statements

## 12.1 Discussion of the unconsolidated financial statements

The total assets of the Company have risen from EUR 932,162,675 at 31 December 2014 to EUR 979,432,679 at the end of 2015.

In addition to non-current financial assets in the form of investments in affiliated companies amounting to EUR 946,578,029, the Company has EUR 32,854,650 of current assets.

The profit to be appropriated for the financial year amounts to EUR 90,337,522. It is proposed that this be appropriated as follows:

- to the statutory reserve:  
EUR 4,516,876
- to the other reserves  
EUR 11,686,091
- profit to be distributed  
EUR 74,134,555

After the proposed profit appropriation, shareholders' equity amounts to EUR 903,762,240 according to the balance sheet as at 31 December 2015.

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.

## 12.2 Discussion of the consolidated financial statements

### 12.2.1 Balance sheet and income statement

The total assets of the Company in BGAAP have risen by more than EUR 1 billion, from EUR 37,650,849,168 to EUR 38,731,508,170 as of 31 December 2015.

Loans and advances to customers, the main balance sheet asset item, increased in 2015 from EUR 22,582,997,907 to EUR 24,060,238,985.

Bonds and other fixed-income securities, on the other hand, fell from EUR 12,783,611,855 to EUR 11,912,055,060.

On the liabilities side, amounts owed to customers, bonds and other debt certificates and subordinated debt increased together from EUR 34,814,468,425 to EUR 36,051,299,589.

Equity grew, via earnings retention, from EUR 1,719,926,299 to EUR 1,902,426,762 at the end of 2015.

The interest income (NII) is the profit engine of the group.

This grew, in total, from EUR 610,872,803 in 2014 to EUR 653,252,066 in 2015.

The interest and similar income heading contains two items: one related to the interest income and the other to the insurance income.

Interest income remained more or less unchanged, with interest income and interest expenditure both falling.

The net insurance income rose by EUR 43,403,462. Here the technical costs have fallen faster than premiums.

With the further expansion of fee-generating activities, commission income rose by one quarter from EUR 81,266,270 to EUR 102,405,149.

Commission expenses paid rose more slowly, to EUR 172,755,545.

With the further increase in personnel, remuneration and social security increased by 8% to EUR 62,765,455.

Other management and net operating expenditure rose from EUR 179,413,492 to EUR 205,118,432. A large part of this increase can be explained by the government levies, but also by investments for the future.

<sup>4</sup> This ratio did not yet apply in 2013.



### 12.2.2 Shareholders' equity and ratios

After the proposed profit appropriation, shareholders' equity amounts to EUR 1,902,426,762 according to the balance sheet as at 31 December 2015. The ROE is 13.1 %.

The Common Equity Tier 1 ratio was 19.9% at 31 December 2015, as against 19.0% at the end of 2014<sup>4</sup>. This is the prudential capital adequacy ratio (Basel III) calculated by the *Danish Compromise* method, applied at BVg level with the approval of the supervisory authority.

### 12.2.3 Taxes and contributions to the government, regulators and professional associations

The Belgian bank levy was increased sharply following the 2008 financial crisis, as compensation for the government deposit guarantee scheme.

The deposit guarantee system (DGS) takes into account the risks financial institutions create for society. With its prudent risk profile, Argenta Spaarbank belonged, for all risk factors considered, in the best class ('very low risk' according to the Royal Decree of 22 April 2012).

Argenta Spaarbank is subject to a heavy tax burden consisting of several levies imposed both by the Belgian government and by Europe:

- In 2015, the DGS for Argenta amounted to EUR 20.89 million.
- From 2015, is added a purely European resolution contribution to the *Single Resolution Fund* (SRF) which further increases the bank levies. For Argenta this amounts to EUR 3.62 million.
- On top of this, Argenta Spaarbank also pays the traditional subscription tax on regulated savings accounts. This was upped sharply by the federal government in 2014, for purely budgetary reasons, from 0.08% to 0.1929%. In 2015 the subscription tax amounted for Argenta Spaarbank to EUR 43.68 million (incl. the annual 0.0435% tax on credit institutions).
- Finally, Argenta Spaarbank pays a contribution to the stability of the financial sector (FSC). This was increased to 0.0325% from 1 January 2014 and made risk-related for systemically important banks. In 2015, the DGS for Argenta amounted to EUR 0.79 million.

Argenta Assuranties also paid in 2015 a DGS of EUR 4.41 million and an annual tax of EUR 1.38 million.

The effective banking levies imposed on Argenta in 2015 total EUR 74.76 million or 25% of the total gross profit of 320 million. This is unprecedentedly high.

Finally, in 2015 the notional interest deduction was limited specifically for banks and insurers, by coupling it to the deposit volume. This new measure means that Argenta as a bank-insurer pays an additional EUR 5.52 million of corporation tax compared with a previous (no coupling) situation.

The whole system of bank levies and the reduction of the notional interest deduction create an unequal treatment of banks. Despite the Constitutional Court ruling on the DGS in 2012, 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.

On the other hand - again - an additional contribution is expected from the banking sector in the 2016 budget and beyond.

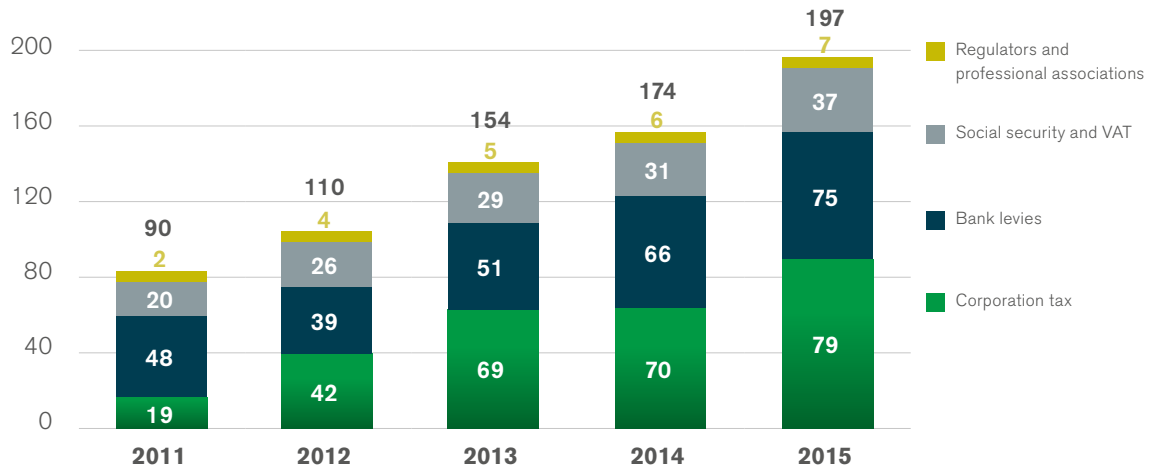


The effective tax rate for Argenta is 29% excluding bank levies and 53% including bank levies. The bank levy (including the changed notional interest deduction) is up 21%.

The chart below shows the total of taxes and contributions to the government: contributions to regulators and professional associations, social security and tax contributions, bank levy and corporation tax.



### Total taxes and contributions to the government, regulatory authorities and professional associations (EUR in millions)



# 13. Risk Management



## 13.1 Identification of risks specific to the activities of the Argenta Group

### 13.1.1 General

By the nature of its activities, Argenta is exposed to different risks. The main risks to which the Bank Pool and the Insurance Pool are exposed are market risk and credit risk. Other significant risks are the evolution of the economic activity in Belgium and the Netherlands and the risks associated with the limited geographical distribution of the business activities.

There are also liquidity, operational, insurance-specific, liquidity, business, strategic, reputational and regulatory risks. Failing to maintain control over these risks can negatively affect the financial performance and reputation of the Argenta Group.

### 13.1.2 Market risk

#### General

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate with changes in market prices. Within this market risk, the following four risks are relevant for the

Argenta Group: interest rate risk, spread-widening risk, equities risk and real estate risk

- Changes in interest rates, yield curves and fluctuating rates of return can affect, in the Bank Pool, the interest margin between the income from lending and the cost of borrowing and, in the Insurance Pool, create an imbalance between the guaranteed interest rate on policies and interest income.
- Similarly the level of the credit spread or its volatility – not necessarily caused by a change in the issuer's creditworthiness – is a key factor for the return and economic value of the investment and loan portfolio.
- The performance of the financial markets can also cause the value of Argenta's investment portfolio to fluctuate.

It should be noted that Argenta operates only in the Benelux countries and invests only in euros, and is therefore not exposed to currency risk. Nor is there any intention to take positions in non-euro currencies.

#### 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 results primarily from changing 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 Argenta 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 exhibit 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 and term deposits from 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 tolerated market value sensitivity. This parameter serves as a benchmark for the interest mismatch, based on which the interest rate sensitivity can to a large extent be adjusted.

This market value sensitivity 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, and also to take into account the potential impact of changing market value on the gross value of the company as a guide to defining its required capital position.

Market value rate sensitivity can be adjusted flexibly in the short term by means of financial instruments. It can also be adjusted in the longer term by considering fundamental changes 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 a strict policy on counterparty risks

(ii) The second series of measures relates to endogenous adjustments whereby, based on the pricing policy for deposits and term accounts, the margins applied and the acceptance policy for loans in various maturity segments, the interest rate sensitivity of the portfolio can be structurally adjusted. 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, serving to supplement the permanent aim of a maximally endogenous management of the balance sheet.

In its risk management procedures, Argenta Spaarbank pays much attention to having a consistent internal organization, enabling it to perform these activities judiciously, objectively and efficiently and to provide the competent management bodies with timely, comprehensive reports. In the first place, these are the **Asset and Liability Committee (ALCO)** for both the bank and the insurance company. This carries specific responsibilities 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 the income sensitivity of the net interest income and the market value sensitivity of equity within prescribed limits.

In its risk measurement and management, ALCO takes into account the various components of the interest rate risk contained in the balance sheet of the Argenta Group. These include the repricing risk (risk from interest rate mismatch between assets and liabilities), the *yield curve* risk (risk from non-parallel movement of the interest rate curve), the option risk (risk from the implicit and explicit options on the balance sheet) and the basic risk. The latter risk arises, inter alia, from the use of various reference indices as a basis for repricing asset and liabilities products, for example Belgian mortgages on the basis of the OLO reference index. Within the ALM, these risks are monitored and managed using scenario analysis.



### Priority to endogenous management

As with any other risk, the interest rate risk requires a risk buffer in the form of equity capital. Although neither European nor Belgian legislators nor regulatory authorities have to date laid down precise capital requirements for the interest rate within Pillar 1, Argenta Spaarbank specifies a certain volume of required own capital in its *Internal Capital Adequacy Assessment Process* (ICAAP). The ongoing development of its activity as a traditional savings bank and hence, 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 too, in its ORSA (*Own Risk Solvency Assessment*), tracks the additional capital required to cover the interest rate risk.

For strategic reasons, Argenta is keen 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, where the financial risk lies rather with the customer. This fee business (or 'Investment') pillar, alongside the 'Savings and Payments', 'Loans' and 'Insurance' pillars, is intended to diversify Argenta Spaarbank's income and improve its earnings quality.

Argenta Spaarbank's earnings quality remained very high in 2015 thanks to an efficient ALM policy and wise commercial policy. The current European interest rate environment, the refinancing of a portion of the mortgage portfolio and the sharp fall in bond yields are exercising negative pressure on the interest margin. On the insurance side, besides the regular branch 21 insurance to which duration matching is generally applied, attention is continued 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 Argenta'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).

### Spread widening risk

The return on the investment portfolio is largely determined by the credit spread earned on the investments made. The evolution and fluctuations of the credit spread are often market-driven and determined by factors other than those relating to the creditworthiness of the issuer. These market risk factors induce spread widening risk. Alongside the pure interest rate, they are the main driver of asset returns and the economic value of the investment portfolio. In addition, the market value of the investment portfolio is part of the calculation of the prudential capital base of both the insurer (Solvency II) and the bank (CRD IV). For the latter, there exists a phasing-in period and a certain amount of national discretion in determining the extent to which unrealized gains and losses on the AFS portfolio affect the capital base.

The pursuit of a cautious investment policy, frequent monitoring of the economic fluctuations in the value of the investment portfolio and measuring the sensitivity of changes in credit spreads are therefore also important pillars of healthy portfolio management.

The conduct of a sound investment policy is guided by a strict investment framework that determines, based on the creditworthiness of the issuer, the permissible investment level and maximum maturity. This investment policy is shaped by a thorough analysis of the credit sectors and investment files and an active screening of market opportunities. The tactical adjustment of the portfolio allocation between the various credit sectors respects at all time the rules defined in the Strategic Asset Allocation.

The evolution of the market value of the investment portfolio is monitored in the Asset and Liability committee. Credit spread sensitivity is calculated and monitored in the ICAAP and ORSA framework and is checked against the RAF.

### Equities risk

The Bank Pool decided in 2015 to build up a limited exposure to real estate and PPP (Public Private Partnership) related equities with a view to developing a wider diversification of the investment portfolio, and to complement the existing bond portfolio. Based on the Treasury and ALM financial policy guideline approved by Argenta Assuranties'



Board of Directors, the Insurance Pool is authorised to reinvest customer funds in individual equities.

### Property risk

Since 2015, provision has been made at Argenta Assuranties to develop a limited portfolio of indirect real estate investments. These are permitted only under strict conditions, both with regard to the type of investments and in terms of the concentration risks.

### 13.1.3 Credit risk

#### General

Credit risk is defined as 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 as well as the investment portfolio.

The risks associated with changes in credit quality and the recoverability of loans and amounts due from counterparties are an indissoluble part of much of the Argenta Group's activity.

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

The management of credit risk within Argenta is governed by appropriate and regularly updated policies (the Retail Lending Credit Risk Policy and Treasury and ALM policies).

All Argenta 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, the investment portfolio and the local and regional government lending portfolio. Governance is also supported by the work of a number of (consultation) committees like the Rating Consultation, the Investment Consultation, the Credit Risk Committee, the Group Risk Committee and the Asset and Liability Committee.

### Concentration of credit risk

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

Argenta Spaarbank and Argenta Assuranties invest in Belgian and Dutch housing loans. In this way, the Argenta Group exhibits a concentration in lending to private individuals in Belgium and the Netherlands, more particularly in the form of housing loans. This makes Argenta highly dependent on developments in the housing market and the repayment capacity of private borrowers in Belgium and the Netherlands.

In addition, Argenta 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 (for Argenta Spaarbank and Argenta Assuranties respectively).

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

Argenta undertakes the majority of its business activities in Belgium and the Netherlands. It also has limited activities in Luxembourg, where Argenta Asset Management acts as agent and manager of Argenta-Fund sicav and Argenta Fund of Funds sicav.

As a result, Argenta'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.

With regard to taxation, Argenta's structure ensures that deposits (including those obtained via the Netherlands branch office) 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 defined in the first instance at European level and then transposed by the different countries into their own legislation. Argenta markets investment products 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, attention



is paid to the broad-based 'customer interest first' focus promoted by the AFM (Financial Markets Authority).

#### 13.1.4 Liquidity risk

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

- an unexpected prolongation of the outstanding receivables, e.g. a loan default;
- the risk, in the Bank Pool, of a greater portion 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, or early outtakes in life insurances, 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 only at disadvantageous conditions);
- the risk that assets can be liquidated only at a severe mark-down, owing to a shortage of interested counterparties on the market.

Like any bank-insurer, Argenta plays particular attention to monitoring liquidity risk.

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

The Asset and Liability Committee monitors the liquidity ratios on a permanent basis. The management framework is clearly defined and detailed in the Treasury & ALM policies.

#### 13.1.5 Operational risk

##### General

All businesses carrying out activities of any kind have to contend with an operational risk. Financial institutions are no exception.

Argenta's activities 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. 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) and 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. This risk also includes legal and compliance risk.

The fact that the Argenta Group has a fairly limited number of products serves to limit the operational risks. Although Argenta 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 allow Argenta to exclude these operational risks in a completely effective manner. However, within the overall risk appetite framework, these risks too are managed in a structured way.

The Orco (Operational Risk Committee) meets quarterly as a part of the GRC (Group Risk Committee) focusing on the key risk indicators, the RCSA's (Risk & Control Self Assessments) and operational losses.

Each year, an extensive internal audit annual report is drawn up and presented to the Audit Committee, the Board of Directors and the NBB/ECB. This report assesses the adequacy and effectiveness of the existing control measures according to the COSO methodology.

It is generally assumed that operational risks in enterprises are gradually increasing, as is the regulators' attention to this type of risk. Reasons for this include the rapidly changing technological environment, the expanding corpus of regulations, the increasing complexity and proliferation of products and also the general trend towards outsourcing non-core activities. Argenta is of course aware of this trend and took decisions in 2015 to strengthen its focus on operational risk within Argenta. This has taken the form, among other things, of:

- Increased structural attention by Argenta's Audit and Risk Committee to operational risks.
- The creation of a specific department (Operational Risk & ECB Office) with specific focus on operational risks.
- Following an external audit in 2015, which resulted in a number of observations and suggestions for



improvement, a short and a medium/long-term action plan have been drawn up.

- Continuous improvement in 2015 of operational risk management, including training and sensitization of first line management to the specific tasks incumbent on them in the framework of Operational Risk Management (ORM), an increased number of Risk Control Self Assessments, and so on.
- The Business Impact Analyses (BIA) process was optimized in 2015. Following this, a BIA took place in each department, facilitated by the ORM team, in which all critical processes, applications, functions and interactions were redefined.
- The further concrete definition of Argenta's risk appetite, adapting the specific sub-limits for the scenarios depending on the perspective (99.9%, 95% and 80%).
- The recruitment of an ORM Manager who, in addition to operational risk management, will fulfil specifically the role of Information Security Officer within Argenta and as such be responsible for the information security policy.

### External service providers

The Argenta Group is exposed to the risk of termination of contracts with key external service providers. Such termination can lead to discontinuation of or delays in important business processes; Argenta safeguards itself against these risks as much as possible through an appropriate business continuity policy and through transitional provisions in the agreements concerned. In 2015, Argenta continued to improve its business continuity policy, as can be seen, inter alia, from the updated sourcing policy. The policy sets out the vision, the rules and the framework for outsourcing. The policy also details and names the responsibilities of and relationships with existing (critical) suppliers. This improves the monitoring of all external service providers.

#### 13.1.6 Technical insurance risk

The Insurance Pool is exposed to the risk of a mismatch between the claims payments and premiums received and provisions held. This risk can derive from mispricing or the absence of appropriate technical provisions. These in turn can result from, among other things, unforeseeable claims or significantly changed market conditions that imply a market risk.

For indemnity and health insurance, the results of the Insurance Pool mainly depend on the degree to which the actual claims payments correspond to the principles applied in pricing products and in determining the level of the technical provisions and the liability for compensating losses. To the extent that the actual results are less favourable than assumed in the calculation of the obligations, this can lower the profit.

For life insurance, the underwriting risk includes policy surrenders, mortality risk and policy management costs. 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.

The Insurance Risk Committee monitors these risks on a permanent basis, with the Actuarial Function regularly participating.

#### 13.1.7 Business Risk

The business risk is the risk that current and future earnings and capital levels will be affected by changes in business volumes or in margins and costs. Both are caused by changing external market conditions and the inability as an organization to respond to them. This risk also refers to a poor diversification of earnings or the inability to maintain a sufficient and reasonable level of profitability. The income sensitivity indicator in the RAF already incorporates the business risk on non-maturity deposits by calculating an additional risk premium.

In order to optimally cushion the business risk to which it is exposed, Argenta 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 business line - 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 on an economic basis is applied when pricing Bank Pool products. For insurance products, the Insurance Pool takes profit testing as its basis.





### 13.1.8 Strategic risk

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

Argenta makes resources available for achieving the strategic objectives as defined in the business strategy. These resources include communication channels, systems, human resources, networks, and management time and skills. The strategic goals are defined by the Executive Committee, approved by the Board of Directors, and monitored on a regular basis.

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.

### 13.1.9 Reputational risk

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

This is a 'second-order 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 interlinks with all other risks. By monitoring and managing the other risks, reputational risk is also kept under control.

### 13.1.10 Regulatory risk

Regulatory risk refers to risks associated with legislative and regulatory changes.

Wherever it operates, Argenta is subject to the laws, regulations, administrative measures and policy regulations governing the provision of financial services. Changes in the supervisory framework and regulations may affect the activities, products and services that Argenta offers or the value of its assets. Although Argenta works closely with regulators and constantly monitors the situation and future legislative changes, fiscal policy and other policies are at times unpredictable and lie outside its control.

Argenta must always endorse all (new) accounting standards. At the consolidated level, the implementation of IFRS 9 will have a significant impact. This standard, that comes into effect on 1 January 2018, imposes new obligations for (a) the classification and measurement of financial instruments and (b) risk estimation and the creation of impairments and makes (c) adjustments in hedge accounting. The most important change concerns the recognition of impairments. In the fourth quarter of 2015, an analysis-assessment was carried out preparatory to an IFRS 9 implementation project. This project has is now up and running.

The capital requirements for credit institutions and insurance undertakings, the so-called *Capital Requirements Regulation* and the *Capital Requirements Directive* (together 'CRD IV - package') and the *Solvency II* norms are currently the subject of legislative developments, and impact the Argenta Group.

In 2015, regular consultation took place with the supervisors involved. Discussion centred on the SREP (*Supervisory Review and Evaluation Process*), the update of the Recovery Plan and the ORSA (*Own Risk Assessment*). A number of other meetings served to discuss in particular the transfer of supervisory powers from the NBB to the ECB, with the thematic review of risk governance and risk appetite, ICAAP (*Internal Capital Adequacy Assessment Process*) IRRB (*Interest Rate Risk in the Banking Book*) and ICT outsourcing in particular.

## 13.2 Risk management at Argenta and its entities

### 13.2.1 General

The Executive Committees of Argenta Spaarbank, Argenta Assuranties and the Company are integrated, with a number of common members: 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 group-wide, with the emphasis on the long-term relationship with both customers and independent branch managers.



Argenta continued in 2015 to develop its cautious and transparent risk management. This process has more than proven its added value.

The Risk Appetite Framework (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 has resulted in the daily embedding of risk awareness in the first line and in better and leaner risk management processes.

Risk management has evolved from risk management 'by design' (policies) and risk management 'in practice' (embedding) to 'cost effective' risk management (cf. above).

As well as an optimization of risk governance, the risk metrics were also greatly improved. In the process, the risk parameters within the RAF were refined (including limit calibrations) and extended with the addition of a number of quantitative and qualitative RAF indicators.

The following quantitative Risk Appetite Framework indicators were added:

- Common Equity Tier 1 (CET1 ratio replaces Tier 1 ratio)
- Total Capital Ratio (TCR)
- Average Portfolio Rating for Local & Regional Government loans ('APR LRG')
- Net Interest Income Sensitivity / 100 bp up or down
- Large Exposures
- Asset Encumbrance Ratio strict (broad 'AER' becomes a flashing light)

The following RAF qualitative indicators were added:

- Net Promoter Score (NPS) - staff
- Operational Risk Management Key Risk Indicator: this indicator is an attractive advance in monitoring and embedding our operational risk across all lines of the organization (including at top management level).

In 2015, we recalibrated the limits of the following RAF indicators: Leverage Ratio, APR bonds (excl. LRG), APR LRG, Risk Score mortgages, Liquidity Coverage Ratio, NPS customers and NPS branch managers.

In the dialogue with the ECB *Joint Supervisory Team* (hereafter **JST**), we also clearly communicated that, besides the RAF limits and RAF indicators, operational limits, operational indicators and early warning signals are also in operation. This makes our gradual limits system very pragmatic, which in turn guarantees proper embedding.

In 2015, regular consultations took place with the relevant supervisory authorities. The following topics, among others, were discussed:

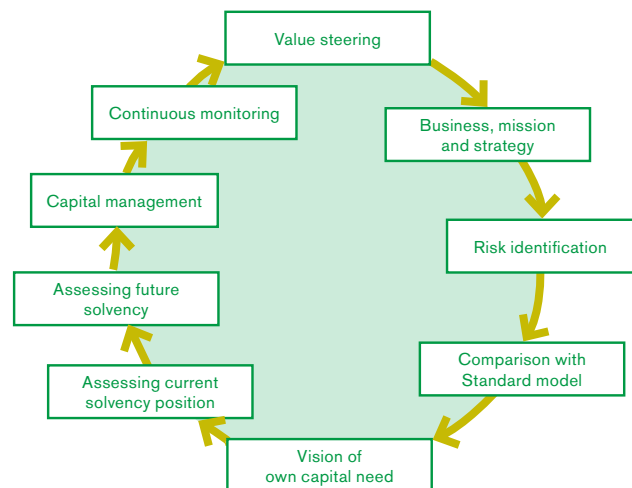
### ICAAP/SREP

The ICAAP results were compared to the Supervisory Review and Evaluation Process (SREP), i.e. the assessment of risks and capital requirement undertaken by the NBB using its own internal methodology.

### ORSA

The ORSA process identified all risks of Argenta Assuranties SA. Consideration was then given to whether the standard formula from Pillar 1 of Solvency II sufficiently reflects the risk for Argenta. This leads to an own risk assessment in Pillar 2 of Solvency II.

The ICAAP and ORSA process consists of the following steps:



For **Argenta Assuranties on its own**, all steps of the ORSA process were completed in 2015. The process is embedded in the organization, including by means of workshops with middle and senior management. First line departments calculate all risks. The calculations are largely integrated into the business plan process. Argenta Assuranties calculated in 2015 for the first time stress scenarios for reduced growth, increased costs and market stress. Argenta Assuranties appears to have a good resistance to the tested scenarios.

For **Argenta-Life Nederland**, all steps of the above ORSA process were also completed in 2015. The result is an ORSA report prepared with the cooperation of business partners and the middle and senior management of Argenta-Life Nederland. Argenta-Life Nederland has taken into account here the regulator's comments in the 2014 report, in which the DNB gave Argenta-Life Nederland the best score. In this way, special attention was paid this year to the filling of key functions (risk management, actuarial, compliance and internal audit functions). Relevant stress scenarios were also tested in the ORSA report. In all tested scenarios, Argenta-Life Nederland appeared to have very good resistance.

In 2015, a consolidated ORSA report was compiled for the second time at Group level.

In November 2015, the ORSA report was explained and discussed in a conversation with the NBB. During the discussion, positive feedback was given on the report.

### Recovery plan

The obligation for banks to draw up recovery plans is part of the structural reforms initiated by the G-20 after the banking crisis.

The recovery plan is based on the observation that certain solutions can be examined prior to the outbreak of a crisis. Complex solutions always call for rapid assessment and implementation.

For this reason, banks are required, as a preparatory measure, to consider the various options available to them for improving their financial situation in the event of a serious crisis. It is crucial that the bank be able to demonstrate the feasibility and effectiveness of the chosen recovery options in various crisis scenarios.

In 2015, Argenta submitted an updated recovery plan to the ECB. This recovery plan gives an accurate picture of Argenta's robustness and the resilience of its financial position in a financial crisis. The new recovery plan provides a number of new and additional insights compared with the previous recovery plan:

- insight into the (limited) changes in the Argenta's risk profile, by comparing the impact of a crisis on its financial ratios between the two recovery plans (2014 versus 2015) in unchanged crisis scenarios;
- insight into the dynamics of a crisis scenario at both Argenta Spaarbank and Argenta Group level, by also taking account of the Argenta Group in the updated recovery plan;
- insight into a number of new ratios that were added to the analysis, such as the Leverage Ratio and Asset Encumbrance Ratio. The Argenta Group continues, in the updated recovery plan, to maintain a very strong capital and liquidity position, enabling the group to withstand severe crisis situations.

Recovery plan thresholds were reached and activated only in very extreme scenarios.

Moreover, Argenta Spaarbank has a wide range of effective capital and liquidity options available to it for recovering capital and liquidity position in the event of a crisis. Analysis shows that Argenta Spaarbank is well able to restore its financial position by activating one or more options. The foundations of this financial resilience are to be found in the bank-insurance model, the geographical distribution of the core activities across Belgium and the Netherlands, and the construction of a liquid and well-diversified investment portfolio. Also examined here was the interaction with Argenta Assuranties.

The recovery plan also emphasizes the importance of an effective monitoring framework so that any deterioration in the financial condition is quickly picked up and addressed in a timely fashion. A timely reaction not only increases the success and effectiveness of the remedial options but also broadens the range of possible options, including proactive options. Major attention is also paid in choosing the recovery options to the impact on structural profitability.

At the end of 2015, an initial meeting took place between Argenta and the National Settlement Authority in the framework of drafting of a transitional settlement plan. A transitional settlement



plan is a high-level plan that among other things defines the various settlement options, assesses Argenta's ability to continue to settle its business and contains an action plan to safeguard operational and business continuity. The recovery plan is the starting point for drafting the settlement plan.

## ECB

As mentioned earlier in this report, at the end of November 2014, the ECB took over the prudential supervision of Argenta from the NBB.

Since the start of 2015, this supervision has been carried out in practice by the ECB's so-called JST by means of inspections, workshops, interviews, and the requesting of various reports. One target of this new supervision has been the Argenta Group's Risk department.

### 13.2.2 Governance

Group risk management takes place, in addition to the independent control functions Internal Audit, Actuarial Function and Compliance, mainly at Argenta Group level. The Risk Management Charter defines the Risk Management function as the second line function that controls general risk management at 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 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.

The Actuarial department functions as the actuarial knowledge centre that provides advice to various 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.

In 2015, the independent Credit Risk Policy (CRP) department, the knowledge centre for modelling and analysis of retail credit risk, was further expanded.

The vision was also defined, with CRP to evolve from a product and regulatory focus to a customer and Argenta model. This knowledge centre plays a fundamental role in Argenta's risk management by providing specifically retail credit portfolio-focused information and advice, among other things via Kreco (the Retail Credit Risk Committee).

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

The Risk & Validation Department:

- provides the independent second-line control;
- has as its basic principle: 'to identify, measure, report and mitigate' all material risk factors, which then serve as input to the ICAAP for the Bank Pool and to ORSA for the Insurance Pool. In so doing it also helps to 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 Asset & Liability Committee/Insurance Risk Committee;
- provides the Executive Committees, Board of Directors and Risk Committees with independent advice on the risk management process at Argenta Group.

Risk management is not just a second-line, but an organization-wide activity (*enterprise risk management* or ERM). It needs to be aligned with the business strategy and to be effective.

In 2015, the Risk & Validation department further implemented its 2014 updated vision memo, in which it sees itself as playing a 'tone-setting' role in the search for effective risk management in partnership with the other departments.

The monthly umbrella Group Risk Committee (GRC) has an alternating agenda consisting of, in month one ICAAP Argenta Spaarbank)/ORSA (Argenta Assuranties) topics, i.e. concerning economic capital, in month two credit risk topics (Kreco - Credit Risk Committee), and in month three operational risk (Orco – Operational Risk Committee)



### 13.2.3 Validation

Another core activity of the Risk & Validation department, alongside second line control, is validating risk models. The regulator requires financial institutions to have the risk models they develop confirmed by an independent validator. The activities of the Validation Unit included, in 2015:

- validation (conceptual, numerical and implementation) of the update of the corporate model;
- validation (conceptual and numerical) of the new PD and LGD models for the Dutch mortgage portfolio;
- validation of the review, backtesting and recalibration of the credit risk models of the mortgage portfolios of Argenta Spaarbank, CBHK and the Netherlands;
- validation of the review, backtesting and recalibration of the models for investment portfolio credit risk (more specifically exposure to financial institutions, enterprises, covered bonds, and central, regional and local governments);
- validation of the sensitivity analysis of the PD model of the Argenta Spaarbank mortgage portfolio;
- opinion on the valuation methodology for the Dutch mortgages under Solvency II;
- validation of the fair value calculations on mortgage transfers for Argenta Assuranties;
- assisting with the risk check on retrospective Asset Quality Review (AQR) projects.

In addition, preparations were made to extend the validations to validating opinions on the interest rate risk of the Banking Book models such as the prepayment models and the replicating model. The first steps were also taken towards producing the 'target operating' validation model for the governance of formal validations vs. validation opinions and validation reviews (cfr. risk checks by the risk units).

### 13.2.4 Market risk management

#### Interest rate risk

The following projects and themes were also on the interest risk agenda in 2015:

- Updating of the Treasury and ALM policy with complete revision of the governance and limits framework;

- Starting the JST action plan with the further development and fine-tuning of the interest rate scenario analysis;
- Active management of the prepayment and option risk in the mortgage portfolio as a result of the low interest rate situation;
- Proactive management and monitoring by ALCO of the interest margin by means of a well-conceived investment and hedging policy;
- Publication of the new NBB circular on the reporting of interest rate risk in the banking book (Table 90.30);
- Consultation by the Basel Committee on the prudential treatment of interest rate risk in the banking book, with a choice between a Pillar I or Pillar II model.

#### Spread widening risk

The policy on and management of the spread widening risk is closely linked to credit risk management, the policies and the main emphases of which in 2015 are described in chapter 1.2.5.

#### Equity risk

From a strategic allocation perspective, equities complement the existing bond and loan portfolios and are intended to optimize the risk return profile of the portfolio. Within a limited investment framework and subject to compliance with strict investment criteria, Argenta Spaarbank (real estate and PPP sectors) and Argenta Assuranties have the possibility to take equity positions into their investment portfolios.

#### Property risks

Argenta Spaarbank and Argenta Assuranties have a limited room for investment, which can include (indirect) real estate investment under strict conditions governing both investment type and concentration risks. Within these limits, a number of loans to real estate counterparties were taken into the balance sheet.

### 13.2.5 Credit risk management

Generally speaking, credit risk arises when a customer or counterparty is unable to meet his or her contractual obligations. This can be the result of the insolvency of a customer or counterparty. This risk arises in both the traditional loan portfolio and in other investment activities (other interest-bearing



assets). In the latter group of assets, widening spreads and rating downgrades serve as indicators of credit risk. The Argenta Group incurs credit risk in both the Bank Pool (Argenta Spaarbank) and the Insurance Pool (Argenta Assuranties).

For Argenta, there are essentially three sub-areas of importance for credit risk: the retail mortgage lending market (in both Belgium and the Netherlands), the investment portfolio, and the portfolio of loans to local and regional authorities. Credit risk management therefore focuses on these three segments.

The Argenta Group was highly successful in 2015 with its acceptance and (pre-)legal recovery policy for retail loans and in further diversifying its investment portfolio while maintaining high asset quality. In 2015, further attention was paid to expanding lending to and investments in local and regional authorities.

The risk appetite level applied appears in the RAF. The RAF contains indicators linked to portfolio quality and concentration risk for monitoring credit risk in both the retail credit and investment portfolios. Within the scope of the investment portfolio, the RAF was expanded in 2015 to include an indicator for monitoring loans to public entities.

Argenta's risk appetite is further captured and detailed in the Retail Credit Risk policy and the Treasury and ALM policy for both the Bank and the Insurance pool. In 2015, a prudent investment policy was again a permanent focal point. Such an approach is still considered to be the most efficient first line of defence *par excellence*.

In the past year, the Treasury and ALM policy for Argenta Spaarbank was updated, including the possibility of diversifying into well-defined indirect property investments. Preparations also began for the adaptation of the Treasury and ALM policy for Argenta Assuranties.

The investment framework remains intentionally focused on strong counterparty quality. This is shown by a continuing strong average portfolio quality. As in 2014, so too in the course of 2015, in part as a reaction to the low interest rate environment, Argenta further diversified selectively into investments in companies, and also, since last year, into indirect real estate investments. Investing

in securities of or loans to local authorities was also expanded.

The application and practical implementation of the investment policy are also supported by the Investment Consultation, in which representatives of the Executive Committee, TIM (Treasury and Investment Management) and Financial Management (Credit Risk Analysis department) in the first line, and Risk in the second line, discuss and decide on investment issues.

In the context of an appropriate and prudent risk management, all banking and corporate counterparties were subjected during 2015 to primary analysis over a one-year time span. This fits into the governance narrative linked to the Argenta Group's FIRB status. These analyses are all subject to a systematic risk check as part of an annually recurring process. Before inclusion in the portfolio, every bank and corporate is assigned an internal rating, in accordance with the FIRB framework that has been ratified and implemented at Argenta, and is reviewed at least annually. The results of these rating reviews are discussed in the monthly Rating Consultation, that reports to ALCO. This consultation ratifies proposed ratings or decides on the assignment of internal ratings, following a well-defined governance framework and with two separate decision levels.

Internal ratings or rating indications are also assigned to counterparties catalogued as local and regional authorities. These are relevant in the acceptance context and are also used for monitoring and management purposes and in the context of Pillar II capital calculations. For regulatory capital calculations, Argenta continues, as agreed with the regulatory authority, to apply the standardized approach to governments. For bank and corporate counterparties, it uses the FIRB approach.

Also within the stated FIRB governance framework, the FIRB models for banks and corporates were in 2015 again subjected to annual reviews. This review revealed the strength of the model. The internal rating models are subjected to appropriate critical analysis on an annual basis. As part of a continuous optimization of the internal scoring process, an update (prepared in 2014) was undertaken in 2015 of the scoring model for corporate counterparties.



In 2015, due attention was also given within Risk to supporting Argenta's 2016-2020 business plan. This was subjected in the spring to a thorough risk assessment. At the end of the year, control checks also took place in a number of key areas (including asset quality) when reviewing the 2016 budget against the previously established business plan.

Once again throughout 2015, Risk supported the first line here in reconciling and checking the calculated results of the different scenarios within the RRP path.

Further attention was also paid to the development and progress of the economic capital calculations with regard to credit risk for both the Bank and the Insurance Pools. A particular focus in 2015 was on fine-tuning the 'health check' of the Pillar II results and on the monitoring the breakdown between migration risk and spread widening risk.

In each quarter of 2015, the investment portfolios of the Bank and Insurance Pools were subjected to the customary thorough analysis, including a risk check, with specific attention to the further portfolio diversification that took place in 2015.

In 2018, the new IFRS 9 standards come into force in the financial sector. These provide a new framework for recognition in the balance sheet and for calculating impairments. Risk also supported here the preparations for this implementation. In the course of 2016, greater attention will be paid to this project at Argenta.

The Belgian and Dutch mortgage portfolios were marked in 2015 by an increase in inflows, especially in the second part of 2015. The credit risk of the Belgian and Dutch mortgages improved slightly in 2015, requiring fewer provisions to be set up.

The risk models of the Dutch loans were fine-tuned in the course of 2015, making way for significantly improved monitoring and control in 2016.

The annual model review and calibration of the PD and LGD risk parameters for the retail models also took place in 2015.

### 13.2.6 Liquidity risk management

For measuring, monitoring, checking and reporting on the liquidity risk, Argenta has a specially adapted management information system (MIS). This includes

a contingency plan to enable it 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 Bank Pool's RAF via 'flashing light' levels on three risk indicators, the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the Asset Encumbrance Ratio (AER). For the Insurance Pool, the LCR is calculated with subsequent monitoring of the cumulative maturity gap.

The LCR compares the liquidity buffer against a defined outflow of financial liabilities over a one-month period. The NSFR compares available liquidity against the liquidity required over a period of one year.

A minimum LCR limit of 100% is set in the RAF, but in practice a ratio of at least 125% is targeted so as to ensure that Argenta maintains a comfortable liquidity situation at all times.

The AER compares the quantity of unencumbered assets with the volume of protected deposits. In 2015, the NBB established minimum thresholds, as a function of the relative importance of protected deposits within a bank's overall funding structure. As a category 3 bank, Argenta Spaarbank is required to respect a minimum threshold of 80% (recovery plan) and 85% (flashing light) within the strict application of the AER.

Day-to-day liquidity management, the definition of EWIs (Early Warning Indicators), and the organization of stress tests are described in the Liquidity Contingency Plan (LCP).

Daily reports on the funding situation are distributed amongst a broad Argenta target audience, including all members of the Executive Committee. In addition, liquidity report is discussed in detail on a monthly basis in the Asset and Liability Committee. In other words, senior management is involved in liquidity management on a continuous basis.



### 13.2.7 Management of the technical insurance risk

The Insurance Pool applies a number of rules and procedures to manage the technical insurance risk, monitoring these via the Insurance Risk Committee.

Both acceptance and pricing policies are 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 underwriting risk. Continuous monitoring ensures that the necessary measures, such as any price adjustment, are taken in good time.

The following RAF indicators serve to track, among other things, the profitability of products: 'Value New Business' (VNB) and 'New Business Margin' for life insurance and 'Combined Ratio' for indemnity and health insurance.

The adequacy of reserves (LAT: Liability Adequacy Test) is assessed via the eponymous policy.

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

### 13.2.8 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 2015, a thorough analysis of the Operational Risk Management (ORM) framework of the Argenta Group was performed by an external party. Its observations and proposals were processed into a short and long term action plan. A new specific ORM department was set up (ORM & ECB Office), with both a director and an ORM manager added to the ORM team. ORM also undertook a major awareness

campaign, visiting each department to provide guidance and intensive support in its ORM tasks.

In addition to daily monitoring and support functions (e.g. facilitating Risk & Control Self Assessments (RCSAs), putting together the annual internal control report, monitoring Business Continuity Plans and disaster recovery tests), work was also done on knowledge management (by establishing procedures and manuals, providing individual and group training), on developing a new RCSA methodology, on reassessing the sub-limits of the ORM risk appetite, on redeveloping the Annual Internal Control Report process, the further development of the KRI (*Key Risk Indicators*) dashboard and the inclusion of an umbrella KRI within the qualitative RAF.

In the area of Business Continuity Management (BCM), the full cycle of Business Impact Analysis (BIA), Business Continuity Plan (BCP) and fall-back testing were gone through during the year. In addition, this year a crisis simulation was organized outside business hours with the CMT (Crisis Management Team), while the ORM team took part in an industry-wide crisis simulation (2015 'Market Wide Exercise' led by the NBB). Also, in cooperation with the Availability and Continuity manager, a presentation of the BCM material was given at the ICT personnel meeting.

In the context of information security, the annexes to the Information Security Code of Behaviour were updated and a leaflet prepared for distribution to all staff in the first quarter of 2016.

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.

### 13.2.9 Management of other risks

In 2015, Argenta invested further in a revised group-wide risk assessment of all identifiable risks and in the ICAAP and ORSA economic capital models, particularly for developing an integrated risk cartography (between Argenta Spaarbank and Argenta Assuranties) and stress, scenario and forward-looking tests.

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





## 14. Other information

### 14.1 Increases in share capital

#### 14.1.1 The Company

On 20 May 2015, Investar subscribed a capital increase in the Company through a contribution in kind of part of the receivable, amounting to EUR 11,278,700, which it had against Company arising out of a stock dividend.

As a result of this capital increase, the share capital of the Company rose from EUR 620,191,100 to EUR 631,469,800. In this process, 112,787 new shares were created for Investar.

Investar also paid an issue premium of EUR 19,999,391.

In total - share capital and issue premium together - the equity capital of the Company was increased by EUR 31,278,091.

#### 14.1.2 The Argenta Group

On 21 December 2015, the Company subscribed a capital increase of Argenta Spaarbank by a cash contribution of EUR 37,174,280. The share capital of Argenta Spaarbank was increased in this way, with no issue of new shares, from EUR 579,077,650 to EUR 616,252,150. Investar subscribed the remainder of the capital, amounting to EUR 220.

### 14.2 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 of the Company during the 2015 financial year.

### 14.3 Application of Article 134 of the Belgian Companies Code

The fees to the statutory auditor and to companies having a relationship of professional cooperation with it, are followed at a consolidated level by the Audit Committee. Additional audit work and consultancy are approved by the Audit Committee according to article 133 §6 of the Belgian Companies Code when

these exceed the total amount of the fees for the audit mandate.

#### 14.3.1 The Company

During the 2015 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 additional audit work and for services with regard to the sustainability report in a total amount of EUR 124,751 (incl. VAT).

#### 14.3.2 Argenta Group

During the 2015 financial year, the Argenta companies paid to the statutory auditor Deloitte Bedrijfsrevisoren cvba or to companies having a relationship of professional cooperation with it, additional fees totalling EUR 783,271 (incl. VAT) for additional services in relation to the contribution in kind to the Company, to the sustainability report, 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.

### 14.4 Country-by-country reporting

Under Article 420 of the Banking Act and pursuant to Article 89 of the Capital Requirements Directive of the European Union, the Company is required to disclose the information specified below for fiscal years 2014 and 2015 on a consolidated basis, broken down by EU Member State or third country in which it is established (through a branch and/or subsidiary).



**BVg conso (Bgaap-conso)**

31/12/2014 - in EUR

Countries	Activity	Turnover*	Average FTE	Net income before tax	Tax expense	Public subsidies received
MEMBER STATE		554,637,346	797	320,353,200	70,308,742	0
Belgium	<i>Bank and insurance</i>	343,544,740	751	128,745,783	19,375,032	0
Luxembourg	<i>Other financial services</i>	3,204,616	17	1,798,346	614,363	0
The Netherlands	<i>Bank and insurance</i>	207,887,990	30	189,809,071	50,319,347	0
THIRD COUNTRY		0	0	0	0	0
<b>TOTAL</b>		554,637,346	797	320,353,200	70,306,742	0

31/12/2015 - in EUR

Countries	Activity	Turnover*	Average FTE	Net income before tax	Tax expense	Public subsidies received
MEMBER STATE		612,592,743	848	304,838,546	76,896,734	0
Belgium	<i>Bank and insurance</i>	392,885,206	804	111,506,547	25,758,363	0
Luxembourg	<i>Other financial services</i>	7,332,252	14	3,742,241	1,079,478	0
The Netherlands	<i>Bank and insurance</i>	212,375,285	30	189,589,758	52,058,893	0
THIRD COUNTRY		0	0	0	0	0
<b>TOTAL</b>		612,592,743	848	304,838,546	78,896,734	0

\* Based on total of categories I till VI from the consolidated statement of income in the annual report

## 14.5 Information on important events since the end of the financial year

To the best of the knowledge of the Board of Directors, no other significant events have occurred since the end of the financial year concerning the Company and its individual subsidiaries.

## 14.6 Information on circumstances that could affect Argenta's development

### 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.

### 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 development of the company and of its individual subsidiaries.

# Financial statements 2015



# 15. Financial statements 2015

## 15.1 Consolidated financial statements of the Company (Financial Statements for Argenta Group)

### 15.1.1 Consolidated financial data

#### 15.1.1.1 Consolidated balance sheet at 31 December 2015 after profit appropriation

in EUR

ASSETS	2014	2015
<b>I. Cash balances with central banks and post office giro service</b>	<b>44,480,085</b>	<b>47,911,363</b>
<b>II. Government securities eligible for refinancing at the central bank</b>	<b>62,935,143</b>	<b>21,444,337</b>
<b>III. Amounts receivable from credit institutions</b>		
A. Repayable on demand	412,782,498	476,782,076
B. Other amounts receivable (with agreed maturities or periods of notice)	21,850,884	21,108,000
	<b>434,633,382</b>	<b>497,890,076</b>
<b>IV. Amounts receivable from customers</b>	<b>22,582,997,907</b>	<b>24,060,238,985</b>
<b>V. Bonds and other fixed-income securities</b>		
A. Issued by public bodies	5,713,580,704	5,095,609,775
B. Issued by other issuers	7,070,031,151	6,816,445,285
	<b>12,783,611,855</b>	<b>11,912,055,060</b>
<b>VI. Equities and other variable-yield securities</b>	<b>1,244,391,576</b>	<b>1,745,447,551</b>
<b>VII. Non-current financial assets</b>		
B. Other enterprises		
1. Participating interests, equities	28,198	62,498
<b>VIII. Formation expenses and non-current intangible assets</b>	<b>107,016,985</b>	<b>110,772,151</b>
<b>IX. Consolidation differences</b>	<b>62,459,380</b>	<b>53,536,610</b>
<b>X. Property, plant and equipment</b>	<b>34,943,420</b>	<b>37,754,640</b>
<b>XII. Other assets</b>		
▪ Reinsurance company share in technical reserves	3,274,617	6,923,681
▪ Other	27,993,941	12,555,508
	<b>31,268,558</b>	<b>19,479,189</b>
<b>XIII. Deferred charges and accrued income</b>	<b>262,082,679</b>	<b>224,915,710</b>
<b>TOTAL ASSETS</b>	<b>37,650,849,168</b>	<b>38,731,508,170</b>



in EUR

LIABILITIES AND EQUITY	2014	2015
<b>I. Amounts owed to credit institutions</b>		
A. Repayable on demand	2,269,859	928,443
C. Other liabilities (with agreed maturities or periods of notice)	709,140,518	422,329,459
	<b>711,410,377</b>	<b>423,257,902</b>
<b>II. Amounts owed to customers</b>		
A. Savings / savings deposits	21,028,385,240	21,768,210,219
B. Other debts		
1. Repayable on demand	4,599,283,389	4,886,261,272
2. With agreed maturities or periods of notice	2,423,694,536	2,513,983,735
C. Actuarial reserves and premium reserves	4,674,164,009	5,133,220,252
	<b>32,725,527,174</b>	<b>34,301,675,478</b>
<b>III. Retail debt certificates</b>		
A. Bonds and other fixed-income securities in circulation	<b>1,582,544,373</b>	<b>1,353,945,825</b>
<b>IV. Other debt instruments</b>	<b>184,546,484</b>	<b>168,703,403</b>
<b>V. Deferred income</b>	<b>190,527,723</b>	<b>159,163,327</b>
<b>VI. Provisions, deferred tax liabilities and deferred tax assets</b>		
A. Provisions for risks and expenses		
3.b. Other liabilities and charges	13,708,037	10,406,788
B. Deferred tax liabilities and deferred tax assets	253,654	241,313
	<b>13,961,691</b>	<b>10,648,101</b>
<b>VII. Fund for general banking risks</b>	<b>16,000,000</b>	<b>16,000,000</b>
<b>VIII. Subordinated debt</b>	<b>506,396,878</b>	<b>395,678,286</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>1,719,926,299</b>	<b>1.902.426.762</b>
<b>IX. Capital</b>		
A. Issued capital	620,191,100	631,469,800
<b>X. Share premium account</b>	<b>210,876,948</b>	<b>230,876,339</b>
<b>XII. Reserves and results brought forward</b>	<b>865,696,960</b>	<b>1,024,366,850</b>
<b>XIII. Consolidation differences</b>	<b>23,161,291</b>	<b>15,713,773</b>
<b>XV. MINORITY INTERESTS</b>	<b>8,169</b>	<b>9,086</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>37,650,849,168</b>	<b>38,731,508,170</b>



15.1.1.2 Consolidated off-balance sheet items at 31 December 2015

in EUR

	2014	2015
<b>I. Contingent liabilities</b>		
C. Other guarantees	3,847,225	4,251,895
<b>II. Commitments which could give rise to a credit risk</b>		
B. Commitments as a result of spot purchases of transferable or other securities	474,528	271,757
C. Undrawn margin on confirmed credit lines	5,598,171	4,471,338
	<b>6,072,699</b>	<b>4,743,095</b>
<b>III. Assets lodged within consolidated companies</b>		
B. Safe custody and equivalent items	9,148,027,074	9,706,431,957



## 15.1.1.3 Consolidated Income Statement for the 12 months ended on 31 December 2015

in EUR

	2014	2015
<b>I.</b>		
a. Interest and similar income	1,166,336,969	1,064,574,533
including that from fixed-income securities	340,828,365	245,701,977
b. Premiums and other technical insurance products' income	1,019,417,339	889,865,794
c. Reinsurance	6,238,852	5,243,019
<b>II.</b>		
a. Interest and similar charges	-480,654,996	-379,916,759
b. Technical costs for insurance	-1,094,896,340	-921,961,194
c. Reinsurance	-5,569,021	-4,553,327
<b>III. Income from variable-yield securities</b>		
A. Shares and other variable-yield securities	2,154,385	3,136,236
B. Participating interests and shares held as non-current financial assets	0	1,125
	2,154,385	3,137,361
<b>IV. Commission received</b>	81,266,270	102,405,149
<b>V. Commission paid</b>	-156,480,255	-172,755,545
<b>VI. Gain (Loss) on financial transactions</b>		
A. Profit on exchange transactions and trading of securities and other financial instruments	-11,773	-53,423
B. Gain on disposal of investment securities	16,835,915	26,607,135
	16,824,142	26,553,712
<b>VII. General and administrative expenses</b>		
A. Remuneration, social security charges and pensions	-57,932,880	-62,765,455
B. Other administrative expenses	-169,732,132	-175,831,949
	-227,665,012	-238,597,404
<b>VIII. Amortisation, depreciation and write-downs on formation expenses, intangible assets and property, plant and equipment</b>	-54,424,855	-56,753,968
<b>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'</b>	-6,346,281	2,579,296
<b>X. Decrease (increase) in amounts written down on the investment portfolio of bonds, shares and other fixed-income or variable-yield securities</b>	63,230,190	8,737,560
<b>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'</b>	0	3,940,347
<b>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'</b>	-638,705	-639,098
<b>XIV. Other operating income</b>	36,580,463	39,417,447
<b>XV. Other operating costs</b>	-46,261,823	-68,703,930
<b>XVI. Profit of consolidated companies on ordinary activities, before taxes</b>	319,111,322	302,572,993



in EUR

	2014	2015
<b>XVII. Extraordinary income</b>		
A. Decrease of amortisation, depreciation and write-downs on intangible assets and property, plant and equipment	6,847	602
B. Impairment changes of non-current financial assets	0	6,465,456
D. Gains on the realisation (sale) of non-current assets	83,034	226,632
E. Other extraordinary income	1,128,790	1,502,033
	<b>1,218,671</b>	<b>8,194,723</b>
<b>XVIII. Extraordinary expenses</b>		
A. Extraordinary amortisation, depreciation and write-downs on formation expenses, intangible assets and property, plant and equipment	-9,858	0
D. Losses on the realisation (sale) of non-current assets	-52,205	-5,895,117
	<b>-62,063</b>	<b>-5,895,117</b>
<b>XIX. Profit of consolidated companies for the financial year, before taxes</b>	<b>320,267,930</b>	<b>304,872,599</b>
<b>XIX.bis</b>		
A. Transfer to deferred tax assets / liabilities	-192	-46,394
B. Withdrawals from deferred tax liabilities and tax assets	85,464	12,341
<b>XX. Income taxes</b>		
A. Income taxes	-76,836,833	-87,009,505
B. Regularising of taxes and reversals of tax provisions	6,528,088	8,112,771
	<b>-70,308,745</b>	<b>-78,896,734</b>
<b>XXI. Profit of the consolidated companies</b>	<b>250,044,457</b>	<b>225,941,812</b>
<b>XXIII. Consolidated profit</b>	<b>250,044,457</b>	<b>225,941,812</b>
<b>XXIV. Minority interests' share of the profit</b>	<b>1,164</b>	<b>1,068</b>
<b>XXV. Group's share of the profit</b>	<b>250,043,293</b>	<b>225,940,744</b>





### 15.1.2 Notes on the consolidated financial statements at 31 December 2015<sup>(1)</sup>

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.

<sup>(1)</sup> 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 Antwerpen	99.99 %
Argenta Assuranties nv	Antwerp	BTW BE 0404.456.148 RPR Antwerpen	99.99 %
Argenta Asset Management SA	Luxembourg	R.C. Lux B35185	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:

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

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 2017.
    - 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.

The difference between the acquisition cost and the redemption value is taken into the income statement pro rata temporis over the remaining term of the securities, as part of the interest income from these securities.

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.



## VII. Amounts receivable from credit institutions (asset item III)

in EUR	
Financial year	
<b>B. Other amounts receivable from credit institutions (with agreed maturities or periods of notice)</b>	
<b>2. Breakdown of these receivables by residual term:</b>	
▪ up to three months	21,108,000

## VIII. Amounts receivable from customers (asset item IV)

in EUR	
Financial year	
<b>4. Breakdown of these receivables by residual term:</b>	
▪ up to three months	118,603,853
▪ more than three months up to one year	130,130,001
▪ more than one year up to five years	492,786,752
▪ more than five years	23,331,863,481
▪ with indefinite term	-13,145,102



## IX. Bonds and other fixed-income securities (asset item V)

in EUR

	Financial year	Previous financial year
<b>2. Bonds and securities which represent subordinated receivables</b>	69,361,152	96,717,508
<b>3. Geographical breakdown of the following items:</b>	<b>Belgium</b>	<b>Abroad</b>
V.A. - public issuers	3,023,417,732	2,072,192,043
V.B. - other issuers	910,809,830	5,905,635,455
<b>4. Listings and terms:</b>	<b>Carrying amount</b>	<b>Fair value</b>
a) <input type="checkbox"/> listed securities	11,912,055,060	12,464,621,611
	<b>Financial year</b>	
b) <input type="checkbox"/> residual term up to one year	1,247,885,101	
<input type="checkbox"/> residual term more than one year	10,664,169,959	
<b>5. Breakdown of bonds and securities by portfolio:</b>		
a) <input type="checkbox"/> trading portfolio	2,113,409	
b) <input type="checkbox"/> investment portfolio	11,909,941,651	
<b>6. For the trading portfolio:</b>		
<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	11,290	
<b>7. For the investment portfolio:</b>		
<input type="checkbox"/> the positive difference of all securities for which the redemption value is greater than their carrying amount	16,925,611	
<input type="checkbox"/> the negative difference of all securities for which the redemption value is less than their carrying amount	159,594,424	
<b>8. Detailed statement of the carrying amount of the investment portfolio:</b>		
a) Acquisition cost		
At the previous financial year-end	12,781,634,006	
Changes during the financial year:		
<input type="checkbox"/> purchases	3,279,838,333	
<input type="checkbox"/> transfers (-)	-4,187,827,028	
<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 (+/-)	37,068,790	
At the financial year-end	11,910,714,101	
c) Write-downs		
At the previous financial year-end	259,572	
Changes during the financial year:		
<input type="checkbox"/> recognised	866,980	
<input type="checkbox"/> reversals of redundant write-downs (-)	-354,102	
At the financial year-end	772,450	
d) Net carrying amount at the end of the financial year	11,909,941,651	



## X. Equities and other variable-yield securities (asset item VI)

in EUR

	Financial year	Previous financial year
<b>1. Geographical breakdown of the issuers of securities:</b>		
▪ Belgian issuers	287,968,507	466,583,698
▪ foreign issuers	1,457,479,044	777,807,878
<b>2. Listings</b>		
	Carrying amount	Fair value
▪ listed securities	1,745,447,551	1,759,678,832
<b>3. Breakdown of equities and securities by portfolio:</b>		
	Financial year	
▪ investment portfolio	1,745,447,551	
<b>5. Detailed statement of the carrying amount of the investment portfolio:</b>		
a) Acquisition cost		
At the previous financial year-end	1,244,391,576	
Changes during the financial year:		
▪ purchases	584,934,585	
▪ transfers (-)	-98,981,850	
▪ other changes (+/-)	15,104,403	
At the financial year-end	1,745,448,714	
c) Write-downs		
At the previous financial year-end	0	
Changes during the financial year:		
▪ recognised	1,163	
At the financial year-end	1,163	
d) Net carrying amount at the financial year-end	1,745,447,551	

## XI. Non-current financial assets (asset item VII)

in EUR

	Financial year	Previous financial year
<b>A. Breakdown of items VII A.1 and VII B.1:</b>		
a) Economic sector of enterprises other than credit institutions		
▪ other enterprises	62,498	28,198
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	28,198	
Changes during the financial year:		
▪ purchases	34,300	
At the financial year-end	62,498	
E. Net carrying amount at the financial year-end	62,498	



## XII. Formation expenses and non-current intangible assets (asset item VIII)

	in EUR
	Financial year
<b>A. Detailed statement of formation expenses:</b>	
Net carrying value at the previous financial year-end	96,082
Changes during the financial year:	
▪ amortisation	-52,500
Net carrying amount at the financial year-end	43,582
of which:	
▪ Costs of formation or capital increase, loan issuing expenses and other formation costs	43,582

	in EUR	
	Other participating intangible non-current assets	Including provisions to pay for contributions to section 27 bis activities
<b>B. Intangible assets</b>		
a) Acquisition cost		
At the previous financial year-end	208,309,663	108,315,791
Changes during the financial year:		
▪ acquisition, including fixed assets, own production	46,206,214	21,347,031
▪ transfers and retirements (-)	-11,105,614	-10,939,565
At the financial year-end	243,410,263	118,723,257
b) Amortisation and write-downs		
At the previous financial year-end	101,388,760	49,721,243
Changes during the financial year:		
▪ recognised	42,398,548	22,295,146
▪ booked out (-)	-11,105,614	-10,939,565
At the financial year-end	132,681,694	61,076,824
c) Net carrying amount at the financial year-end	110,728,569	57,646,433



### XIII. Property, plant and equipment (asset item X)

in EUR

	Land and buildings	Plant, -machinery and -equipment	Furniture and vehicles
a) Acquisition cost			
At the previous financial year-end	34,791,331	20,875,617	1,736,622
Changes during the financial year:			
▪ acquisition, including fixed assets, own production	3,888,821	4,254,427	1,082,399
▪ transfers and retirements (-)	-429,481	-355,389	-398,194
▪ transfer from one item to another (+/-)	0	-42,290	42,290
At the financial year-end	38,250,671	24,732,365	2,463,117
c) Depreciation and write-downs			
At the previous financial year-end	13,537,241	12,639,024	742,513
Changes during the financial year:			
▪ recognised	1,204,383	3,286,006	217,016
▪ booked out as redundant (-)	-10,933	-339,055	-269,230
▪ transfer from one item to another (+/-)	0	-11,310	11,310
At the financial year-end	14,730,691	15,574,665	701,609
d) Net carrying amount at the financial year-end	23,519,980	9,157,700	1,761,508



in EUR

	Other -property, plant and equipment	Assets under construction and advance payments	Costs for leased buildings
a) Acquisition cost			
At the previous financial year-end	28,475	3,432,313	2,257,168
Changes during the financial year:			
▪ acquisition, including fixed assets, own production	962	0	2,864,176
▪ transfers and retirements (-)	-3,522	0	-1,073,826
▪ transfer from one item to another (+/-)	0	-2,833,778	0
At the financial year-end	25,915	598,535	4,047,518
c) Depreciation and write-downs			
At the previous financial year-end	0	0	1,259,328
Changes during the financial year:			
▪ recognised	0	0	672,742
▪ booked out as redundant (-)	0	0	-575,554
At the financial year-end	0	0	1,356,516
d) Net carrying amount at the financial year-end	25,915	598,535	2,691,002

**XIV. Amounts owed to credit institutions** (liabilities and equity item I)

in EUR

	Financial year
<b>B. For the amounts not immediately payable, breakdown by residual term (liability items I, B and C)</b>	
▪ up to three months	190,194,470
▪ more than three months up to one year	232,134,989

**XV. Amounts owed to customers** (liabilities and equity item II)

in EUR

	Financial year	Previous financial year
<b>1. Debts to:</b>		
▪ affiliated enterprises not included in the consolidation	43,494,260	28,767,609
<b>2. Geographical breakdown of amounts owed:</b>		
▪ within Belgium	31,059,773,466	
▪ abroad	3,241,902,012	
<b>3. Breakdown by residual term:</b>		
▪ immediately payable	4,886,261,272	
▪ up to three months	137,021,445	
▪ more than three months up to one year	330,831,968	
▪ more than one year up to five years	1,828,789,251	
▪ more than five years	559,072,843	
▪ with indefinite term	26,559,698,699	

**XVI. Retail debt certificates** (liabilities and equity item III)

in EUR

	Financial year
<b>2. Breakdown by residual term:</b>	
▪ up to three months	46,403,664
▪ more than three months up to one year	109,407,148
▪ more than one year up to five years	1,198,135,013

**XVII. Subordinated debt** (liabilities and equity item VIII)

in EUR

	Financial year	Previous financial year
<b>A. For the item as a whole</b>		
▪ debts of other enterprises included in the consolidation	68,800,000	68,800,000
<b>C. Costs related to subordinated debt</b>		
	16,190,707	



**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	<b>a. conditions under which the enterprise can pay back this loan prematurely</b> <b>b. conditions of subordination</b> <b>c. conditions of conversion</b>
Argenta Spaarbank nv Belgium	EUR	68,800,000	31 Oct. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	56,629,305	Jan. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	25,494,885	Feb. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	20,098,258	Mar. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	9,312,581	Apr. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	12,984,690	May 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	14,067,449	Jun. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	13,174,577	Jul. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	8,817,741	Aug. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	7,012,230	Sep. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	3,975,633	Oct. 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	<b>a. conditions under which the enterprise can pay back this loan prematurely</b> <b>b. conditions of subordination</b> <b>c. conditions of conversion</b>
Argenta Spaarbank nv Belgium	EUR	2,675,715	Nov. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,827,421	Dec. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	2,376,107	Jan. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	2,291,763	Feb. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	5,481,911	Mar. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	6,652,622	Apr. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	11,577,946	May 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	9,510,723	Jun. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	7,853,457	Jul. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	5,007,731	Aug. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	4,202,472	Sep. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	3,809,137	Oct. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	2,710,220	Nov. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	2,421,880	Dec. 2017	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	<b>a. conditions under which the enterprise can pay back this loan prematurely</b> <b>b. conditions of subordination</b> <b>c. conditions of conversion</b>
Argenta Spaarbank nv Belgium	EUR	8,248,845	Jan. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,942,135	Feb. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,391,989	Mar. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	963,235	Apr. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,496,684	May 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,552,057	Jun. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	849,900	Jul. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,497,581	Aug. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,052,760	Sep. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	606,063	Oct. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,089,662	Nov. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,077,220	Dec. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,857,330	Jan. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	2,290,333	Feb. 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
Argenta Spaarbank nv Belgium	EUR	2,164,360	Mar. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	1,799,248	Apr. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	2,873,522	May 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	4,320,289	Jun. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	3,190,550	Jul. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	6,542,417	Aug. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	4,721,378	Sep. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	3,735,215	Oct. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	4,257,995	Nov. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	5,516,665	Dec. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	14,710,401	Jan. 2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	3,302,007	Feb. 2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	513,112	Mar. 2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	405,560	Apr. 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	<b>a. conditions under which the enterprise can pay back this loan prematurely</b> <b>b. conditions of subordination</b> <b>c. conditions of conversion</b>
Argenta Spaarbank nv Belgium	EUR	874,600	May. 2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	368,450	Jun. 2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	291,923	Jul. 2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	275,952	Aug. 2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	535,415	Sep. 2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	170,600	Oct. 2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	348,379	Nov. 2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	EUR	78,000	Dec. 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** (liabilities and equity item XII)

	in EUR
	<b>Financial year</b>
At the previous financial year-end	865,696,960
Changes during the financial year:	
▪ result of the Group	225,940,744
▪ dividends	-74,134,555
▪ other	6,863,701
At the financial year-end	1,024,366,850

**XIX. Consolidation differences and differences after application of the equity method**

	in EUR	
	<b>Positive differences</b>	<b>Negative differences</b>
<b>A. Consolidation differences</b>		
Net carrying amount at the end of the previous financial year	62,459,380	23,161,291
Changes during the financial year:		
▪ amortisation	-8,922,770	0
▪ other changes	0	-7,447,518
Subtotal of the changes	-8,922,770	-7,447,518
Net carrying amount at the end of the financial year	53,536,610	15,713,773

**XX. Breakdown of balance sheet euro - foreign currency**

	In EUR	In foreign currency (equivalent in euro)
TOTAL ASSETS	38,731,508,170	0
TOTAL LIABILITIES	38,731,508,170	0



## XXII. Secured debts and commitments

Collateral securities provided by the consolidated entity or irrevocably pledged on its own assets:

in EUR

	Carrying amount of the pledged assets
Pledges on other assets	
a) as surety for debts and commitments of third parties	
<b>2. Off-balance sheet items</b>	
▪ OLOs pledged as collateral for swap	419,032,000
▪ OLOs pledged as collateral for repo	343,840,735
▪ Credit line for pledge	35,000,000
▪ Credit line pledged for NBB	250,000,000

## 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 EUR

Types of transactions	Amount as at the closing date of the accounts	Of which transactions not designated as hedging
<b>3. On other financial instruments</b>		
1. Forward transactions		
▪ interest rate swap contracts	6,521,160,400	
▪ interest rate options	8,850,000,000	



## 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 EUR		
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	15,371,160,400	-459,806,039

(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 EUR	
	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	6,521,160,400
Market value dirty price	-477,701,840
Notional cap amounts	8,850,000,000
Market value dirty price	16,525,218
Caps premium paid and not written off	64,737,944

## Notes on derivative financial instruments not valued at fair value , breakdown related to the location of the headquarter and the branch office of the Company

in EUR	
Total of the Headquarters in Belgium	Financial year
Notional swap amounts	4,155,569,300
Market value dirty price	-370,987,620
Notional cap amounts	8,550,000,000
Market value dirty price	16,367,321
Caps premium paid and not written off	55,266,159
in EUR	
Total of the Branch office in the Netherlands	Financial year
Notional swap amounts	2,365,591,100
Market value dirty price	-106,714,220
Notional cap amounts	300,000,000
Market value dirty price	157,897
Caps premium paid and not written off	9,471,785

## XXV. Information concerning the operating results of the financial year and the previous financial year

in EUR

	Financial year		Previous financial year	
	Belgian offices	Foreign offices	Belgian offices	Foreign offices
<b>A. Breakdown of the operating results according to their origin</b>				
I. Interest and similar income	1,556,775,720	402,907,626	1,785,292,531	406,700,629
III. Income from variable-yield securities				
▪ Shares and other variable-yield securities	3,136,236	0	2,154,385	0
▪ Participating interests and shares held as non-current financial assets	1,125	0	0	0
IV. Commission received	94,520,306	7,884,843	77,015,325	4,250,945
VI. Profit from financial transactions				
▪ On disposal of investment securities	24,855,739	1,751,396	15,721,013	1,114,902
XIV. Other operating income	25,854,328	13,563,119	24,988,883	11,591,580

## Geographical breakdown related to the operating results of the financial year and the previous financial year

in EUR

Item III B	Financial year	Previous financial year
<b>Location of the headquarters of the Company</b>		
Belgium	1,125	0

in units

Fully consolidated companies	
<b>B. 1. Average number of staff</b>	
▪ salaried staff	818.46
▪ executives	29.75

in euro

<b>2. Staff costs and pension costs</b>	62,765,455
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in EUR

Financial year

**C. Extraordinary results**

<b>1. Extraordinary income (item XVII of the income statement)</b>	
Breakdown if this item contains a significant amount	
▪ Realised gains on buildings and other assets	226,632
▪ Received late payment interest	1,130,305
▪ Recovery of property withholding tax	348
▪ Contingent profits	13,930
▪ Decrease of amortisation on property, plant and equipment	602
▪ Tax discount on the branch office in the Netherlands	357,450
▪ Write-back of amounts written off non-current financial assets	6,465,456
<b>2. Extraordinary expenses (item XVIII of the income statement)</b>	
Breakdown if this item contains a significant amount	
▪ Realised losses on other property, plant and equipment	71,647
▪ Realised losses on non-current financial assets	5,823,470

**XXVII. Financial relations with directors and business managers**

in EUR

Financial year

Outstanding amounts receivable from directors and business managers	450,194
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	2,963,080
▪ To former directors and former business managers	740,228



## Financial relations with auditor and persons related to him (her)

in EUR

	Financial year
Remuneration of auditor	485,228
Remuneration for exceptional activities or special assignments carried out by the auditor in the Company	
▪ Other audit assignments	330,388
▪ Other assignments over and above auditing tasks	102,116
Remuneration for exceptional activities or special assignments carried out by persons related to the auditor in the Company	
▪ Advisory assignments regarding tax	81,947
▪ Other assignments over and above auditing tasks	268,820

### Disclosures pursuant to Article 133.6 of the Companies' Code

The remuneration paid to the statutory auditor and to entities affiliated to the statutory auditor are monitored at the consolidated level by the Audit Committee. Additional audit work and advisory assignments are approved by the Audit Committee pursuant to Article 133.6 of the Companies' Code whenever these exceed the total amount of the remuneration of the audit mandate.



### 15.1.3 The statutory auditor's report

## STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

### *To the shareholders*

*As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated accounts together with our report on other legal and regulatory requirements. These consolidated accounts comprise the consolidated balance sheet as at 31 December 2015 and the consolidated income statement for the year then ended, as well as the summary of accounting policies and other disclosures.*

### **Report on the consolidated accounts - Unqualified opinion**

*We have audited the consolidated accounts of Argenta Bank-en Verzekeringsgroep nv (the Company) and its subsidiaries (jointly "the Argenta Group"), prepared in accordance with the financial reporting framework applicable in Belgium. The consolidated balance sheet shows total assets of EUR 38,731,508,170 and a consolidated income statement shows a consolidated profit (group share) for the year then ended of EUR 225,940,744.*

### *Board of directors' responsibility for the preparation of the consolidated accounts*

*The board of directors is responsible for the preparation and fair presentation of consolidated accounts in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.*

### *Statutory auditor's responsibility*

*Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement.*

*An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated accounts. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.*

*We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.*



### *Unqualified opinion*

*In our opinion, the consolidated accounts of Argenta Bank- en Verzekeringsgroep nv give a true and fair view of the group's net equity and financial position as of 31 December 2015 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.*

### **Report on other legal and regulatory requirements**

*The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts.*

*As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated accounts:*

- *The directors' report on the consolidated accounts includes the information required by law, is consistent with the consolidated accounts and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.*

*Diegem, March 23, 2016*

### **The statutory auditor**

#### **DELOITTE Bedrijfsrevisoren**

*BV o.v.v.e. cvba*

*Represented by Dirk Vlamincx*





## 15.2 Unconsolidated balance sheet of the Company

### 15.2.1 Balance sheet

in EUR

<b>ASSETS</b>	<b>2014</b>	<b>2015</b>
Non-current assets	909,433,311	<b>946,578,029</b>
Non-current financial assets		
Affiliated enterprises	909,433,311	<b>946,578,029</b>
Current assets	22,729,364	<b>32,854,650</b>
Amounts receivable within one year	4,672,503	<b>615,341</b>
Cash and cash equivalents	17,950,626	<b>32,204,602</b>
Deferred charges and accrued income	106,235	<b>34,707</b>
<b>TOTAL ASSETS</b>	<b>932,162,675</b>	<b>979,432,679</b>

in EUR

<b>LIABILITIES AND EQUITY</b>	<b>2014</b>	<b>2015</b>
Shareholders' equity	856,281,182	<b>903,762,240</b>
Capital	620,191,100	<b>631,469,800</b>
Share premium account	210,876,948	<b>230,876,339</b>
Reserves		
Statutory reserve	17,866,530	<b>22,383,406</b>
Distributable reserves	7,346,604	<b>19,032,695</b>
Debts	75,881,493	<b>75,670,439</b>
Amounts payable within one year		
Trade debts	2,668,421	<b>428,915</b>
Taxes, remuneration and social security costs	2,511,287	<b>1,043,368</b>
Other liabilities	70,701,785	<b>74,198,156</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>932,162,675</b>	<b>979,432,679</b>



## 15.2.2 Income statement

in EUR

	2014	2015
Operating income	22,616,678	<b>9,084,586</b>
Other operating income	22,616,678	<b>9,084,586</b>
Operating costs	-25,038,738	<b>-11,518,850</b>
Services and other goods	-8,715,518	<b>-4,848,397</b>
Remuneration, social security charges and pensions	-16,273,220	<b>-6,615,246</b>
Other operating costs	-50,000	<b>-55,207</b>
Operating loss	-2,422,060	<b>-2,434,264</b>
Financial revenues	81,077,032	<b>93,966,086</b>
Income from non-current financial assets	80,964,199	<b>93,915,361</b>
Income from current assets	112,833	<b>50,725</b>
Financial expenses	-2,147	<b>-3,897</b>
Interest and other debt charges	-2,147	<b>-3,897</b>
Profits on ordinary activities before taxes	78,652,825	<b>91,527,925</b>
Extraordinary income	0	<b>37,548</b>
Write-back of amounts written off non-current financial assets	0	<b>37,548</b>
Extraordinary expenses	0	<b>-38,024</b>
Losses on the realisation (sale) of non-current assets	0	<b>-38,024</b>
Profit for the financial year before taxes	78,652,825	<b>91,527,449</b>
Income taxes	-379,786	<b>-1,189,927</b>
Income taxes	-379,786	<b>-1,189,927</b>
Profit for the financial year	78,273,039	<b>90,337,522</b>
Financial year's profit to be appropriated	78,273,039	<b>90,337,522</b>



## 15.2.3 Appropriation of the result

in EUR

	2014	2015
Profit of the financial year to be appropriated		
Financial year's profit to be appropriated	78,273,039	<b>90,337,522</b>
Withdrawal from shareholders' equity		
From the reserves	48,091,032	<b>0</b>
Appropriation to shareholders' equity		
To the legal reserve	7,571,254	<b>16,202,967</b>
To other reserves	3,913,652	<b>4,516,876</b>
	3,657,602	<b>11,686,091</b>
Profit to be distributed		
Dividends	118,792,817	<b>74,134,555</b>





# Sustainability report 2015



# 16. Argenta and sustainability - additional information

## 16.1 Organization and Strategy

Sustainability is part of Argenta's DNA and strongly present throughout the business. Sustainability policy is closely monitored by the CEO and the Secretary-General, assisted by a dedicated team taken from various departments that formulates and implements concrete measures.

In 2015, this team organized the Sustainability Week, a stakeholder consultation was arranged (see below), the Appeltuin (Apple Orchard) was officially opened, roadshows were organized in schools, and CEO Johan Heller lectured on sustainability at the University of Antwerp.

Sustainability is also an essential component of Argenta's strategy:

### Strategy towards customers - helping them live financially healthy lives

Argenta wants to assist individuals and families to live financially healthy lives, both today and in the long term.

Customers can find all they need for this at Argenta, and we want customers to feel at home. Each customer is entitled to a **basic package of services** consisting of Internet banking and a high degree of self-service. Payment services and securities custody are free.

Additionally, Argenta provides **simple, honest and attractive banking and insurance solutions that offer excellent value for money**. These solutions are tailored to the customer's needs and wishes, his or her personal (financial) situation, investment horizon and risk profile. The advice provided is understandable, reliable and confidential.

### Strategy towards Argenta employees - healthy growth

Argenta wants to be an inspiring environment for its employees. Argenta encourages and supports them in developing their skills and in their personal growth.

Each Argenta employee is encouraged to pursue 4 core competencies: collaboration, customer and result-oriented working, and self-development.

Argenta's strategy and core values are translated into longer-term core targets, and converted into concrete objectives, enabling each employee to understand how he or she can contribute to Argenta's objectives.

### Strategy for a healthy and sustainable organization

Argenta wants to fulfil this strategy with an efficient, lightweight and flexible business organization and through continuous focus on process excellence.

Digitization form a substantial part of this business model. Reliable digital solutions are a challenge, but also an opportunity to better fulfil our mission. This must not, though, prevent Argenta from remaining accessible, human and close-at-hand.





## 16.2. Engagement in society

### Representation of interests

Argenta organizes the representation of its interests through its membership of the international banking associations **ESBG** (*European Savings- and Retail Banking Group*) and **WSBI** (*World Savings Banks Institute*).



At national level, Argenta puts forward its opinions within banking associations Febelfin and NVB (Dutch Banking Association) and in a structured consultation with eight Belgian retail banks.

At Febelfin, Argenta chairs the Sustainability Committee. Through its other mandates, Argenta also seeks to place sustainable objectives on the agenda.

### Commitment to a sustainable society

Given the importance Argenta attaches to playing an exemplary role in society, the Group is actively engaged in **The Shift**, the Belgian multi-stakeholder network on sustainability and corporate social responsibility, and in **CIFAL Flanders**, an organization committed, under the auspices of the United Nations, to sustainable and ethical business practices.



Additionally individual branch managers, employees and Argenta board members are also committed to various social projects.



Who?	Description of volunteering
Branch managers and employees	<p>The self-employed Argenta branch managers are embedded in their local communities, supporting activities like youth and sports movements.</p> <p>An significant group of branch managers and head office staff have committed to the 'Appeltuin' (Apple Orchard) 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. The complex was opened in April 2015. See below.</p> <p>Senior management supports employee commitments in social initiatives such as quizzes.</p>
Board of Directors	<p>Argenta Board members also help manage such organizations. Walter Van Pottelberge, for example, chairs the board of directors of Oscare, aftercare and a research centre for burns and scars. Carlo Henriksen has since 1 March 2014 been a director of Donorinfo. 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.</p>

## Sustainability Week

To highlight Argenta and its employees' commitment to sustainability, a 'Sustainability Week' was organized in 2015 for the second consecutive year. In this way, Argenta wants to inspire and motivate each employee to put sustainability values into practice.

Events organized during this week included an information session on sustainable investment at Argenta, a presentation on Argenta's vision of sustainable business, a sustainable breakfast and a sustainability market.

**Week van de duurzaamheid**  
19 - 23 oktober 2015

Kom duurzaam naar het werk  
Doe mee met de grote verkeersquiz

MAANDAG	DINSDAG	WOENSDAG	DONDERDAG	VRIDAG
<p>Ontdek Argenta's visie over duurzaam ondernemen</p> <p>Van 09:00 tot 11:00 uur</p> <p>Laat je fiets gratis herstellen en labelen</p> <p>Van 07:45 tot 08:45 uur</p> <p>Workshop: Tegemoet</p>	<p>Info sessie: 'Duurzaam beleggen bij Argenta'</p> <p>09:00 uur tot 11:00 uur</p> <p>Laat je fiets gratis herstellen en labelen</p> <p>Van 07:45 tot 08:45 uur</p> <p>De Vrijdokter</p>	<p>Stel je een heerlijk en gezond ontbijt voor</p> <p>Van 08:00 tot 09:15 uur</p> <p>Wat betekent gezonde groei voor jou?</p> <p>Laat je mee aan ons verhaal! Hou ons communicatie in het oog</p>	<p>Laat je inspireren op de duurzaamheidsmarkt</p> <p>Van 12:00 uur tot 14:00 uur</p> <p>De Vrijdokter</p> <p>* Je moet een goede speler zijn om al met al een duurzame idee met een duurzame strategie te zijn</p> <p>** 10.000 inspanningspunten verdienen om 10.000 uur extra te verdienen</p> <p>Laat je inspireren op de duurzaamheidsmarkt</p>	<p>Seminarie Argenta en duurzame ontwikkeling</p> <p>Van 09:00 tot 13:00 uur</p> <p>De Vrijdokter</p> <p>Doe mee met de grote Argenta-quiz</p> <p>18:30 uur, na het eten</p>

Ruil je volle bijpakket in voor een duurzaam geschenk

## De Appeltuïn

De Appeltuïn (Apple Orchard) is the first new construction project of the Children's Hospital section of the Brussels University Hospital (UZB), aimed at providing a play and living area for all sick children. The Friends of De Appeltuïn – a group of Argenta branch managers and headquarters employees – joined hands to help create a warm and safe place, which makes life with illness more bearable and the recovery process more pleasant.

The Friends of De Appeltuïn, together with the UZB, collected no less than EUR 1.2 million for the project. Most donors were loyal Argenta customers, but the generous givers also included schools, theatre groups, youth groups, businesses and Argenta employees. In this way, De Appeltuïn is not just a UZB project, but involves an entire community. Thanks to these gifts, work could start in November 2014. On Sunday, 26 April 2015, De Appeltuïn was officially opened.





## Financial literacy

Argenta takes initiatives to promote financial literacy among customers, students, and within the banking and insurance sector.

Target Audience	Action
Customers	Each customer receives identical treatment by the branches, regardless of their financial situation or background.
	Argenta treats its clients wisely ('as a good family father'), offering lines of credit and credit cards as a function of its customers' risk profiles.
	Product sheets are always available on the website in Dutch and French.
	Argenta has an 'invest well' ('gezond beleggen'/'investir sagement') website, which customers can use to ask all kinds of questions to specialists. They can also sign up for information evenings in their neighbourhoods.
	In 2015, Argenta organized almost weekly info evenings for its customers. On these evenings, specialists discuss specific themes, usually in combination with an update on the macroeconomic situation.
Students	Argenta organizes financial roadshows in schools to make young people more financially savvy when they step into society as adults. In 2015, Argenta organized four roadshows that were attended by more than 447 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 gave financial support to a manual on the legislation governing financial investments.
	Argenta has assisted with the production of a new series of study workbooks by a specialist publishing house, directed at 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. In 2015, Argenta hosted 10 internship students and supervised 2 doctoral students.
	Argenta organized for the first time an in-house day where students had the opportunity to discover their talents and to train in job application techniques.
	Argenta supports WINA and WINAK, two associations of mathematics, computer science and physics students at KU Leuven and University of Antwerp respectively. Via these student organizations, O&T will be organizing recruitment campaigns throughout the academic year. We help organize a community activity, and will be present with them at various job fairs. The department heads of ICT and Actuarial held lectures for the students.
	Johan Heller took part in a debate on sustainable human resources policy at the University of Antwerp.



## Respect for the environment

Argenta respects the environment. Our direct environmental impact and footprint consists mainly of paper and CO<sub>2</sub> consumption.

### Paper consumption

Paper consumption at Argenta remained virtually stable compared to last year.

We note that in the table that the consumption of envelopes is taken into the calculation only from 2014 onwards. Since 2015, most of the envelopes used are FSC labelled, which immediately explains the decreased consumption last year of non-FSC labelled paper.

Label	Unit	2013 <sup>5</sup>	2014 <sup>5</sup>	2015 <sup>5</sup>
Paper with ecolabel/FSC label	Tons	226	327	392
Paper without ecolabel/FSC label	Tons	0	28	18
Total paper consumption	Tons	226	355	411
Environmentally friendly paper as % of total consumption	%	100 %	92 %	96 %

<sup>5</sup> From 2015, the consumption of envelopes and RUP paper (ATM ticket paper) have been included in determining the total paper consumption. Given that this information was also available for 2014, paper consumption for 2014 has been restated to allow comparison with 2015 (for 2013 this information was not, however, available).

## Energy consumption<sup>6</sup>

Argenta has continued to grow in 2015, which has also increased energy consumption. In 2015 an additional group-owned building came into use. High priority was given to sustainability in the design of this building. The roof covering was renewed, and triple glazing placed. These measures have reduced energy loss via the roof by 62.5% and through the windows by no less than 79%. Moreover, Argenta uses air/air heat pumps for cooling and heating the various rooms in the building. Thanks to this technique, energy is exchanged between the various offices and meeting rooms. In this way, 200% more heat can be gained from the same quantity of primary energy, with on top of this a 67% reduction of the related CO<sub>2</sub> emissions. The offices also use both dimmable LED lighting with time and presence control and daylight compensation.

Besides its own offices, Argenta has since 2013 also leased additional office space at a second location in Antwerp. In 2015, the leased area was expanded at the second location.

In addition, the growth of Argenta led to the recruitment in 2015 of additional staff in functions that come with company cars. This also translates into increased energy consumption of the vehicle fleet.

Besides the growth of Argenta, the increase in energy consumption is also explained by the fact that 2015 was considerably colder than 2014<sup>7</sup>.

Type	Unit	2013	2014	2015
Generated energy (solar panels)	MWh	30	34	38
Electricity	MWh	2,290	2,259	2,426
Purchased heat	MWh	77	66	40
Natural gas	MWh	2,251	2,432	2,652
Car fleet	Litres of diesel	137,078	135,180	166,404
Car fleet	Tons of gas	1	0.75	0.64

## CO<sub>2</sub>-Impact<sup>8</sup>

With regard to CO<sub>2</sub> reporting, Argenta decided, mindful of the change in GHG Protocol methodology, no longer on electricity from 'leased assets'.

The increase in direct emissions with regard to scope 1 and 2 is explained by the general growth of Argenta and by the weather conditions (see 'Energy Consumption' section). In contrast to the emission levels related to electricity and natural gas, the emission level for heat has decreased. This is because the 'heat' heading refers only to Argenta Netherlands, where activities were reduced in 2015.

In addition, we note that in 2015 Argenta switched to purchasing green electricity in the buildings owned by it. This means that for 2015 as a whole, 63% of the total electricity can be categorized as green power. Given this new initiative, it was therefore decided, contrary to 2014, not to purchase any CO<sub>2</sub> certificates. This also explains the increase in CO<sub>2</sub> emissions for Scope 2 with regard to electricity.

<sup>6</sup> Data collection and calculations are documented in Argenta's Carbon Management Policy based on the GHG Protocol. Energy intensity is 5.45 MWh of electricity, gas and heat per employee. This is similar to 2014.

<sup>7</sup> 2015 had 2,112 degree days as against 1,828 degree in 2014 (source: www.synergrid.be).

<sup>8</sup> Data collection and calculations are documented in Argenta's Carbon Management Policy based on the GHG Protocol - The CO<sub>2</sub> intensity was 3.50 CO<sub>2</sub> - Teq per employee for scope 1 and 2.



With respect to the emissions from Argenta's indirect impact (scope 3), we see a reduction in commuting-related emissions. This is remarkable given that the total mileage travelled by the workforce has grown (in line with the growth of Argenta and its workforce), but with mobility options becoming more sustainable<sup>9</sup>, the overall emission level has fallen.

Total emissions per scope	Type	Unit	2013	2014	2015
Direct emissions - scope 1	Natural gas	CO <sub>2</sub> Teq	510	510	551
	Vehicles	CO <sub>2</sub> Teq	447	441	544
	Air conditioning	CO <sub>2</sub> Teq	104	18	23
Direct emissions - scope 2	Electricity	CO <sub>2</sub> Teq	3	0	206
	Heat	CO <sub>2</sub> Teq	36	17	10
Indirect emissions - scope 3	Commuting	CO <sub>2</sub> Teq	1,044	808	697
	Other <sup>10</sup>	CO <sub>2</sub> Teq	427	546	378



<sup>9</sup> In particular, the use of train transport increased in 2015 compared to 2014.

<sup>10</sup> In the figures below, the electricity use of leased assets is no longer taken into account.

## 16.3 Substantive issues and stakeholder consultation (G4-18)

### 16.3.1 Argenta in dialogue with stakeholders

In 2013, Argenta initiated a dialogue with its various stakeholders. In 2015, an extensive stakeholder consultation was undertaken, in which a total of 4,475 stakeholders responded, with a view to formulating a sustainability action plan for 2016-2020. Most initiatives formulated in the Sustainability Action Plan 2013-2015 were in fact carried out. (G4-25) The table below clearly shows which stakeholders Argenta has approached over the last three years. (G4-24 and G4-26).

Stakeholder	Form of interacting with the stakeholder	Consulted in 2013	Consulted in 2014	Consulted in 2015
(1) Customers	Targeted consultation through NPS customer survey, via Episodic Survey (2014) and the sustainability survey (2015).	x	x	x
(2) Branch managers	Targeted questioning by branch manager survey, NPS, monthly debate/dialogue with branch managers and the sustainability survey (2015).	x	x	x
(3) Staff	Targeted consultation through a staff meeting and voluntary debate with staff, via the Episodic Survey (2014), sustainability survey (2015) and the Employee Opinion Survey (2015).	x	x	x
(4) Family shareholders	Targeted presentation and consultation on 15 October 2013, and sustainability survey in 2015.	x		x
(5) Argen-Co shareholders	Targeted survey on 14 November 2013, and sustainability survey in 2015.	x		x
(6) Directors	Targeted survey sent to each board member in December, and the sustainability survey in 2015.	x		x
(7) Society	The sustainability survey in 2015 was sent to FairFin, Febelfin, the Shift and Cifal Flanders.	x		x

The NPS surveys, the Employee Opinion Survey and the sustainability survey were conducted by the departments in question, while the Episodic survey was undertaken by the external parties Nexus Integrity Consulting and KU Leuven.

In each case, the sustainability team fed the survey results directly back to the CEO in one-to-one meetings.

### 16.3.2 Material issues for Argenta's stakeholders (G4-19, G4-20 en G4-21)

Until now, Argenta's sustainability action plan has been based on survey results and the Febelfin materiality matrix. In 2015, Argenta decided to identify the material issues for its stakeholders by itself by means of an extensive stakeholder consultation. These material issues will be kept as a reference framework and apply to all entities within the Argenta Bank- en Verzekeringsgroep.

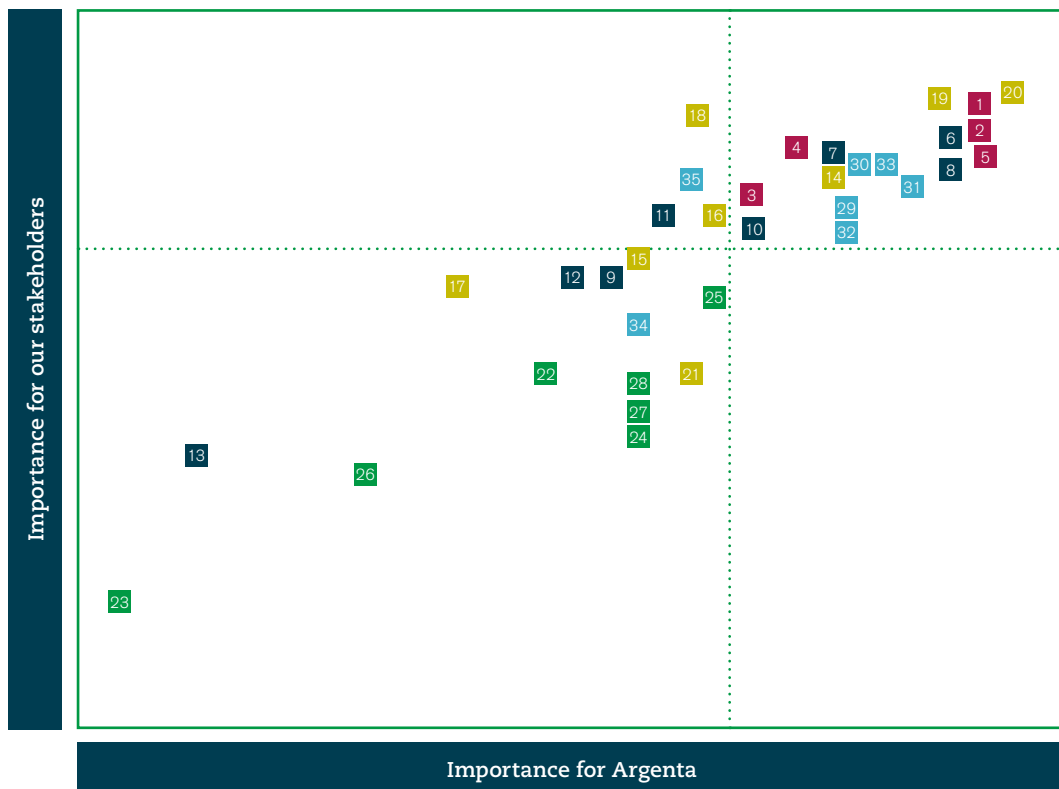


The 2015 stakeholder consultation set out to investigate the materiality (importance) of the following five main themes<sup>11</sup>:

- Ethics and integrity
- Responsibility for customers
- Responsibility for employees
- Economic responsibility
- Social responsibility

Each main theme was fleshed out in sub-themes (35 in all) that respondents were asked to score by relevance/importance. Based on this stakeholder consultation and at its own initiative, Argenta produced a materiality matrix<sup>12</sup> of corporate social responsibility issues:

Figuur 1: Argenta Bank- en Verzekeringsgroep Materiality Matrix



- The themes in the upper right-hand quadrant are considered very important by all stakeholders surveyed. These themes obviously deserve Argenta's priority attention (priority 1) and a short-term action plan. More precisely these are sub-themes within the following main themes (G4-27):
  - Ethics and integrity
  - Responsibility for employees
  - Responsibility for customers
- The themes in the lower left-hand quadrant receive a lower priority (priority 3), given their relatively low importance for all surveyed stakeholders. These issues relate mainly to the theme of social responsibility.
- The themes in the other quadrants are important to one of the two stakeholder groups.<sup>13</sup> As such they get medium priority (priority 2).

<sup>11</sup> The theme 'Responsibility for employees' was surveyed only amongst head office employees, Executive Committee members and directors.

<sup>12</sup> The horizontal and vertical lines indicate the average importance of the different themes for Argenta and its stakeholders.

<sup>13</sup> The first group of stakeholders, 'our stakeholders', is represented by customers, shareholders, internal employees, external employees, branch managers and their staffs. The second group, 'Argenta', consists of directors, members of the Executive Committee and other senior managers.

The Sustainability Action Plan 2016-2020, which the Argenta sustainability team is now working on, will link specific action points to these various themes.

#### **Ethics and integrity**

1. Fair sales methods, honest advertising, product transparency
2. Corporate governance
3. Correct and transparent wage policy, no bonus culture
4. Combatting corruption, fraud and money laundering
5. Ethical conduct by Argenta employees

#### **Economic responsibility**

6. Financial stability
7. Quality of service and transparency in all areas
8. Long-term strategy
9. Access to financial services for everyone
10. Investing savings sustainably in the real and local economy
11. Correct payment of taxes and bank levies
12. Sustainable purchasing with supplier screening
13. Offering microcredit

#### **Responsibility for our customers**

14. Product offering
15. Offering of sustainable investments
16. Proximity of Argenta
17. Innovation
18. Basic banking services offered free of charge
19. Respectful treatment of each client
20. Personal data protection
21. Encouraging financial literacy

#### **Social responsibility**

22. Combatting poverty
23. Support for sports events
24. Support for social initiatives
25. Attention to climate and environment
26. Sustainable investment policy
27. Encouraging financial literacy
28. Mapping the impact of investments and financing

#### **Responsibility for our employees**

29. Diversity and equal opportunity
30. Training opportunities and talent development
31. Well-being at work
32. Consultation, participation and employee dialogue
33. People-friendly entrepreneurship
34. Opportunity of social commitment
35. Attention to work-life balance




















## 16.4 Sustainable Development Goals (SDG's)

On 25 September 2015, 193 world leaders committed to 17 global targets to achieve three very important goals between now and the year 2030. The three main goals are to end extreme poverty, drive back climate change and combat inequality and injustice. The sustainable development goals as a whole need to facilitate all this. An overview of the goals is given below.



## 16.5 Sustainability Action Plan 2013-2015

Topic	Focus/Action	Status			Status explanation	Core objective
		2013	2014	2015		
Governance Further integration of sustainability in Argenta	Appointment of a senior executive responsible for socially responsible and sustainable banking				The CEO was authorized for this.	Resultaten voor de toekomst
	Designation of a team with operational responsibility for sustainability and CSR initiatives				A cross-departmental project working group organizes the Sustainability Week, arranged the stakeholder survey, and is now working on the Sustainability Action Plan 2016-2020.	Ondernemerschap
	Communication of the sustainability policy to staff and to branch managers and their employees				The sustainability policy and report were addressed in the staff meeting and in the national branch managers' meeting. In addition, a Sustainability Week is organized each year for all employees. Finally, all employees were surveyed on various sustainability themes and their input is being fed into the Sustainability Action Plan 2016-2020.	Ondernemerschap
Purchasing policy	The further development of the process based on the Corporate Social Responsibility questionnaire, confirmation of the same to suppliers (outsourcing partners included) and developing a more sustainable procurement policy				The sustainability charter was added in 2015 to our standard contracts and is signed by each new supplier and a large part of the existing suppliers. In 2015, 65 new suppliers signed this charter. The general conditions on the Argenta order form also mention the requirement to comply with our sustainability charter.	Resultaten voor de toekomst Veiligheid
Branch network	Developing guidelines for independent branches in terms of accessibility (for disabled persons), energy efficiency, safety and waste selection				In 2013, Argenta started the Real Estate unit, that supports branch managers in the areas of accessibility (for disabled persons), energy efficiency, safety and waste selection. Energy legislation for non-residential buildings as required by the EPB ventilation document 04/2015 of the Flemish Government is being followed. The office buildings are evaluated in accordance with the Flemish Government's sustainability guidelines. A cradle-to-cradle business model is being launched for the network of Argenta-owned branches the energy consumption mapped.	Security Results for the future





Topic	Focus/Action	Status			Status explanation	Core objective
		2013	2014	2015		
Organization & Talent	Further development of talent management				The number of training hours was 43 hours per person. On the basis of a competence dictionary, employees know which skills are expected in their particular functions.	Results for the future
	Increasing pay policy transparency				Argenta will adopt a transparent pay policy in 2016 (effective from 2017). The car policy and cell phone policy are placed in full on the intranet. The functional descriptions can be found there too. Besides pay policy, emphasis is also placed on the assessment culture.	Reliability
	Stimulating working differently				The Healthy Growth programme was started in 2015 and focuses on different aspects of the new ways of working. This is also included in the Sustainability Action Plan 2016-2020.	Results for the future
	Supporting employees' social commitments				In 2015, De Appeltoin was completed. This is also included in the Sustainability Action Plan 2016-2020.	Entrepreneurship
	Measuring staff satisfaction				In 2015, an Employee Opinion Survey was conducted. In 2016, work began on processing the results.	Results for the future
	Internal publishing of vacancy descriptions				All function descriptions can be found on the intranet. With the new organization (Argenta 2020), many functional descriptions were rewritten/renewed and re-weighted.	Reliability
	The appointment of a second confidential contact person in Belgium				In 2014, three new confidential contact persons were appointed and took the necessary training. These persons meet the criterion of not being employee representatives and not employed in O&T.	Reliability
	The appointment of a confidential contact person in the Netherlands				A confidential contact person has been appointed for the Netherlands.	Reliability
	Two employees in the Netherlands obtain the Emergency Response (BHV) diploma				3 employees in the Netherlands were awarded BHV diplomas.	Security Reliability



Topic	Focus/Action	Status 2013	Status 2014	Status 2015	Status explanation	Core objective
Organization & Talent	Improving headquarters support to branch managers				<p>The full support program will be rolled out to branch managers in 2015:</p> <ul style="list-style-type: none"> <li>▪ Prescreening of employees and branch managers for bespoke training</li> <li>▪ Assessment reporting in order to better monitor and coach employees and branch managers in training</li> <li>▪ Formal knowledge test after each course</li> <li>▪ Providing pedagogical training in Argenta to internal instructors. External instructors need to have thorough knowledge of Argenta</li> <li>▪ Training programme for sustainable advice</li> </ul> <p>Argenta strives to build strong and lasting advisory relationships with customers through the daily commitment of branch staff. The objective is therefore for branch office staff to have more than an in-depth knowledge of Argenta products.</p> <p>Through personal customized guidance, branch staff learn how the products offer solutions to customers' needs and to identify these needs. To obtain an as large and lasting as possible learning efficiency, the separate training and coaching units are, as far as possible, cast into clear training paths, consisting of consecutive but separate modules. Central to these training paths is the interaction between product training, practical exercises and assistance with selling techniques.</p> <p>Based on knowledge and skill tests, participant groups are formed of persons with as homogenous as possible prior knowledge and experience.</p> <p>The e-learning platform allows certain programme components such as testing, basic information, and practical assignments to be placed online, and makes it possible to develop more efficient and effective training programs. Validation of the training programmes will increasingly take the form of the delivering of certificates upon successful completion. In 2014, this approach was rolled out for the 'Lending' pillar. In the near future, this method will be implemented company-wide.</p> <p>This is also included in the Sustainability Action Plan 2016-2020.</p>	Results for the future



Topic	Focus/Action	Status			Status explanation	Core objective
		2013	2014	2015		
Financial products	Improving product transparency				<p>Product transparency is being improved for branch managers, to enable them to better advise customers. Particular attention is being given here to improving the linkage between customer needs and the right product using the 'Know your Customer' principles by:</p> <ul style="list-style-type: none"> <li>▪ introducing key moments;</li> <li>▪ improving the Argenta Fund and Argenta Fund of Funds data sheets;</li> <li>▪ distributing charts giving the returns of each fund on a monthly and annual basis, along with the investment policy.</li> <li>▪ in the Netherlands the introduction of easy-to-understand 'B1-language' in product data sheets.</li> </ul> <p>Additional product-by-product information is also given on the website (product descriptions and tariffs). This is periodically reworked to achieve maximum transparency. Despite the results to date, Argenta wants to move to greater transparency. In 2016 a more sharply-defined ambition will be formulated and included in the Product Approval and Review Process (PARP).</p>	Reliability Security
	Improving the sustainable expansion of the Investments pillar (e.g. use of consistent checklists, sustainability indices, and structuring funds around specific sustainability themes)				<p>The minimum criteria for own funds have been placed the <a href="http://www.argenta.be">www.argenta.be</a> site.</p> <p>The minimum criteria of external fund managers have been checked. Fund managers have been asked to confirm that these criteria were applied throughout the year.</p> <p>We have also placed internal recommendations for our own funds on the website.</p> <p>In addition to the sustainable funds Argenta-Fund Responsible Growth Fund Defensive and Argenta Fund Responsible Growth, our Argenta government bonds fund recently obtained the Ethibel logo. These three compartments focus on socially responsible investment and invest in securities selected by Forum Ethibel (Ethibel Excellence).</p> <p>In 2015, a sustainable investment policy working group was launched. This is also included in the Sustainability Action Plan 2016-2020. In consultation with FairFin certain exposures in fossil fuels were phased out.</p>	Results for the future Security





Topic	Focus/Action	Status			Status explanation	Core objective
		2013	2014	2015		
Environment	Continuing work on measures to reduce paper consumption				<p>The Okapi project was completed. The included examining how to digitize more and reduce paper consumption. More and more files are processed digitally. We note this in the number of documents to be scanned.</p> <ul style="list-style-type: none"> <li>Printers: Equitrac system in use. Measurement and reporting of print jobs by department, incl. colour, erased assignments etc.</li> <li>Paper pickup for the branches (mainly archives) via a specialist confidential data destruction company.</li> <li>Envelopes: it was decided to use FSC recycled paper for the next order. Given the number of envelopes used per year, this represents an investment, but also an investment in the environment. To encourage employees to further reduce their paper consumption, they are regularly sent personal reports on paper usage.</li> </ul>	Results for the future
	Old furniture				Recycling shops collect old furniture for reuse.	
	Further developing energy efficiency measures				This action plan is linked to the renovation and expansion work initiated at the end of 2013 at the head office. Attention will be paid to energy efficiency in the renovation work. This is further included in the Sustainability Action Plan 2016-2020.	Results for the future
	Defining a reporting system to calculate the results of these measures				Use of the reporting system is being extended.	Results for the future
ICT	Developing initiatives with suppliers to reduce the impact of ICT on energy and the environment through hardware recycling partnerships; purchase of new IT equipment with high energy efficiency				<p>No longer functional digipasses are collected in the branches and recycled. The energy efficiency of new IT equipment is included in the policy of main ICT provider Getronics. The old servers were picked up at branches by a specialist firm and recycled.</p>	Results for the future
Social	Identifying and continuing projects to increase financial literacy and for good causes				In 2015, several financial literacy initiatives were taken for both customers and students. See the section on 'Financial Literacy'.	Results for the future



## 16.6 Reporting Basis

The 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.

The reporting covers the period from 1 January 2015 to 31 December 2015. It has been prepared to the latest GRI reporting standard (GRI 4 – ‘comprehensive’ option) - see below. **(GRI G4-28)**

### 16.6.1 Data collection and validation (GRI G4-18)

The information was gathered from the following departments within Argenta: Digital Bank, Management and Quality, Product Management, ICT, Financial Planning and Analysis, Organization and Talent, Legal Service, Compliance and Integrity, and Audit. The subsidiaries and the branch in the Netherlands were also consulted. **(GRI G4-32)**

We worked mainly with data from internal reports. Argenta will take steps to be able to include in future sustainability reports those indicators that have not been available until now.

In 2015, consultations were again carried out of Argenta stakeholders. The results serve as input for the sustainability reporting and to identify problem areas which Argenta will also address in the future (in the framework of the Action Plan 2020). More information on the way stakeholders were approached and on the frames of reference used can be found in Section 16.3.

The information used for reporting on sustainability in this annual report has been monitored in a cross-departmental sustainability project group led by the Secretary-General, reporting directly to the Chief Executive Officer (CEO), who is also the director with designated responsibility for corporate social responsibility and its daily monitoring.

In addition, the Board of Directors was also involved in CSR and the related reporting, in that each director examined the annual report and gave any necessary feedback.

The annual report was also checked for full compliance with the GRI4 sustainability reporting requirements and principles (including the indicators of the Financial Sector Supplement (FSSS)).

This report was approved by the Board of Directors, which took the opportunity to carry out its annual assessment on the status of the sustainability efforts and the accompanying update of the Sustainability Action Plan 2015-2020.

### 16.6.2 Reporting Standards

This sustainability report is based on external standards and guidelines. The auditor has verified it for compliance with the GRI4 – ‘comprehensive’ option – 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.

### 16.6.3 Scope (GRI G4-17 and G4-18)

Since 2012, Argenta has published every year a sustainability report as part of its full annual report. From 2014 onwards, the sustainability reporting has been woven into the traditional topics of the annual report and is therefore no longer captured in a separate chapter. This form of reporting is in line with the Argenta philosophy, in which sustainability is viewed as an integral part of the banking and insurance activities.

The scope of the 2015 sustainability report consists of Argenta Bank- en Verzekeringsgroep nv, and the subsidiaries (Argenta Spaarbank nv, Argenta Asset Management SA, Argenta Assuranties nv, Argenta-Life Nederland nv and the branch in the Netherlands). Compared to the companies consolidated in the 2014 financial statements, Argenta-Life Luxembourg SA and Argenta Nederland nv have been dissolved. Furthermore, Argenta Luxembourg SA has been renamed Argenta Asset Management SA.

The independent branches are not included since they are 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.



#### 16.6.4 Differences compared with 2014

Compared to the previous sustainability report, there are few significant differences in scope and coverage.

In the reporting on paper consumption, the consumption of paper envelopes and RUP (ATM Ticket Paper) has been included from 2015, which has significantly increased the total reported paper usage. Since the relevant data on this subject were also available for 2014, paper consumption for 2014 was recalculated to permit comparison between 2014 and 2015 (see 16.2 above).

In addition, since 2015, electricity consumption for leased assets is no longer taken into account when calculating electricity 3 (see 16.2 - Scope 3 heading 'Other') **(GRI G4-22)**.

It is further noted that a new Complaints Management policy was established from mid-2015, whereby no distinction is made any longer between admissible and inadmissible complaints. All incoming complaints are considered admissible and, after further investigation, categorized as justified or unjustified (see section 5.2.1).

Finally, Argenta is keen to conduct a two-yearly stakeholder consultation. In the absence of a consultation in 2014, an extensive stakeholder consultation took place in 2015 (see Chapter 16.3) **(GRI G4-23)**. The precise method of how this stakeholder consultation was implemented will be explained below.



# Appendices of the financial statements 2015



# 17. Appendices of the financial statements 2015

## 17.1 Consolidated balance sheet and income statement of Argenta Spaarbank nv at 31 December 2015 after profit appropriation (IFRS)

### Balance sheet

in EUR

<b>ASSETS</b>	
Cash and cash balances with central banks	512,327,845
Financial assets held for trading	28,792,623
Available-for-sale financial assets	8,004,524,288
Loans and receivables	24,323,502,971
Loans to and receivables from credit institutions	15,350,000
Loans to and receivables from other clients	24,308,152,971
Assets held to maturity	404,465,119
Derivatives used for hedging purposes	6,078,917
Cumulative changes in the fair values of hedged positions	304,086,209
Tangible fixed assets	37,032,746
Buildings, land, equipment	35,508,011
Investment properties	1,524,735
Goodwill and other intangible assets	50,011,324
Tax receivables	4,917,451
Other assets	186,306,132
<b>TOTAL ASSETS</b>	<b>33,862,045,625</b>





## Balance sheet

in EUR

<b>LIABILITIES, EQUITY AND MINORITY INTERESTS</b>	
Financial liabilities held for trading	10,317,361
Financial liabilities measured at amortised cost	31,405,282,167
Deposits from credit institutions	100,914,580
Deposits from other than credit institutions	29,529,673,674
Retail debt certificates, including retail saving certificates	1,372,724,660
Subordinated liabilities	401,969,253
Derivatives used for hedging purposes	496,161,248
Provisions	10,406,788
Tax liabilities	74,941,227
Actual tax liabilities	29,545,117
Deferred tax liabilities	45,396,110
Other liabilities	192,120,099
<b>TOTAL LIABILITIES</b>	<b>32,189,228,890</b>
Equity	1,672,816,735
Equity attributable to the shareholders	1,672,757,634
Equity attributable to the minority interests	59,101
<b>TOTAL LIABILITIES, EQUITY AND MINORITY INTERESTS</b>	<b>33,862,045,625</b>



## Income statement

in EUR

<b>Financial and operating income and expenses</b>		<b>539,929,642</b>
Net interest income		558,504,345
Interest income	991,127,882	
Interest expenses	-432,623,537	
Dividends		1,125
Net income from commissions and fees		-55,405,059
Income from commissions and fees	94,055,716	
Expenses related to commissions and fees	-149,460,775	
Realised gains and losses on financial assets and liabilities that are not measured at fair value in the income statement		6,660,698
Gains and losses on financial assets and liabilities held for trading		-6,289,693
Gains (losses) on the administrative processing of hedging transactions		6,381,081
Gains and losses on derecognition of assets other than held for sale		154,985
Other net operating income		29,922,160
<b>Administration expenses</b>		<b>-265,692,632</b>
Employee expenses	-49,861,708	
General and administrative expenses	-215,830,924	
<b>Depreciation and amortisation</b>		<b>-24,000,370</b>
Tangible fixed assets	-5,307,725	
Investment properties	-51,377	
Intangible assets	-18,641,268	
<b>Provisions</b>		<b>3,301,249</b>
<b>Impairments</b>		<b>-392,969</b>
Available-for-sale financial fixed assets	-1,935,920	
Loans and receivables	1,542,951	
<b>Total profit before taxes</b>		<b>253,144,920</b>
Income tax expenses		-60,270,405
<b>Net profit or loss</b>		<b>192,874,515</b>
<b>Net result attributable to minority interests</b>	192,866,907	
<b>Net result attributable to shareholders</b>	7,608	



## 17.2 Consolidated balance sheet and income statement of Argenta Assuranties nv at 31 December 2015 after profit appropriation

### Balance sheet

in EUR

<b>ASSETS</b>	
Financial assets designated at fair value through profit and loss	1,670,112,392
Available-for-sale financial assets	2,919,380,271
Loans and receivables	1,297,329,187
Loans to and receivables from credit institutions	420,551,188
Loans to and receivables from other clients	876,777,999
Financial assets held to maturity	187,701,904
Tangible fixed assets	721,893
Tangible fixed assets	49,729
Investment properties	672,164
Goodwill and other intangible assets	3,070,811
Share of the reinsurers in the technical provisions	6,923,681
Other assets	81,307,537
<b>TOTAL ASSETS</b>	<b>6,166,547,676</b>
in EUR	
<b>LIABILITIES, EQUITY AND MINORITY INTERESTS</b>	
Financial liabilities designated at fair value through profit and loss	1,670,112,392
Financial liabilities measured at amortised cost	1,304,009,078
Technical provisions related to insurance contracts	2,480,038,417
Tax liabilities	94,786,368
Other liabilities	41,246,400
<b>TOTAL LIABILITIES</b>	<b>5,590,192,655</b>
Capital and reserves	576,355,021
Equity attributable to the shareholders	576,355,021
<b>TOTAL LIABILITIES, EQUITY AND MINORITY INTERESTS</b>	<b>6,166,547,676</b>



## Income statement

in EUR

<b>Financial, insurance and operating income and expenses</b>		<b>104,575,762</b>
Net earned premiums		348,182,704
Gross premiums	354,852,886	
Change in the unearned premiums	-2,116,855	
Retroceded insurance premiums	-4,553,327	
Net interest income		105,342,952
interest income	139,466,033	
interest expenses	-34,123,081	
Dividends		3,136,236
Net income from commissions and fees		19,731,907
Realised gains and losses on available-for-sale financial fixed assets		18,812,473
Net cost of claims and changes on technical provisions		-366,946,196
Gross cost of claims and changes on technical provisions	-373,920,048	
Cost of claims and changes on technical provisions ( reinsurers' share)	6,973,852	
Other net operating income		-23,684,314
<b>Administration expenses</b>		<b>-21,500,775</b>
employee expenses	-5,485,751	
general and administrative expenses	-16,015,024	
<b>Depreciation and amortisation</b>		<b>-1,955,377</b>
tangible fixed assets for own use	-17,202	
investment properties	-3,845	
intangible assets	-1,934,330	
<b>Impairments</b>		<b>-1,459,644</b>
available-for-sale financial fixed assets	-2,098,858	
loans and receivables	639,214	
<b>Total profit before taxes and minority interests</b>		<b>79,659,966</b>
Income tax expenses		-24,115,070
<b>Net profit or loss</b>		<b>55,544,896</b>
<b>Net result attributable to shareholders</b>	55,544,896	



A photograph of two men in a garden. One man, with grey hair and a beard, is in the foreground, wearing a blue denim shirt and using a small trowel to work the soil in a terracotta pot. The other man, older and balding, is in the background, wearing a green jacket and a green apron, looking down at the plants. A large green semi-transparent overlay covers the top portion of the image, containing the text 'Appendices of the sustainability report 2015'.

Appendices of the sustainability  
report 2015



# 18. Alignment with GRI reporting standards version 4

## 18.1 GRI verification of the General Standard Disclosures G4-17 to G4-27 (Materiality Disclosures Service)

The *GRI Materiality Disclosure Service* verifies that the *General Standard Disclosures* G4-17 to G4-27 inclusive are included in the correct place in both the GRI table and the final text of the present annual report. *GRI Materiality Disclosure Service* really not verify the content of these disclosures.



## 18.2 GRI G4 Content Index

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>1. Strategy and Analysis</b>					
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'		
<b>2. Profile of the organization</b>					
G4-3	Name of the organization	Complete	Section 4. 'Description of the structure of Argenta'		x
G4-4	Primary products and/or services	Complete	Section 5. 'Description of the centrally organized activities of the Argenta Group', Section 6. 'Description of the activities of Argenta Spaarbank' and Section 7 'Description of the activities of Argenta Assuranties'		x
G4-5	Country where the headquarters is located	Complete	Section 4. 'Description of the structure of Argenta'		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 of Argenta'		
G4-7	Nature of ownership and legal form	Complete	Section 4. 'Description of the structure of Argenta' and Section 14 'Other information'		

\* See Section 17.3 for audit report)

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-8	Markets (including geographic breakdown, sectors served and types of customers)	Complete	Section 4. 'Description of the structure of Argenta' and Section 5 'Description of the centrally organized activities', Section 6 'Description of the activities of Argenta Spaarbank' and Section 7 'Description of the activities of Argenta Assuranties' and Section 4.2 'Argenta in the Netherlands and Luxembourg'		
G4-9	Scale of the organization (including total number of employees, operations, net sales, total capitalization and quantity of products or services)	Complete	Section 5.1.3 'Organization & Talent' (total number of employees), Section 9. 'Key figures of the Company' (net sales and total assets), Section 4. 'Description of the structure of Argenta', Section 5. 'Description of the centrally organized activities', Section 6. 'Description of the activities of Argenta Spaarbank', Section 7 'Description of the activities of Argenta Assuranties' and Section 4.2 'Argenta in the Netherlands and Luxembourg'		
G4-10	Total number of employees: <ul style="list-style-type: none"> <li>• Number of employees by employment contract and gender</li> <li>• Number of permanent employees by employment type and gender</li> <li>• Total workforce by employees and supervised workers (including gender breakdown)</li> <li>• Total workforce by region and gender</li> <li>• Report whether a substantial portion of the organization's work is performed by persons who are self-employed or by employees who are not under contract with Argenta</li> <li>• Report any significant variations in employment numbers</li> </ul>	Complete	Section 5.1.3 'Organization & Talent'		x
G4-11	Percentage of employees covered by collective bargaining agreements	Complete	Section 5.1.3 'Organization & Talent' Argenta Group's entire pay policy is aligned to the saving banks collective agreement (CAO - PC 308).		
G4-12	Describe Argenta's value chain	Complete	Section 2 'Argenta's mission and vision'		x

\* See Section 17.3 for audit report)

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-13	<ul style="list-style-type: none"> <li>Significant changes during the reporting period regarding the organization's size, structure, ownership or its value chain.</li> <li>Changes in the location of, or changes in operations, including openings, closings and expansions.</li> <li>Changes in the share capital structure and other assets</li> <li>Changes in the location of suppliers, the structure of the value chain, or in relationships with suppliers, including selection and termination.</li> </ul>	Not applicable	No significant changes		
G4-14	Information on the application of the precautionary principle at Argenta	Complete	Section 2 'Argenta's mission and vision'		
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 2 'Argenta's mission and vision', Section 5.3.7 'Product Management' and Section 16.2 'Engagement in Society'		
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"> <li>holds a position in the governance body;</li> <li>participates in projects or working groups;</li> <li>provides financing beyond routine membership dues;</li> <li>views membership as strategic.</li> </ul>	Complete	Section 16.2 'Engagement in Society' - Argenta's memberships are mentioned. 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.		
<b>3. Identified material aspects and boundaries</b>					
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 12 'Notes to the Financial Statements' and Section 16.6.3 'Scope' Entities are identical because combined annual and sustainability report		x

\* See Section 17.3 for audit report)



N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-18	Process for defining the report content and boundaries Explain how the reporting principles have been implemented in defining report content.	Complete	Section 16.6.1 'Data collection and validation', Section 16.6.3 'Scope' and section 16.3 'Substantive issues and stakeholder consultation'		x
G4-19	List the material aspects identified in the process of defining report content	Complete	Section 16.3.2. 'Substantive issues 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 16.3.2. 'Substantive issues and stakeholder consultation'		x
G4-21	For each material aspect, report the aspect boundary outside the organization in accordance with the G4 guideline.	Complete	Section 16.3.2. 'Substantive issues and stakeholder consultation'		x
G4-22	Restatement of information provided in previous reports, and the reasons	Complete	Section 16.6.4 'Differences compared with 2014'		x
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	Complete	Section 16.6.4 'Differences compared with 2014'		x
<b>4. Stakeholder engagement</b>					
G4-24	List of the organization's stakeholder groups	Complete	Section 16.3.1. 'Argenta in dialogue with stakeholders'		x
G4-25	Basis for identification and selection of stakeholders with whom to engage	Complete	Section 16.3.1. '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 16.3.1. '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 16.3.2. 'Substantive issues and stakeholder consultation'		x

\* See Section 17.3 for audit report)

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>5. Report Profile</b>					
G4-28	Reporting period	Complete	Section 16.6 'Reporting basis'		x
G4-29	Date of most recent previous report	Complete	Section 16.6 'Reporting basis'		x
G4-30	Reporting cycle	Complete	Section 16.6 'Reporting basis'		x
G4-31	Contact person	Complete	Section 19 'Contact data'		
G4-32	Process for determining the content of the report	Complete	Section 16.6 'Reporting basis'		x
G4-33	Seeking assurance for the report	Complete	Section 18 'Alignment with GRI reporting standards version 4-40'		x
G4-34	Governance structure of the organization	Complete	Section 10 'Corporate Governance' Policy decisions related to corporate social responsibility (including economic, environmental and social impact) are monitored directly by the CEO.		
<b>6. Governance, commitments and dialogue</b>					
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 10.1. 'Composition and functioning of the Boards of Directors of the Argenta Group' and Section 16.1. 'Organization and Strategy'		
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 16.1. 'Organization and Strategy'		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 16.6 'Reporting Basis' and section 16.3 'Substantive issues and stakeholder consultation'		x

\* See Section 17.3 for audit report)





N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-38	Composition of the highest governance body and its committees: - 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	Gedeeltelijk	Section 10.1. 'Composition and functioning of the Boards of Directors of Argenta Group' and Section 16.2. Engagement in society 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 10.4.1. Governance		
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 10.1. 'Composition and functioning of the Boards of Directors 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 10.1.1 'Meetings of the Boards of Directors' and 10.1.2 'Suitability and assessment'		
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 10.4. 'Executive Committees of Argenta'		
G4-43	Measures taken to develop and enhance the Board of Directors' collective knowledge of economic, environmental and social topics.	Complete	Section 16.3 'Substantive issues and stakeholder consulting'		

\* See Section 17.3 for audit report)



N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
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. Actions taken in response to evaluation of the Board of Directors' performance with respect to economic, environmental and social issues, including, as a minimum, changes in membership and organizational practices.	Complete	Section 10.1.1 'Meetings of the Boards of Directors' and 10.1.2 'Suitability and assessment'		
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. Report whether stakeholder consultation is used to support the Board of Directors' identification and management of economic, environmental and social impacts, risks and opportunities.	Complete	Section 16.6 'Reporting basis'		
G4-46	Board of Directors' role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Complete	Section 16.6 'Reporting basis'		
G4-47	Frequency of the Board's review of economic, environmental and social impacts, risks and opportunities.	Complete	Section 16.6 'Reporting basis'		
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 16.6 'Reporting basis'		
G4-49	Process for communicating critical concerns to the highest governance body	Complete	Section 10.1. 'Composition and functioning of the Argenta Boards of Directors'		

\* See Section 17.3 for audit report)



N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
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. The various control functions within Argenta always have the option to point out concerns/risks to the members of the Board of Directors. For Internal Audit and Compliance, this is done through the Aspa/BVg and Aras audit committees; for Risk & Validation via the Aspa/BVg and Aras audit committees. The committees meet five times a year. Between the meetings, there is repeated consultation between the chairmen of the committees on the one hand and the CRO and Director Internal Audit on the other. This makes it possible to discuss concerns also between meetings.		
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 10.3 'Remuneration Committee and Appointments Committee'		
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 10.3 'Remuneration Committee and Appointments 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. The Committee is chaired by an independent director.		
G4-53	Process for seeking stakeholders' views and taking them into account regarding remuneration, including the results of voting on remuneration policies.	Complete	10.3 'Remuneration and Nomination Committee' and Section 10.1.4. 'Remuneration of senior Argenta Group 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 10.1.4. 'Remuneration of senior Argenta Group management' Argenta has interpreted the highest paid person in the organization as the highest salary of the executive directors. Given the overwhelming importance of the Belgian activity within the group, the median base salary was calculated on a cross-country basis, as separate calculations for the Netherlands and Luxembourg would be of little relevance.		x

\* See Section 17.3 for audit report)



N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
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 10.1.4. 'Remuneration of senior Argenta Group management'. Argenta has interpreted the highest paid person in the organization as the highest salary of the executive directors Given the overwhelming importance of the Belgian activity within the group, the median base salary was calculated on a cross-country basis, as separate calculations for the Netherlands and Luxembourg would be of little relevance.		x
<b>7. Ethics and integrity</b>					
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 2 'Argenta's mission and vision'		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 5.2.1 'Compliance & Integrity'		x
G4-58	Report the internal and external mechanisms for reporting unethical or unlawful behaviour and matters that impact organizational integrity, such as escalation to line management, whistleblowing mechanisms or hotlines. Economic performance indicators	Complete	Section 5.2.1. 'Compliance and Integrity' and Section 5.1.3 'Organization & Talent' (confidential contact person for Argenta employees)		x
<b>Economic performance indicators</b>					
<b>Economic performance</b>					
G4-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.		8.1 'General macro-economic and financial environment' and Section 8.2 'Impact of the general macro-economic and financial framework'		
G4-EC1	Direct economic value generated and distributed	Complete	Section 15. '2015 Financial Statements'		

\* See Section 17.3 for audit report)



N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	Section 5.4 'Finances', Section 5.3.7 'Product Management' and Section 16.2 'Engagement in Society'	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 5.1.3 'Organization & Talent' (extra-legal benefits)		
G4-EC4	Significant financial assistance received from government	Not applicable	No financial assistance received from the government		
<b>Market presence</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		Section 5.4.3 'Treasury & Investment Management' (Argenta as a driving force in the real economy: Reinvestment of savings in families' primary needs) and Section 5.1.3 'Organization & Talent'.		
G4-EC5	Ratio between the standard starting salary compared with the local minimum wage at significant locations of operation.	Complete	Argenta Group's entire pay policy is aligned to the saving banks collective agreement (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 5.1.3 'Organization & Talent' All persons are recruited within the Benelux region.		
<b>Indirect economic impacts</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>	Not material.	With regard to social investments, Argenta is investigating the financing of public-private partnerships that invest in the 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.		



\* See Section 17.3 for audit report)

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>Procurement practices</b>					
G4-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.		Section 16.5. 'Sustainability Action Plan 2013-2015 (Sustainable Procurement)		
G4-EC9	Policy, practices and proportion of spending on local suppliers at significant operating locations.	Partially	Section 16.2 'Engagement in Society' and 16.5 'Sustainability Action Plan 2013-2015'	The proportion of spending going to local suppliers has not been quantified.	
<b>Environmental performance indicators</b>					
<b>Materials</b>					
G4-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 should be considered as not significant. For more information, see Section 16.2 'Engagement in Society' and Section 16.5 'Sustainability Action Plan 2013-2015'		
G4-EN1	Total materials used by weight or volume	Complete	Section 16.2 'Engagement in society'		x
G4-EN2	Percentage of materials used that are recycled input materials	Complete	Section 16.2 'Engagement in society'		x
<b>Energy</b>					
G4-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 16.2 'Engagement in society' (Energy consumption)		x
G4-EN4	Energy consumption outside the organization.	Complete	Section 16.2 'Engagement in society' (Energy consumption)		x

\* See Section 17.3 for audit report)





N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-EN5	Energy intensity	Complete	Section 16.2 'Engagement in society' (Energy consumption)		x
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 allocatable between the different banking services offered by Argenta.		
<b>Water</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>	Not material. Water is used only for sanitary reasons. Consumption can be considered insignificant compared to the total CO <sub>2</sub> footprint. Water used is purified city mains water.			
<b>Biodiversity</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>	Not applicable to Argenta's activity (financial services provider). All branches are in urban/residential areas.			
<b>Emissions</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>	<ul style="list-style-type: none"> <li>a) See DMA Energy</li> <li>b) See DMA Energy</li> <li>c) See DMA Energy</li> </ul>			
G4-EN15	Total direct greenhouse gas emissions (scope 1)	Complete	Section 16.2 'Engagement in society'		x
G4-EN16	Total indirect greenhouse gas emissions (scope 2)	Complete	Section 16.2 'Engagement in society'		x
G4-EN17	Other relevant indirect greenhouse gas emissions (scope 3)	Complete	Section 16.2 'Engagement in society'		x
G4-EN18	Intensity of greenhouse gas emissions	Complete	Section 16.2 'Engagement in society'		x
G4-EN19	Reduction in greenhouse gas emissions	Complete	Section 16.2 'Engagement in society'		x
G4-EN20	Emissions of ozone-depleting substances by weight	Not applicable to Argenta's activity (financial services provider).			
G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions by type and weight	Not applicable to Argenta's activity (financial services provider).			

\* See Section 17.3 for audit report)



N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-EN22	Total water discharge by quality and destination	Not applicable to Argenta's activity (financial services provider).			
G4-EN23	Total weight of waste by type and disposal method	Not applicable to Argenta's activity (financial services provider).			
G4-EN24	Total number and volume of significant discharges	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 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 to Argenta's activity (financial services provider).			
<b>Products and services</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>	Not material for Argenta's activity (financial services provider).			
<b>Transport</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>	Not material for Argenta's activity (financial services provider). Only commuting and business trips are applicable and are included under G4-EN17.			
<b>General</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>	Not material for Argenta's activity (financial services provider).			

\* See Section 17.3 for audit report)





N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>Assessment of suppliers for environmental effects</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		a) The banking sector is a major purchaser, in particular of IT services. See Section 16.2 'Engagement in Society' and 16.5 'Sustainability Action Plan 2013-2015'		
G4-EN32	Percentage of new suppliers that are screened using environmental criteria.	Partially	Section 5.2.6 'Legal & Procurement' and Section 16.5 'Sustainability Action Plan 2013-2015'	Since 2015, the Argenta sustainability charter has been added to each standard contract with an external supplier. Responsible environmental policy principles are an integral part of this Charter.	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain, and measures taken.	Complete	Section 5.2.6 'Legal & Procurement' and Section 16.5 'Sustainability Action Plan 2013-2015'		
<b>Handling of environmental complaints</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		Not material for Argenta's activity (financial services provider).		
<b>Social performance indicators</b>					
<b>Employment</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		<ul style="list-style-type: none"> <li>a) The banking sector is a major employer. See Section 5.1.3 'Organization &amp; talent'.</li> <li>b) See section 5.1.3 'Organization &amp; talent'</li> <li>c) Section 16.5. 'Sustainability Action Plan 2013-2015'</li> </ul>		



\* See Section 17.3 for audit report)

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-LA1	Total number and rate of employee turnover by age group, gender and region	Complete	Section 5.1.3 'Organization & Talent'		x
G4-LA2	Benefits provided to full-time employees that are not available for part-time employees, by broad activity sectors	Complete	There is no difference in extra-legal benefits between full-and part-time employees. In Section 5.1.3. 'Organization and talent' (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	Complete Section 5.1.3 'Organization & Talent'		
<b>Labour relations</b>					
G4-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 5.1.3 'Organization & Talent' This is part of the collective savings banks agreement (PC 308).		
<b>Health and Safety</b>					
G4-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.			
<b>Training and Education</b>					
G4-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.	Section 5.1.3 'Organization & Talent' and Section 16.5 'Sustainability Action Plan 2013-2015'			

\* See Section 17.3 for audit report)



N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-LA9	Average hours of training per year per employee by employee category and gender	Complete	Section 5.1.3 'Organization & Talent' (Learning and development)		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 5.1.3 'Organization & Talent' (Learning and development)		
G4-LA11	Percentage of employees receiving regular performance and career development information.	Partially	Section 5.3.5. 'Marketing and communication', section 5.3.2 'Branch network Belgium' and Section 16.5 'Sustainability Action Plan 2013-2015'	The process itself is explained, but from 2015 precise data on how many employees currently have evaluations will be accurately kept.	
<b>Diversity and equal opportunity</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		Section 5.1.3 'Organization & Talent' (Equal opportunity and diversity)		
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other diversity indicators.	Complete	Complete Section 5.1.3 'Organization & Talent' (Equal opportunity and diversity)		x
<b>Equal Pay for Women and Men</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		Not applicable. Section 5.1.3 'Organization & Talent' Scales are established in the savings banks collective agreement (PC 308). No distinction is made between men and women.		



\* See Section 17.3 for audit report)

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>Supplier Assessment for Labour Practices</b>					
G4-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.		Section 16.2 'Engagement in Society' and 16.5 'Sustainability Action Plan 2013-2015'		
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	Partially	Section 5.2.6 'Legal & Procurement' and Section 16.5 'Sustainability Action Plan 2013-2015'	Since 2015 the Argenta sustainability charter has been added to each standard contract with an external supplier. Sustainable labour practice principles are an integral part of this Charter.	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain, and measures taken.	Complete	Section 5.2.6 'Legal & Procurement' and Section 16.5 'Sustainability Action Plan 2013-2015'		
<b>Handling of labour practices complaints</b>					
G4-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.		Section 5.2.1 'Compliance & Integrity'		
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance procedures.	Complete	Section 5.2.1. 'Compliance & Integrity' and section 5.1.3 'Organization & Talent' (confidential contact person for Argenta employees)		x

\* See Section 17.3 for audit report)



N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>Human Rights Indicators</b>					
<b>Investment policy</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach..</li> </ul>		<p>Not applicable. Argenta has not concluded any direct investment agreements that place the bank-insurer in the position of co-owner in other organizations.</p> <p>For investments, the reader is referred to the the Financial Sector Supplement 'Active Shareholdership' and related indicators G4. FS 10 to 12.</p>		
<b>Non-discrimination</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		Section 5.2.1 'Compliance & Integrity'		
G4-HR3	Total number of incidents of discrimination and measures taken	Complete	Section 5.1.3 'Organization & Talent' (extra-legal benefits)		
<b>Freedom of association and collective bargaining</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		<p>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.</p>		
<b>Child Labour</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		<p>Not applicable. Because of our geographic location in Belgium, the Netherlands and Luxembourg, there is no significant risk of child labour.</p>		



\* See Section 17.3 for audit report)

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>Forced or Compulsory Labour</b>					
G4-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.		
<b>Security Procedures</b>					
G4-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.		
<b>Indigenous Rights</b>					
G4-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.		
<b>Human Rights Assessment</b>					
G4-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 human rights.		



\* See Section 17.3 for audit report)





N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>Supplier Assessment for Human Rights</b>					
G4-DMA	<p>a) Report why this aspect is material. Report the impacts that make this aspect material.</p> <p>b) Report how the organization manages the material aspect and its impacts.</p> <p>c) Report on the evaluation of the management approach.</p>		<p>a) The banking sector is a major purchaser of, in particular, IT services. See Section 5.2.6 'Legal &amp; Procurement'.</p> <p>b) See Section 5.2.6 'Legal &amp; Procurement'.</p> <p>c) New processes are being created. See Section 5.2.6 'Legal &amp; Procurement'.</p>		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	Not reported	New processes are being created. See Section 5.2.6 'Legal & Procurement'.		
G4-HR11	Significant actual and potential negative impacts for human rights in the supply chain, and measures taken.	Complete	New processes are being created. See Section 5.2.6 'Legal & Procurement'.		
<b>Handling of human rights complaints</b>					
G4-DMA	<p>a) Report why this aspect is material. Report the impacts that make this aspect material.</p> <p>b) Report how the organization manages the material aspect and its impacts.</p> <p>c) Report on the evaluation of the management approach.</p>		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.		
<b>Social Indicators</b>					
<b>Local community</b>					
G4-DMA	<p>a) Report why this aspect is material. Report the impacts that make this aspect material.</p> <p>b) Report how the organization manages the material aspect and its impacts.</p> <p>c) Report on the evaluation of the management approach.</p>		Section 16.2. Engagement in society		
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 16.2. 'Engagement in Society' (financial literacy) and (commitment to a sustainable society)		
G4-SO2	Operations with significant actual or potential negative impacts on local communities.	Not applicable	Not applicable to Argenta's activity (financial services provider).		



\* See Section 17.3 for audit report)

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-FS13	Points of access in sparsely populated or economically disadvantaged areas by type.	Complete	Section 5.3.2 'Branch network Belgium'		
G4-FS14	Initiatives to improve access to financial services for socially disadvantaged persons.	Complete	Section 16.2. 'Engagement in Society (financial literacy)		
<b>Anti-Corruption</b>					
G4-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.	Complete	Section 5.2.1 'Compliance & Integrity'		
G4-SO3	Total number and percentage of operations analysed for risks related to corruption.	Complete	Section 5.2.1 'Compliance & Integrity' The reputation and integrity policy applies equally to the Argenta Group and the independent distribution network.		
G4-SO4	Communication and training on anti-corruption policy and procedures.	Complete	Section 5.2.1 'Compliance & Integrity' Everyone in the Argenta Group undergoes e-learning sessions in Ethics, Compliance & Anti-Money Laundering.		
G4-SO5	Confirmed incidents of corruption and actions taken.	Complete	Section 5.2.1 'Compliance & Integrity' Formal reporting is in place here. This is mentioned in separate anti-money laundering reports.		
<b>Public policy</b>					
G4-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 by country.		

\* See Section 17.3 for audit report)



N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>Anti-competitive behavior</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>	Not applicable.	There are no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.		
<b>Compliance</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		Section 5.2.1 'Compliance & Integrity'		
G4-SO8	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		
<b>Review suppliers regarding social consequences</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>	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.		
<b>Handling complaints concerning social consequences</b>					
G4-DMA	<ul style="list-style-type: none"> <li>a) Report why this aspect is material. Report the impacts that make this aspect material.</li> <li>b) Report how the organization manages the material aspect and its impacts.</li> <li>c) Report on the evaluation of the management approach.</li> </ul>		Not applicable to Argenta's activity (financial services provider).		



\* See Section 17.3 for audit report)

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>Product responsibility Indicators</b>					
<b>Customer health and safety</b>					
G4-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).			
<b>Information on products and services</b>					
G4-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.		Section 5.3.7. 'Product Management'		
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 5.3.7. 'Product Management'		
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 5.3.7. 'Product Management'		
G4-PR5	Policy regarding customer satisfaction, including results of surveys measuring customer satisfaction	Complete	Section 5.1.2 'Project & Process Excellence'		x
<b>Marketing policy</b>					
G4-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.			



\* See Section 17.3 for audit report)



N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
<b>Customer data privacy</b>					
G4-DMA	<p>a) Report why this aspect is material. Report the impacts that make this aspect material.</p> <p>b) Report how the organization manages the material aspect and its impacts.</p> <p>c) Report on the evaluation of the management approach.</p>		Section 5.3.8 'Contact Centre and Customer Administration' and Section 5.2.1 'Compliance & Integrity' (Complaints Management in Belgium, Complaints Management in the Netherlands and Complaints Management in Luxembourg)		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Partially	Section 5.2.1. 'Compliance & Integrity' (Complaints Management in Belgium, Complaints Management in the Netherlands and Complaints Management in Luxembourg)	For 2015, only the privacy-related complaints relating to the Belgian activities have been recorded.	x
<b>Compliance</b>					
G4-DMA	<p>a) Report why this aspect is material. Report the impacts that make this aspect material.</p> <p>b) Report how the organization manages the material aspect and its impacts.</p> <p>c) Report on the evaluation of the management approach.</p>		Section 5.2.1 'Compliance & Integrity'		
G4-PR9	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 & not applicable for Argenta's activity (financial services provider).		
<b>Product portfolio</b>					
G4-DMA	<p>a) Report why this aspect is material. Report the impacts that make this aspect material.</p> <p>b) Report how the organization manages the material aspect and its impacts.</p> <p>c) Report on the evaluation of the management approach.</p>		<p>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 of the economy is explained in Sections 5.4.3 'Treasury &amp; Investment Management' and 5.3.7 'Product Management'</p> <p>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.</p> <p>c) Neither department is involved in the operational activities of Argenta Group.</p>		
G4-FS6	Percentage of portfolio by business line by region, size and sector.	Complete	Section 5.3.1. 'Profitability'		



\* See Section 17.3 for audit report)

N°	GRI-description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor*
G4-FS7	Monetary value of products and services developed in order to obtain specific social benefits by business line and goal.	Partially	Section 5.3.7. 'Product Management'	Financial quantification is difficult in the other product lines/ pillars Savings and Payments, Lending and Insurance (e.g. free accounts/ cards services). These are reported in numbers in Section 5.3.7. Product Management.	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 and Payment, Lending, Insurance and Investments product lines. The feasibility of these is being further examined.		
<b>Audit</b>					
G4-DMA	<p>a) Report why this aspect is material. Report the impacts that make this aspect material.</p> <p>b) Report how the organization manages the material aspect and its impacts.</p> <p>c) Report on the evaluation of the management approach.</p>	Not applicable.	Argenta focuses on families, not corporations or governments.		
<b>Active ownership (fund management).</b>					
G4-DMA	<p>a) Report why this aspect is material. Report the impacts that make this aspect material.</p> <p>b) Report how the organization manages the material aspect and its impacts.</p> <p>c) Report on the evaluation of the management approach.</p>		The approach to 'healthy investment' and the monetary value of the funds are discussed in Sections 5.4.3 'Treasury and Investment Management' and 16.5 'Sustainability Action Plan 2013-2015'		
G4-FS10	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 5.4.3 'Treasury & Investment Management' - to all external fund managers.		x
G4-FS11	Percentage of assets that have undergone positive or negative environmental and social screening.	Complete	Section 5.4.3 'Treasury and Investment Management' - minimum criteria apply to all funds.		x





### 18.3. 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 2015

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 2015.*

*Similarly to last year Argenta Bank- en Verzekeringsgroep NV reports according to the guidelines of the "Global Reporting Initiative" (GRI) version G4. As a result, the Data are defined according to the most recent guidelines dated May 2013 of the "Global Reporting Initiative" (GRI) G4 – "comprehensive".*

*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 Asset Management SA, Argenta Assuranties NV, Argenta-Life Nederland NV). 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 2015. 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, 23 March 2016*



### The statutory auditor

**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**

*BV o.v.v.e. CVBA / SC s.f.d. SCRL*

*Represented by Dirk Vlaminckx*



# 19. Contact data

The annual report of Argenta Bank- en Verzekeringsgroep nv is published in Dutch, French and English.

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.

Questions related to the distribution of these reports should be directed to:

## 19.1 Argenta Bank- en Verzekeringsgroep nv

Belgiëlei 49-53  
 B-2018 Antwerp  
 Tel: +32 3 285 50 65  
 Fax: +32 3 285 51 89  
[www.argenta.be](http://www.argenta.be)  
[pers@argenta.be](mailto:pers@argenta.be)



## 19.2 Complaints Management

If you have a complaint or comment concerning the Argenta Group's services, we request that you first get in touch with the branch where you are a customer. 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 Bank Pool and Insurance Pool issues.

### Complaints Management

Belgiëlei 49-53  
 B-2018 Antwerp  
 Tel: +32 3 285 56 45  
 Fax: +32 3 285 55 28  
[klachtenbeheer@argenta.be](mailto: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.

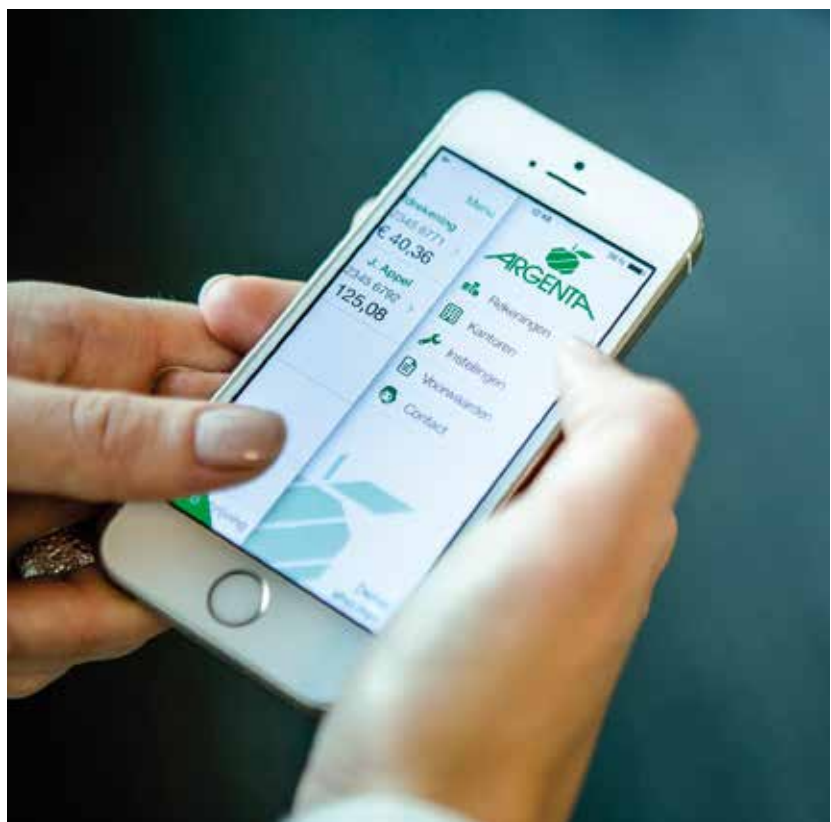


€ 893.6 million  
Insurance  
Premium Income

2,490  
co-workers

4.475  
stakeholders  
participated  
in the sustaina-  
bility survey

Rating  
confirmed  
by S&P at  
A-/A-2



€ 226 million  
Net Profit and  
Return on Equity  
of 13.1%



"Bank of  
the year"  
for the fifth time  
in a row

€ 1.9 billion  
Balance Sheet  
Equity



**Argenta Bank- en Verzekeringsgroep nv**

Belgiëlei 49-53

B-2018 Antwerp

RPR ANTWERP 0475.525.276

[pers@argenta.be](mailto:pers@argenta.be)

[www.argenta.be](http://www.argenta.be)