



Argenta Bank- en Verzekeringsgroep nv

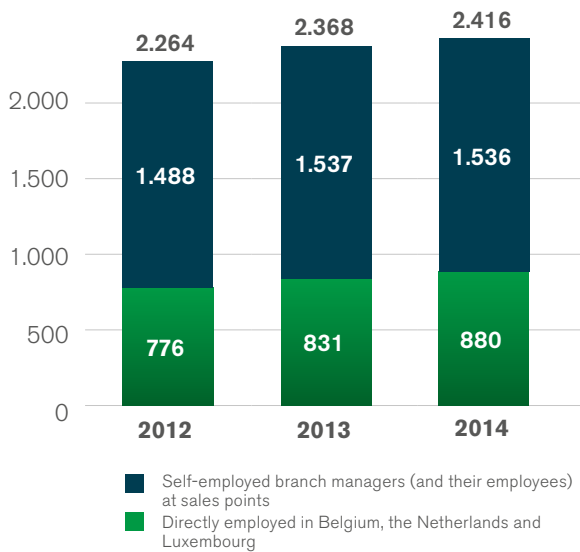
Combined annual report and sustainability report

2014

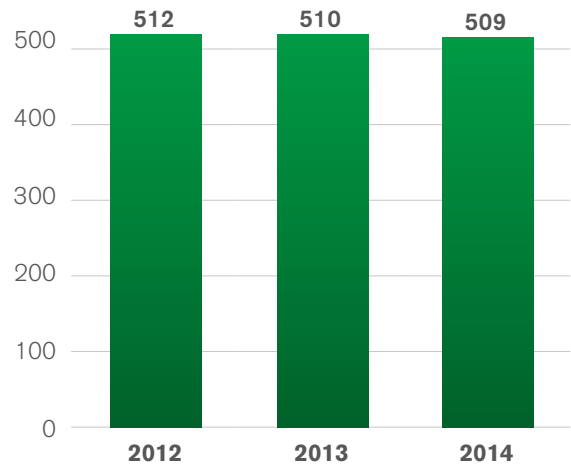


Key financials: argenta bank- en verzekeringsgroep

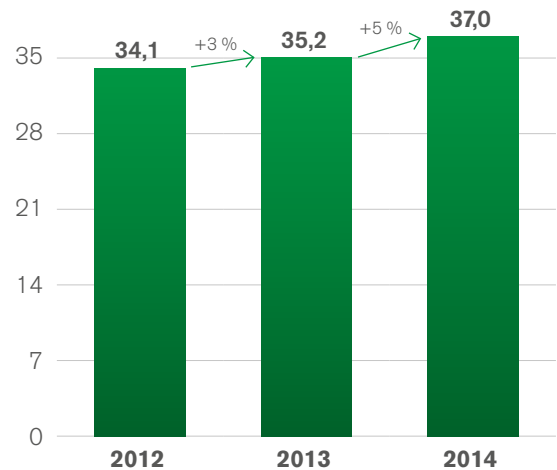
Employment



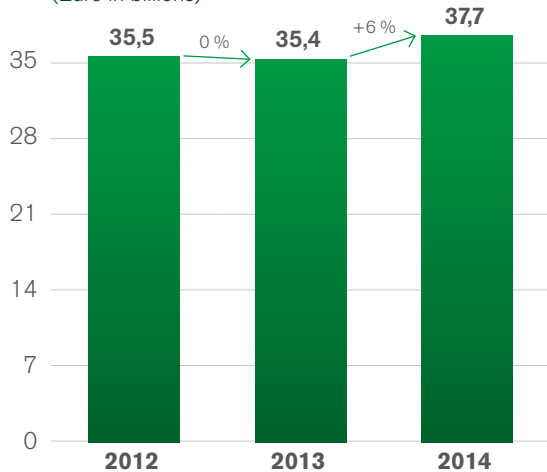
Number of sales points in Belgium



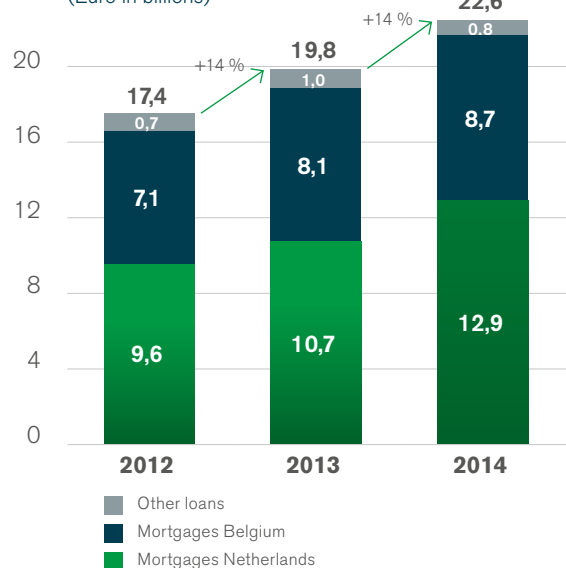
Funds collected from the public (Euro in billions)



Consolidated balance sheet (Euro in billions)



Retail lending (Euro in billions)



Mortgage production (Euro in billions)

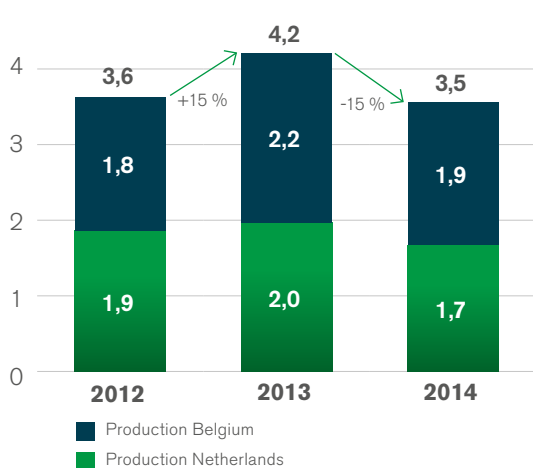


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In accordance with articles 95, 96 and 119 of the Belgian Companies Code, the Board of Directors of Argenta Bank- en Verzekeringsgroep nv (hereinafter the Company) has prepared this report on the financial statements and the consolidated financial 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. The content relating to sustainability is shown in boxes and indicated with this logo.

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

1. Message from the chairman of the board of directors



2014 was a lively year for the economy and for financial markets. An unprecedented series of record prices in the US was marred by a number of sharp corrections. And European stock markets moved out of step with the US. On the other side of the ocean, the economic recovery took a firmer form. On this side, in Europe, however, there is no immediate hope of a fundamental recovery in corporate profits, but very low interest rates remain the order of the day. Economic indicators had to be adjusted throughout the year owing to imposed savings in the Eurozone and fears of further capital increases in the financial sector. Sustainable economic recovery remains a major challenge.

To continue the process of placing the financial sector on a healthier basis, the European Central Bank (ECB) in November took over oversight of more than 120 of Europe's largest banking groups. These all underwent a *comprehensive assessment* consisting of an *Asset Quality Review* (or AQR) and

a stress test. The results were encouraging for most banks. Argenta, that also underwent the test, scored well above the imposed requirements and came out top in the Belgian and Dutch class. The core capital ratio CET1 remained almost identical after the AQR (moving from 24.3 to 24.1%), and even under a negative stress scenario Argenta maintains a CET1 ratio of 14.7%. This is proof of Argenta's excellent solvency and reliability as a family bank.

Argenta's rating was also revised upwards. Standard & Poor's maintained Argenta's BBB+ rating throughout the financial crisis, but raised it in April 2014 to A-. With a further improvement of its capital ratio, Argenta has, according to Standard & Poor's, a larger buffer with which to face any new crisis.

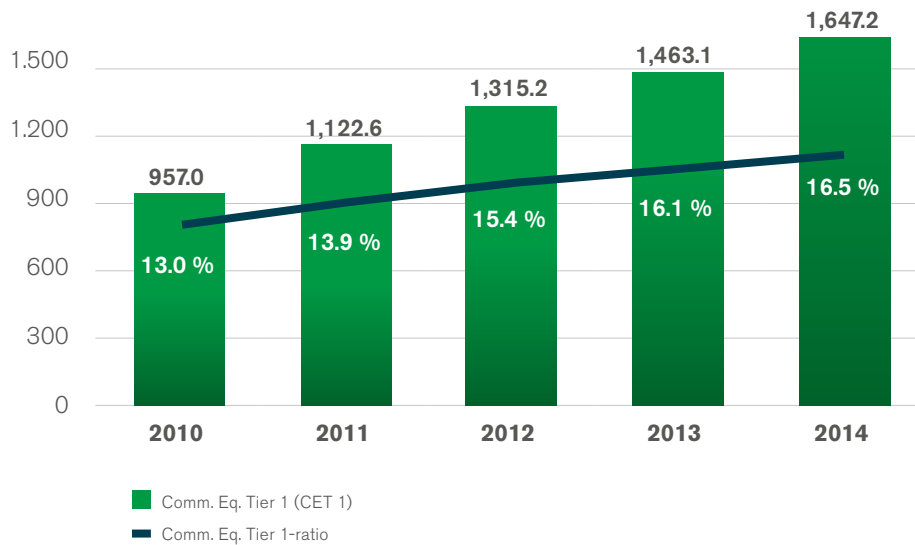
Vigilance remains the order of the day. This applies all the more so in a time of extremely low interest rates, which pose a particular challenge for all financial institutions because of the pressure on the future financial returns. Argenta's profit driver remains a sufficient interest margin. With its asset composition based mainly on credit, Argenta has in any case made the right strategic choice. The bank-insurer model remains very strong, with an even more integrated approach to insurance and banking.

Argenta proved a winner once again in 2014, in terms of both profitability and solvency. Under Belgian GAAP, net group profit rose by 59% to an exceptional EUR 250 million. The return on equity was 16.1%..

Net profit (IFRS) remained relatively stable at EUR 215.2 million.

Equity grew, thanks to the group's continuing policy of profit retention, by EUR 184 million to over EUR 1.6 billion. The *common equity Tier 1* - ratio increased further to 16.5%.

Core capital (CET 1) and ratio (in EUR million)



A rock-hard platform for further growth.

Argenta knows where its success comes from. It fosters strong cultural values: simplicity, transparency, a sober, 'no frills' approach, and honesty. These values are the cornerstones of the Group's operations and business offering, making Argenta a sustainable business in several areas. Through a sustainability action plan Argenta ensures the sustainable development of the organization, as an employer, as a customer-oriented service provider and as a driver of the real economy.

Besides sustainability, customer satisfaction is another important policy direction. Argenta retains its focus on providing services to families in Belgium and the Netherlands. Ensuring that customers are satisfied, that they feel that Argenta is involved in their financial needs, is the key challenge, even at a time of widespread digitalisation. This is a path that Argenta customers want to take, but in a model where digital information interfaces seamlessly with personal, face-to-face advice. In this way customers can choose where they want to get their information and how they like to be advised.

Argenta continues therefore to invest in long-term relationships with its customers and to examine, among other things through customer satisfaction surveys, how it can improve its service so that customers get the right advice at the right time.

Argenta guarantees continuity also in its shareholder structure. On 23 May 2014, Florentina Van Gestel, the lifelong partner and since 2013, the widow of Karel Van Rompuy, passed away unexpectedly, one year after her husband. In the family holding above Argenta a new governance structure was installed, and two external directors, including the chairman, were appointed. In this way, the second generation of the Van Rompuy family underlines its commitment and the continuing relationship between the family and Argenta, also into the following generations.

These are challenging times for the financial sector, and also for Argenta. But with its strategy, its commercial, operational and financial policies and the dedication of all its employees, both in the branches and at head office, Argenta proves once again its value as a solid financial partner for families.

Jan Cerfontaine
Chairman of the Board of Directors



2. Argenta's mission and vision

Argenta is a banking and insurance group that wants to be permanently active in markets that it knows and understands: Belgium, the Netherlands and Luxembourg. In Belgium, Argenta wants to be the best bank-insurer with the highest customer satisfaction. It aims at close and lifelong customer relationships through a multi-pillar strategy where the basic banking service is provided free of charge, where the product offering is simple, limited in scope, but covering normal needs, and where advice plays a central role.

In the Netherlands, Argenta wants to be an outstanding mortgage bank with long-term relationships with private customers. In Luxembourg it wants to be an excellent fund manager. For this Argenta has made the following strategic choices:

An offering of simple and transparent products directed at families

The products are clear for customers and focused on basic financial needs in all stages of life.

Long-term customer relationships

At Argenta the customer is central; at Argenta he or she can always obtain personal advice. There is always an office within reach, no more than 10 minutes away. Digital apps increase the Argenta's accessibility for its customers.

Argenta wishes to treat all customers with equal courtesy. The Ethics Charter describes what customers can expect and the attitude branch managers and their employees should adopt towards them. Anyone working with or for Argenta is required to sign the code of conduct contained in the Ethics Charter.

Distribution and advice by local self-employed branch managers

In Belgium, the products are distributed and the advice provided through local self-employed branch managers, in the Netherlands through independent intermediaries. These self-employed persons are responsible for the personal contact with their

customers and build up their own goodwill. The uniqueness of this distribution strategy leads to a high level of customer satisfaction, and spontaneous word of mouth publicity.

Opportunities for employees

Argenta coaches its employees, branch managers and employees at all levels. Argenta offers them opportunities to develop their talents, with correct salaries, but without a bonus culture.

Safety as a strategic element

Argenta is among the safest banks in the European Union with a very strong capital and high liquidity. During the recent financial crisis Argenta did not call for state aid.

Sober 'no frills' approach and low costs

Argenta seeks to maintain a sober 'no frills' approach, with a lightweight cost structure that will benefit the customer.

Process excellence

Argenta aims for simple and efficient processes, with careful handling of resources, where staff involvement makes the difference, and where the value for the customer is constantly being maximized.



3. Argenta in 2014

3.1. Chronological overview

January

- A replicating model for savings accounts and an econometric model for mortgage prepayment are introduced into ALM's interest rate risk management in the Netherlands.
- The new e-learning platform is brought into use.

February

- Human Resources is renamed Organization & Talent, with a new organizational structure.

March

- The Board of Directors approves the Strategic Plan Belgium as part of the Argenta 2020 long-term strategy.
- Financial closing of Argenta's first public-private partnership deal, for a public swimming pool at Hoogstraten.
- A new recruitment team sets to work at Argenta, with an active brief to recruit new self-employed branch managers.
- Johan Heller and Gert Wauters speak at a debate on bonus culture of Antwerp University.

April

- Standard & Poor's raises Argenta Spaarbank's rating from BBB+/A-2 to A-/A-2 on the basis of strong capital ratios and good earnings.
- Argenta offers its employees a new DKV hospitalization insurance.
- Rafaël Vanderstichele is appointed as an independent director.

May

- Pentana vision, a comprehensive risk database for monitoring actions and recommendations, is brought into use.

July

- As required by the banking act of 25 April 2014, Argenta presents, as a preparatory and preventive measure, a recovery plan. This is approved in July by the NBB.
- A new department is created: Digital Bank.

September

- As part of the ongoing innovation process in indemnity insurance, Argenta introduces the digital declaration of losses, for both customers and branch managers. Remote loss assessment is also launched.
- The Argenta Banking app is launched for iOS and Android.
- The Programming and Project Management department becomes 'PMO and Strategy', headed by the CEO.



October

- Argenta Assuranties receives the DECAVI© award for AFP Pharma-Chemistry Shares in the category 'Investment fund-linked Life Insurance – high-risk'.
- The results of the ECB Comprehensive Assessment are made public. Argenta is among the best in its class.
- Argentabank Luxembourg ceases its activity as paying agent for the Argenta Netherlands and Argentabank Luxembourg bonds. The undisbursed balances are transferred to the Luxembourg state caisse de consignation.
- A new department, Investment House, comes into being. This will develop a service model for more affluent customers.
- Emiel Walkiers is appointed as an independent director.
- The PPC (Product Price Components table) is rolled out for the price setting committees. The outcomes of the FTP and cost allocation project are included in it.
- Argenta organizes a Sustainability Week.
- Argenta organizes a seminar on responsible investing, sustainable investing and financial ethics, in collaboration with Antwerp-ITCCO, for more than 40 participants from different sectors.

November

- The Finance Master Plan is initiated with a faster accounts closing and resulting delivery of management information.
- Argentabank Luxembourg receives the green light from the Luxembourg supervisory authority to set up a management company.
- Argenta Spaarbank launches the Golden credit card.

December

- Anne Coppens is appointed as an executive director, Carlo Henriksen as a non-executive director.
- Argentabank Luxembourg informs the Luxembourg supervisory authority that it renounces its banking licence from 31 December, converting as of 1 January 2015 into Argenta Asset Management.
- Argenta Life Luxembourg, that ceased its activities in 2013, is dissolved.
- For the fourth time in a row Argenta is voted 'Bank of the Year'.
- The Resource Committee starts work.



3.2. Comprehensive assessment by the ECB

Argenta passes ECB assessment without a flaw

In the aftermath of the financial crisis, the ECB has taken over supervision of Europe's largest banks from the national supervisory authorities. The transfer became effective on 4 November 2014.

“Argenta wants to be a sustainable bank and insurer, with security as a strategic element. All Argenta employees work for this every day.”

Johan Heller
CEO

Argenta Spaarbank scored well above the ECB-imposed requirements thanks to its strong capital position at the outset, the minimal adaptations from the *asset quality review* (AQR), and the good recurring profitability in the stress test. These good scores confirm once again that Argenta is one of the safest banks and the top student in the class in Belgium.

“In recent years Argenta has been able to present a very high capital that shows that we are financially very solvent. We were pleased to note that in this review process the ECB and the National Bank of Belgium (NBB) assessed the quality of our assets, as expected, as being very healthy.”

Geert Ameloot
CFO

The ECB assessment comprised two parts: first, the AQR that rated the quality of the assets at the end of 2013, second, a stress test that measures the bank's resilience in the event of a severe economic downturn. The measure used here was the core capital ratio (CET1) expressing the strength of the bank to absorb unexpected losses.

The impact of the Asset Quality Review at Argenta, especially on the home loan portfolio and the investment portfolio, was extremely low. The CET1 ratio decreased as a result of the Asset Quality Review from 24.3% to 24.1%, compared to the minimum requirement of 8%.

“The asset quality review coupled with the stress test proved a comprehensive but rigorous exercise. The stress imposed goes beyond what Argenta itself deems possible within the macroeconomic scenario set by the ECB.”

Gert Wauters
CRO



from left to right:
Gert Wauters - CRO, Geert Ameloot - CFO, Johan Heller - CEO



For the stress test the ECB simulated a number of basic macroeconomic scenarios that reflect how the economic situation could look like by the end of 2016. In the stress test Argenta obtained a CET1 ratio of 20.1%. Even in the so-called "adverse" or strongly negative scenario at the end of 2016, Argenta Spaarbank retained a CET1 ratio of 14.7%, well above the minimum required level of 5.5%. B.

Core capital ratios Argenta CET 1 ratio (on IRB basis)	Required level	Argenta level
Before asset quality review	8 %	24.3 %
After asset quality review	8 %	24.1 %
Under basic stress scenario	8 %	20.1 %
Under negative stress scenario	5,5 %	14.7 %

3.3. The bank levy

This 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

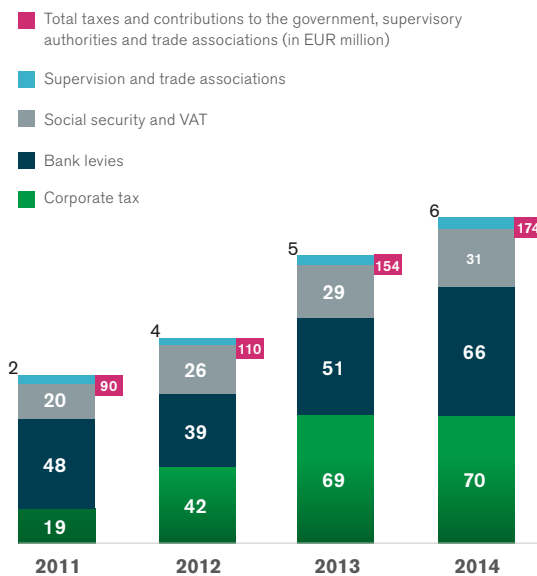
Royal Decree of 22 April 2012). In 2014, the DGS for Argenta amounted to EUR 19.88 million.

On top of this Argenta Spaarbank Bank pays the classical subscription tax on regulated savings accounts. This was upped sharply by the federal government in 2014, from purely budgetary reasons, from 0.08% to 0.1929%. In 2014, the subscription tax amounted for Argenta Spaarbank to EUR 41.79 million euros (incl. the annual 0.0435% tax on credit institutions).

Finally, Argenta Spaarbank pays a financial sector stability contribution (FSC). This was increased to 0.0325% from 1 January 2014 and made risk-related for systemically important banks. In 2014, the FSC amounted for Argenta to EUR 0.65 million.

Argenta Assuranties also paid in 2014 a DGS of EUR 4.00 million and an annual tax of EUR 1.29 million. The effective banking tax imposed on Argenta in 2014 - after several recoveries amounting to EUR 1.15 million - totals EUR 66.46 million or 21% of a total gross profit of 320 million. This is unprecedentedly high.

The whole system of bank levies creates unequal treatment of banks. Despite the Constitutional Court ruling on the DGS in 2012, banks that focus exclusively or mainly on to private savers are still



The effective tax rate for Argenta is 24% excluding bank levy and 45% including bank levy. The bank levy is up 32%.

From 2015 onwards there is also talk of a harmonized European deposit insurance contribution and a pure European contribution to the *single resolution fund* (SRF). This will increase the bank levy yet more.

The chart alongside 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.

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

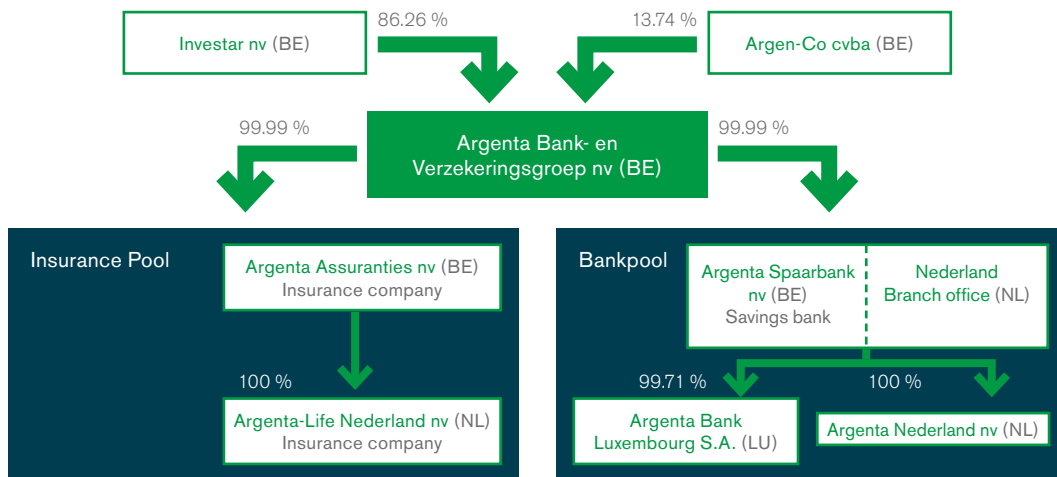
Seven Belgian savings and retail banks, including Argenta Spaarbank, introduced in January 2014 new

proceedings in front of the Constitutional Court, in order to nullify the increases in the subscription tax introduced by the Act of 30 July 2013. In 2014, there was no change. On the other hand - again - an additional contribution is expected from the banking sector in the 2015 budget and beyond.



4. Description of the structure of the argenta group

4.1. Group structure at 31 December 2014



The shares of the Argenta Group (consisting of Argenta Bank- en Verzekeringsgroep (hereafter the "Company"), the Bank pool around Argenta Spaarbank and the Insurance pool around Argenta Assuranties) are approximately 86% held by Investeringsmaatschappij Argenta (hereafter Investar), a mixed financial holding company belonging to the Van Rompuy family.

Approximately 14% of the shares of the Argenta Group are held by Argenta Coöperatieve (hereafter Argen-Co). This 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 and integrity, risk & validation, legal matters and organization & talent, which are organized centrally for all Argenta companies.

The Company has the status of a mixed financial holding company, a parent company which is not a regulated company and which is at the head of a financial conglomerate pursuant to Art. 3.39 of 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, a Belgian insurance company. Argenta Spaarbank and Argenta Assuranties have in turn various subsidiaries.

Argenta Spaarbank converted its subsidiary Argentabank Luxembourg on 1 January 2015 into Argenta Asset Management, a Luxembourg company responsible for the management and central administration of the Argenta UCIs Argenta Fund and Argenta Fund of Funds. Additionally, Argenta Spaarbank has a subsidiary Argenta Nederland, a Dutch SPV for the issuance of bonds. Argenta Spaarbank also has a branch in the Netherlands. Argenta Spaarbank, its two subsidiaries and its branch together form the Bank pool.

Argenta Assuranties holds a shareholding in Argenta-Life Nederland, an insurance company under Dutch law. Together they form the insurance pool.

Argenta-Life Luxembourg, that had already ceased its activities in 2013, was dissolved on 31 December 2014.

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

The geographical markets in which the Argenta prospects for customers are Belgium and the Netherlands.

The senior management structure was radically reshaped in 2014 to cope with the growth of Argenta and the increasingly complex legal and financial world. First of all, a number of additional departments were created: Process Excellence, Legal, Credit Policy, additional IT departments, Investment House and Digital Bank. On the other hand, the Investment department was merged with the Savings and Payment department. The separate Product Management departments at Argenta Spaarbank and Argenta Assuranties have been merged into a single Product Management department. The number of director positions has increased from 23 to 27. The number of women at director level and in the executive committee has increased from 9 to 10.



4.2. International Network

4.2.1. Information concerning the existence of branch offices

Neither the Company nor Argenta Assuranties has branch offices.

Argenta Spaarbank nv has had a branch in the Netherlands since 2003. It is located in Breda, Essendonk 30. Since April 2006, new mortgage production has been effectively placed in the Dutch branch office.

Netherlands branch office

The Netherlands is for Argenta a second home market and an important growth market, with a controlled and gradual growth in savings and mortgages. Argenta Spaarbank has been providing mortgages in the Netherlands since 1997. Argenta offers its mortgages through some 600 advisors of the De Hypotheker Associatie, Welke and DAK.

4.2.2. Information concerning foreign companies

Foreign subsidiaries of Argenta Spaarbank

Argentabank Luxembourg's retail operations were terminated in 2011. In 2014, preparations were made to convert Argentabank Luxembourg into a management company to form and to dissolve Argenta-Life Luxembourg. Argentabank Luxembourg was converted on 1 January 2015 into Argenta Asset Management.



“In the Netherlands, we are not out to be the biggest ... We want to be the best! Customer-oriented and quality driven service provision is therefore of paramount importance.”

Dietrich Heiser
Director Dutch operations

Argenta Nederland is an issuing vehicle under Dutch law. In 2014, the last bond matured, so that there is currently no activity in the entity.

Foreign subsidiaries of Argenta Assurantie

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

Argenta-Life Luxembourg had the status of a Luxembourg insurance company. In the last quarter of 2013, the last life insurance policy was repaid. At the end of 2014, all activities were discontinued and the company liquidated.

Foreign UCIs promoted by Argenta Spaarbank

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

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



5. Description of the centrally organized activities

5.1. Strategy

5.1.1. Argenta 2020

In 2013, Argenta initiated a long-term strategy exercise titled 'Argenta 2020'. Using workshops, focus groups, coordination groups and other consultation moments, the needs of the organization were mapped out, with the help at times of an external strategy consultant. This became the basis for the Argenta 2020 long-term strategic plan. This plan was approved by the Board of Directors on 25 March 2014.

The programmes that emerged from the strategic plan give substance to this plan and will serve to achieve the set strategic goals. Many of these programmes were newly defined.

The Argenta 2020-related programmes are piloted by the Programme and Project Management department. In 2014, this department was renamed 'PMO and Strategy'. It is managed centrally at Argenta Spaarbank and Argenta Assuranties.

Argenta 2020 has also had consequences for the organizational structure and the composition and functioning of the executive committee. In 2014, new powers and a number of new management positions were granted to executive committee members, and five management teams were formed.

These cover the areas of Commercial Organization, Customer Service, Netherlands, Finance, and ICT. New departments have been organized around Digital Banking, Investment House, Credit Policy, Legal, and IT.

5.1.2. Process excellence

Argenta needs to be result-oriented, manage changes and make the right choices as to what changes can make a difference. It needs metrics in order to have a base on which these changes can build.

To give sufficient focus on the change paths, a new and independent department was formed. This is 'Process Excellence' This department controls all process improvements centrally for Argenta Spaarbank and Argenta Assuranties.

The department's core activities are:

- setting up, managing and running programmes that provide structure to improvement processes, structuring of satisfaction surveys, and the Accelerando program in which employees are encouraged to continuously improve their own activities;
- training and coaching staff in continuous improvement methodology;
- supporting change teams within the departments;
- undertaking improvement projects itself, especially those involving cross-departmental processes.



“We are doing well,
but we can do even better.”

Tom Jonkers

Continuous improvement Coach



NPS: Satisfaction survey of customers and branch managers

Long-term, sustainable relationships with branch managers and customers is 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.¹ 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 asked 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, 53. In 2014, the score fell to 33. This places Argenta still among the best banks in Belgium (better than the four majors and in the middle of the niche bank(s)).

Additionally, Argenta could for the fourth time in a row call itself the best bank in Belgium. No less than 50,000 people cast their votes at Bankshopper.be and Comparebanque.be



Sustainable HR policy

In 2014, the Human Resources department was reorganized and renamed Organization & Talent. The new name indicates that an organization and talents need each other in order to develop.



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

Organization & Talent

Organization

The department organizes HR management and keeping track of all employees on a central basis.

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

		2012	2013	2014
Distribution by country	Belgium	725	775	830
	Netherlands	23	31	32
	Luxembourg	28	25	18
Full-time/part-time	Full-time	76 %	75 %	75 %
	Part-time	24 %	25 %	25 %
Distribution by contract type	Permanent	99 %	99 %	98 %
	Temporary	1 %	1 %	2 %

Employee turnover:

		2012	2013	2014
Departures by country	Belgium	68	65	91
	Netherlands	2	1	2
	Luxembourg	0	5	4
Departures by gender	Male	33	36	41
	Female	37	35	56
Departures by age	<30	18	20	18
	Age 30-60	43	44	69
	>= 60	9	7	10

Employee turnover in Belgium and the Netherlands is limited, Employee turnover in Luxembourg is high due to the steady reduction of the distribution activities in this country.

In Belgium, turnover has increased to a seemingly high 11%. This can be explained by the greater number of moves from network 2 (branches directly managed by Argenta) to network 1 (branches run by self-employed branch managers): 25 of the 91 exits involve employees shifting from network 2 to network 1. In this way, the staff involved cease working with employee status, but continue working for Argenta in independent branches as either branch managers or as employees of these independent branches. Adjusted in this way, this gives an employee turnover of 8%. This result reflects an active retention policy with an open business culture, investment in training and coaching, leadership development and a competitive wage policy.

Remuneration policy

The Board of Directors of the Argenta Group establishes the general principles of the remuneration policy for executives and administrative staff, with advice from the Remuneration Committee, and monitors its implementation ('Pay Policy').

The Pay Policy determines which pay scales apply for what functions, taking into account the degree of difficulty or responsibility, the required training and the necessary specialization of a particular function. The Argenta Group strives to remunerate its employees in line with market conditions. This means that salary levels match those of persons elsewhere in similar positions.

The salaries of Argenta Group employees, administrative staff, managers and senior executives consist solely of a fixed amount. There is no variable remuneration at Argenta.





“Reculer pour mieux sauter” summarizes the past year for Argenta. 2014 was a year of careful preparation of a number of major innovations to be introduced from 2015 onwards. This common striving for shared goals ensures that we grow together, as employees and as a company.”

Davina De Block

Senior recruiter Organisation & talent

For the sake of technical business unity and for practical reasons, e.g. in the case of intercompany transfers within the Argenta Group, Argenta's Pay Policy is aligned primarily with the collective bargaining agreement for savings banks (JC 308).

Remuneration policy for managers and administrative staff

For all functions within the Argenta working companies, Organization & Talent proposes a draft Pay Policy and any changes on the basis of internal and external conditions.

The memorandum on the strategic HR policy was put to the attention of the Board of Directors in January 2014. It outlines the challenges for HR management and the concrete projects to be undertaken in 2014 to address these, including career paths and wage policies. In 2014, further steps were taken with respect to identification of key functions, identification of top talent and specific groups (executives, young graduates and functions in short supply on the labour market).

For these Identified Staff, the remuneration principles are the same as for other positions in the Argenta Group. The individual targets at Argenta are formulated in such a way that they cannot interfere with independent operation.

Extra-legal benefits

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 hospitalisation insurance can be extended to the entire family. Company cars may be allocated for specific positions.

Pension plans (defined contribution) in Belgium are regulated by the Supplementary Pensions Act ('WAP') of 28 April 2003. Under Article 24 of that act, the employer is required to guarantee an average minimum return of 3.75% on employee contributions and of 3.25% on employer contributions. The legal minimum guaranteed return can only be changed by royal decree. In this case of any such change, the new rates will apply from the date of the change to both past and future contributions.

This fact has recently received greater attention because various insurance companies have lowered the technical interest rate for group insurance contracts to a level below the legally guaranteed minimum return for Belgian defined contribution plans. Based on the situation at 31 December 2014, an assessment was made by the external insurer of the adequacy of the technical reserves of the group insurance. Based on this assessment, no additional charges and liabilities were recorded.

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





Well-being at work

The stable and low absenteeism among Argenta employees is an indicator of well-being at work. The figure below shows the average number of days' absence per employee. In 2014, this was an average of 12 days.

Gemiddeld aantal dagen afwezig per jaar



A high retention rate after parental leave is another signal of well-being at work. This rose in 2014 to the highest level.

Retention after parental leave	2012	2013	2014*
Full-time parental leave (in numbers)	13	23	21
Male	3	6	6
Female	10	17	15
Leaving employment within 12 months	2	1	0
Retention rate	85 %	96 %	100 %

* current situation at 31.12.2014.

Confidential contact person for Argenta employees

Employees can report situations of non-ethical behaviour to a confidential contact person at Argenta. The number of reports remained limited but increased slightly from 5 complaints in 2013 to 7 in 2014. We can say that, compared with 2012, employees are quicker to find their way to the contact persons, are more articulate, and go looking faster for channels to bring problems to management's attention.

Number of informal and formal complaints through confidential contact person	2012	2013	2014
Number of complaints solved	2	5	7
Number of complaints under investigation	0	1	0
Total complaints received	2	6	7



Talent

Doing business in a people-friendly way

Argenta enters into lasting relationships with its employees and branch managers. These are responsible for commitment, team spirit, loyalty, initiative and responsibility, and finding the best way to serve the customer. Moreover, Argenta emphasizes the importance of guarding against conflicts of interest.

Doing business in a people-friendly way with respect for its employees and concern for their well-being, in return for high quality work, is a priority for Argenta. For this it seeks to motivate its employees, to make the best use of their skills and talents, and offer numerous opportunities for further development through a wide range of training courses.

Skills policy

The skills policy fits perfectly with the above approach. Defining the skills employees need in order to do business in a people-friendly way enables them to be coached better in them. In addition, the skills policy provides transparency on what Argenta expects from its employees, today and in the future. Knowing what is expected of them, employees can take the initiative in their own development, with a better view of job opportunities and career growth possibilities.

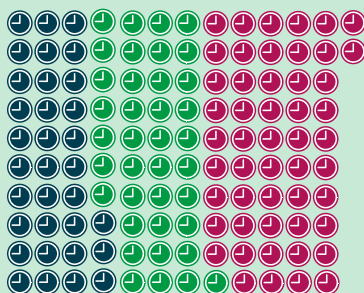
In 2014 four generic skills were defined. These are the skills that are characteristic of Argenta and in which all employees receive coaching, regardless of the function they perform:

- Showing customer focus
- Result oriented working
- Collaborating
- Self-development.

In 2015, Argenta is working further on its skills policy, including defining the skills down to individual function level.

Learning and development

Average number of training hours per employee



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

The number of training hours has increased sharply in recent years. In 2014, these hit an absolute record of 51 hours' average

training per employee. This includes skills training to which each employee can enrol in consultation with his or her supervisor. The offering is very comprehensive and includes persuasive communication, discover your talents, lean six sigma training, and coaching leadership.

Each department has an additional training budget for external training courses.





Equal Opportunities and Diversity

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

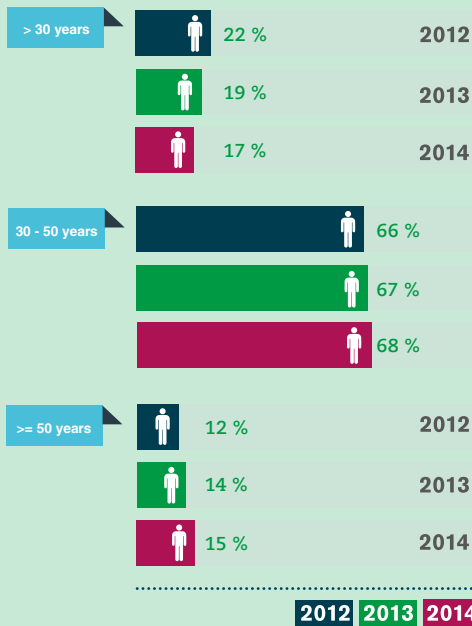
For this Argenta, when recruiting, makes no distinction in sex, age, physical disability, weight, origin, and residence. Candidates are assessed on skills, talents, knowledge and experience.

With a view to organizational continuity, Argenta places great importance on all its managers being able to handle the diversity among their employees.

Its workforce therefore consists of a healthy mix of male and female workers of different ages, ethnicity and religion.

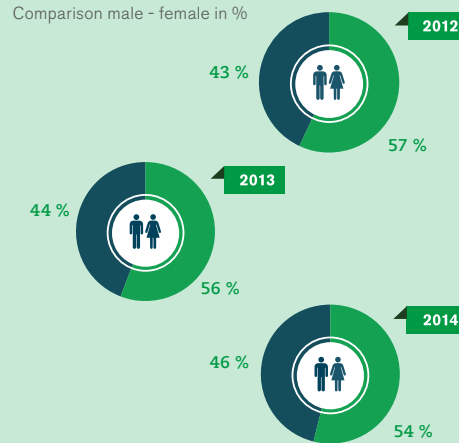
Age groups at Argenta

Argenta is a young and dynamic company. This is illustrated by the age pyramid and the low absenteeism rate: The 30 to 50 group is the largest age group at Argenta. For the 2013 and 2014 hirings, the fact that relevant experience elsewhere was often required had the effect of increasing the average age.



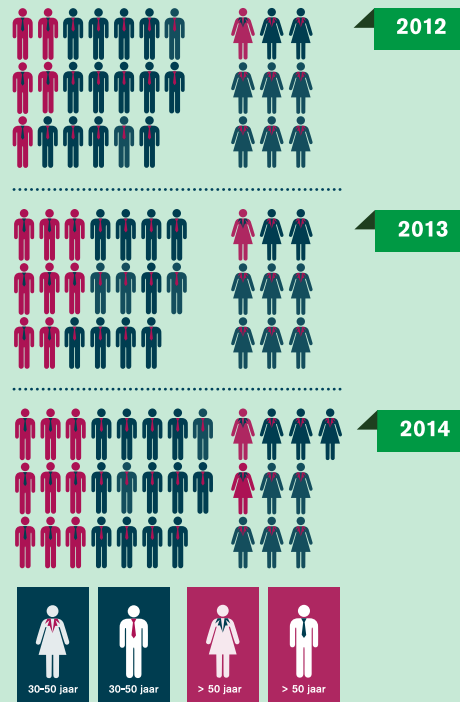
Male/female ratio

Argenta employs more women than men. In 2014, there were 54% women and 46% men. In comparison with previous years, the male-female ratio is becoming more equal.



At senior management level, men still predominate, though this is changing. Since 2014, there has been a woman in the Executive Committee. In senior management positions (directors and EC members) the number of women is also increasing: in 2014, there were 10 women and 23 men.

Senior management positions within Argenta





Lifelong learning policy for branch managers

The major changes in the banking and insurance sector are creating significant challenges for the branch managers and their staffs. They need to be pro-actively approaching their customers with specialist advice, continuously adapted to customers' specific needs. This advice must be able to withstand the sustainability test, that is: customers need to understand the selected strategy and this needs to suit them during the entire life of the product.

In 2014, 38 people began training as future self-employed branch managers.

A broad-based development policy for supporting branch managers and employees, has been defined and systematically rolled out. The mentoring process for new branch managers has been further developed, with more than 1,250 branch managers and employees trained in the new Twin Peaks 2 legislation (average 2.45 per branch).

Broad-based refers both to the development areas, that go beyond just technical product expertise and sales skills (e.g. leadership skills), and to the contexts in which these developments need to be supported (training courses, coaching, mentoring, induction days, performance appraisals, and the like).

A particular focus in 2014 was on giving cluster coaching. Cluster coaching strengthens the exchange of experience between branches and their employees, and makes for more efficient use of specialists. In total, around 600 coaching/training sessions took place, of which 355 cluster coaching sessions, 217 individual coaching sessions and 28 province-wide meetings.

- In 2014 training courses were further integrated into training journeys in which testing, training, coaching, e-learning and in-the-office training are permanently aligned.
- For example the Healthy Housing training journey introduced a Healthy Housing screening test, with over 650 employees (average 1.28 per branch) from the branch network screened for their basic knowledge of Healthy Housing, with subsequent coaching modules linked to the

results of the different areas screened. Regional directors were involved in the process so as to be able to go on and coach in the branches, and e-learning modules were launched to initiate a new application. The integration of separate training units is necessary for Argenta to achieve a workable and lasting skills development policy.

- Mentors (branch managers) commit on an annual basis to coach trainee branch managers and new employees based on their own expertise and successful entrepreneurship, so that these too can become successful branch managers and employees. The first steps were also taken in developing mentors' coaching skills.

Mentor days were organized with workshops on the challenges of mentorship (assessment, practical organization, entrepreneurship, etc.) and presentations from external speakers.

- In April 2014, the new Twin Peaks 2 regulations were launched. The new regulations governing the 'MiFID Code of Conduct for Insurance' provided for mandatory training (6h) and a written exam for distribution managers (VVDs) and persons in contact with the public (PCPs), with exceptions for those holding master's and some bachelor degrees.

Argenta committed, in collaboration with a strong partner (Febelfin Academy), to offering the entire branch network (excluding exempted persons) an opportunity to take the training and be certified. In 2014, in a long-term perspective, an internal trainer was recruited to provide training on a permanent basis.



5.2. Compliance & Integrity, Risk & Validation and Internal Audit

5.2.1. Compliance & Integrity

Compliance

Argenta's compliance policy is controlled by the compliance function which is organized within the Company. The subsidiaries in Belgium apply this policy in full. In the Netherlands and Luxembourg, this group policy is refined and/or modified in line with local laws and regulations. Compliance officers in the Netherlands and Luxembourg report functionally to the Company-level compliance function.

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

Every year, the priorities for the compliance function are outlined in the Compliance Plan. The compliance action plan for 2014-2016 was approved in February 2014 by the Audit, Risk and Compliance Committee.

The main areas of attention in 2014 were combatting the use of financial services for money laundering, the fiscal prevention policy and MiFID compliant trading, covering both the bank and insurance activities.



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

- to implement an appropriate customer acceptance policy;
- to pay increased vigilance in protecting the interests of retail customers;
- to monitor all customer transactions for atypical movements. Suspicious transactions and reports of suspected money laundering are investigated and, if necessary, reported to the competent authorities;
- training and sensitizing staff at headquarters and in the branches to:
 - prevent money laundering, financial terrorism and financing of weapons of mass destruction;
 - comply with the tax avoidance prevention policy and the prevention of special fiscal mechanisms;
 - apply the sector's and Argenta's own codes of ethics;
 - respect the privacy and protect consumers;
- to maintain the integrity of the financial markets by applying the European MiFID legislation and protecting investors via proper needs assessment when putting together customer profiles.

Argenta has introduced e-learning, guidelines and procedures to ensure compliance with codes of conduct, legislation and regulations. Argenta staff train in the above subject areas.

“Integrity is one of Argenta’s strengths, one we can be proud of.”

Bart Baetens
Compliance officer



In the Netherlands, the Customer at the Centre (Klantbelang Centraal) programme was developed for the branch and ALN. A workshop was held in which the background of this programme by regulator AFM was explained to the various disciplines of the Branch and ALN. Within the Branch, work has begun on the PARP (*Product Approval and Review Process*) where Compliance has contributed to the compliant marketing of Argenta products on the Dutch market.

In the Netherlands, Compliance has formulated the basic principles, including *Risk-Based Monitoring* in the Savings Department). It also participated in a project to further automate *Risk Based Monitoring*.

Inspection

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

The service focuses on risk management and control in the branch network. The controls in the network are carried out to an annual plan. Account is taken, in drawing up the annual plan, of the risks in the network, with an additional focus in 2014 on the work area 'Rules of conduct in relation to MiFID'.

To map risks in the office processes, Inspection, along with Compliance, consulted with commercial and operational management to analyse office processes, so as to provide the necessary risk mitigation controls.

An important achievement in 2014 was the delivery of a tool that significantly increases efficiency. In addition to a database of the risks of office processes, it includes a tool for logging incidents and planning investigations.





Complaints management

Complaints Management in Belgium

Argenta attaches great importance to good relationships with its customers. This includes the proper handling of complaints. A central Complaints Management service exists within the Compliance & Integrity department, Customers, branch managers and third parties can address their complaints to this service. Complaints Management also intervenes as a mediator between the customer and Argenta.

Anyone who is not satisfied with the efforts of the Argenta Complaints Management service can contact the Financial Ombudsman (the Banking - Credits - Investments mediation service) and the Insurance Ombudsman. Argenta Spaarbank is a member of the Financial Ombudsman (Ombudfin) system, and Argenta Assuranties 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 2014, Complaints Management focused on a faster handling of complaints and optimum cooperation with the branches. For this the various processes, procedures and guidelines were identified and improved where necessary. Of course, not only to improve efficiency, but also to increase the customer satisfaction even further.

The FSMA 'duty of care' inspection resulted in an action plan submitted to the regulator in December 2014.

Complaints Management in the Netherlands

In the Netherlands too Argenta attaches great importance to customer-friendliness. Even so it can happen that a customer is not satisfied. For this reason Argenta offers its customers the opportunity to report complaints. Complaints can be made verbally through the Contact Center, or submitted in writing, by letter, e-mail or via an online web form.

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.

In addition to the complaints received by the branch and ALN, servicers Quion and Stater also report on complaints they receive. The compliance manager has worked together with the complaints coordinators to streamline the complaints process based on the key Customer is Central principles.

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

At the same time work continued on chain management policy.

Complaints Management in Luxembourg

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

No complaints were received in 2014

Overview of complaints to the Argenta Group (Belgium and Netherlands)

A total of 2496 complaints were reported in Belgium and the Netherlands.

- Inadmissible complaints are complaints where there is no evidence of human error or an error in processes and procedures.
- Admissible complaints are considered in the first instance as valid. After further investigation it turns out that some of these complaints are not justified, while others are.
- Complaints Management answered 307 complaints itself. This can be done either using a standard answer for common problems, or based on experience with similar complaints. In this way, Complaints Management can reduce the workload of the departments.



Total number of complaints Belgium and Netherlands	2012	2013	2014
Total complaints received	3,404	2,332	2,496
Inadmissible complaints	1,482	1,049	830
Admissible complaints	1,508	1,068	1,359
Unjustified complaints	955	681	804
Justified complaints	553	387	555
Number answered by Complaints Management	414	215	307

Total number of complaints Belgium and Netherlands alleging breach of privacy	2012	2013	2014*
Justified complaints	24	3	4
Not admissible complaints	8	5	0
Total complaints received	32	8	4

* 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.



Integrity Episodic survey of employees and branch managers

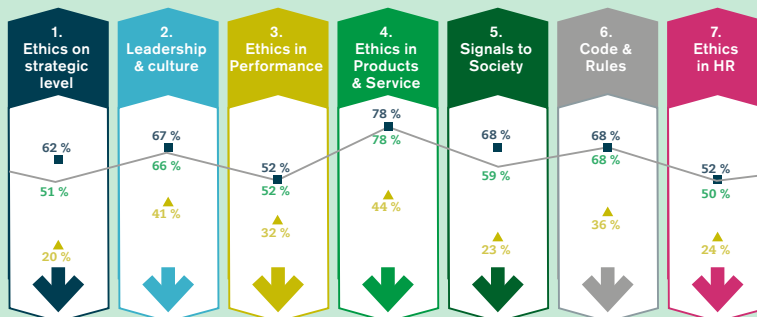
During the Sustainability Week, Argenta asked its employees and branch managers to take part in the Episodic survey entitled 'Integrity and Confidence in the Banking Sector' by Nexus Integrity, KU Leuven and the European Social Fund. 913 employees from the entire Belgian banking sector participated, including 133 Argenta branch managers and employees.

This survey was intended as an 'employee engagement survey' to bring employees' concerns on ethics and integrity to the attention of decision makers in an anonymous manner.

Argenta's results can be read off the table below, where the grey line represents Argenta's score. The blue squares and green triangles reflect respectively the highest and lowest score of the participating banks. For the pillars 'evaluation and remuneration policy', 'ethics in product & services' and 'codes and rules', Argenta obtained the highest score in the sector. For all other pillars, Argenta scored well above average. A result to be proud of.

Source: Episodic

Argenta's score compared to the rest of the participating banks:



5.2.2. Risk & Validation

Argenta's Risk & Validation policy is managed centrally managed from the Risk Management function.

Risk Management assesses, controls and monitors risks. In this organization-wide activity, Risk has a primarily advisory role. Besides its advisory function, it also initiates and conducts specific risk management processes. The Risk Management function carries ultimate 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 defining, developing and managing process, 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, oversees their implementation and validates how effective and correct they are by focusing on optimization.

A detailed discussion is provided in Chapter 12. 'Risk Management' towards the end of this REPORT.

5.2.3. Internal Audit

The internal audit departments of the respective Argenta companies are centrally controlled and organized. This covers all activities of the subsidiaries, particularly Argenta Spaarbank and its respective subsidiaries and Argenta Assuranties and Argenta Life Netherlands.

The objective is to provide independent, objective, high quality and consistent assessment and reporting of the company's processes to the Executive Committees, the Audit, Risk and Compliance Committee (ARC-Co) and the boards of directors, as well as making proposals for improvements. All reports are discussed by the Executive Committee and the ARC Committee. Organizational weak points are highlighted and improved.

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



Risk appetite framework

Argenta's Board of Directors deliberately frames its risk tolerance within the RAF (Risk Appetite Framework). This tracks (with set limits) the main risk indicators quantitatively; for both Argenta Spaarbank and Argenta Assuranties:

- Capital adequacy (Pillar 1 regulatory and Pillar 2 internal)
- Asset quality of the mortgage and investment portfolios
- Liabilities quality (especially of the insurer through the adequacy of reserves)
- Liquidity and interest matching
- Income and value stability
- Concentration

The RAF limits are translated into concrete Argenta policy through policy documents and are constantly monitored. In 2014, the pro-active RAF was further embedded in the business plan.



The main improvement initiative in 2014 was the implementation of an external Governance, Risk and Compliance (GRC) package. All control functions within the Group use this package to log identified risks, recommendations and action plans, to follow these up on a regular basis, and to report to the Executive Committees and ARC-Co. The package also enables auditors to perform paperless audits and thus contribute a bit to the sustainable operation of Argenta.

5.3. Commercial organization

5.3.1. Profitability



Argenta strives to be profitable at all times, both through a consistent and competitive pricing policy and via a 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, a constant quest for a lean and agile organization, maximum outsourcing, 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 2014, the Belgian branch network of Argenta Spaarbank and Argenta Assuranties consisted of 509 outlets. This is stable compared with previous years.

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

In Flanders there are a total of 470 branches, in Wallonia 26 and Brussels-Capital Region 13.



The Belgian branches are managed by 414 independent branch managers and their 1,165 employees (an average of 3.3 persons per branch) and 84 salaried Argenta employees in the network 2 (Argenta-owned) branches. This branch network is centrally managed from the Branch network management.

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





Argenta selects its branch managers with great care. They are assessed for their cultural fit with

Argenta's values, personality and competencies, their proven knowledge and experience, financial solidity and specific compliance issues. In this way, Argenta seeks to guarantee the interest of its customers at all times. In practice this means that the products have to be of high quality and that branch managers are trained in the special features and administrative processing of these products so that they can be correctly offered. On top of this, Argenta takes care to ensure that controls are built into the processes to ensure maximum quality.

In 2014, 21 new branch managers started their activities, of whom 3 in family succession and 7 employees taking over branches. In about half these cases Argenta took the initiative of terminating the previous collaboration and working with another branch manager.

The number of second and third-generation branch managers already stands at an impressive 94. This is a unique feature

of Argenta's distribution policy, and the best reflection of the pursuit of long-term relationships between customers and their advisors. Familial transfers are assessed in the same manner as the appointment of prospective branch managers from outside the company.

Finally, Argenta can state with satisfaction that 99% of the effective managers and distribution officers in the branches meet the requirements of the continuing education points system imposed by the law of 22 March 2006 on the brokerage of banking and investment services and the distribution of financial instruments ("Willems Law") and the law of 27 March 1995 on insurance and reinsurance brokering and insurance distribution ("Cauwenberghs Law"). Both laws seek to ensure the adequate training of persons in the financial sector who come into contact with the public. The exceptions concern long-term illness and transfer of branch ownership.



Within the branch network both branch managers and the head office continued to invest in the quality of premises. In 2014, branches moved into 40 new premises. 49 ATMs were installed, bringing the total to 297.

Branch managers receive commissions for their sales and management activities. The remuneration by product pillar has become more balanced in recent years. In 2014, commissions paid for insurance and fee products rose sharply.

5.3.3. Initiatives from Argenta 2020: Digital Banking and Investment House

One of the strategic commercial initiatives of Argenta 2020 is the development of an omni-channel experience for the customer. The possibilities for contacting Argenta are significantly expanded and customers can choose how they want to handle their banking affairs.

To give this programme concrete shape and develop it further, a new 'Digital Bank' department was formed. Starting from the commercial strategy, this defines the various initiatives for offering the Argenta experience to customers through modern information and communication channels such as internet, tablets, and smartphones, while explicitly preserving the local contact between the customer and the branch manager whenever this offers added value.

In September 2014 the Argenta Banking app was launched. The end of 2014, there were already more than 45,000 customers using this functionality frequently, mainly for consulting their bank balances.

Argenta has also decided to launch an Investment House to focus on offering mutual funds, life insurance and other investment products. This will be centrally managed from the Investment House department.

5.3.4. Marketing and Communication

The marketing policy of Argenta Spaarbank and Argenta Assuranties in Belgium is centrally

managed by the Marketing and Communications teams that are part of the 'Digital Banking' department within Argenta Spaarbank.



Communication and dialogue

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

Argenta also wants its employees to work together as a team in a pleasant and transparent

atmosphere, which is to the point and clear. 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 quality performance and evaluation interviews. Argenta also organizes regular staff meetings, while staff are kept up to date on new projects and other business via the intranet and staff magazine.

Argenta's marketing policy in Belgium

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



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 seen its own customers and word-of-mouth advertising as its best marketing channel. The branches are responsible for marketing in their local areas, supported by national-level advertising in newspapers, social media, thematic magazines and sporadically on radio or television.

For the first time, Argenta worked for an entire year around a single theme. In 2014 'Healthy Investing' was a central theme, including a striking poster campaign in three waves, two waves of advertising on popular radio stations and the launch of the separate www.GezondBeleggen.be website, which focuses on current investment-related news.

The ability for people to ask questions about investing (Ask Argenta) not only provided useful questions and insights on customers' level of knowledge, but also many cases turned

out to provide rewarding commercial leads on customers and prospects with specific needs.

Proximity is a core value of Argenta. In 2014, Argenta highlighted this feature by partnering the Flanders Music Land summer concert series on TV Channel One, with a striking presence and activity in eight locations across Flanders. The importance of 'Healthy investment in balance' was a central theme here.

Argenta's image as a healthy bank was further strengthened by the excellent results in the ECB and NBB stress tests. Through its campaigns, Argenta has communicated to both existing and prospective customers about the healthy and sustainable nature of Argenta as a bank and insurer. At the end of 2014, Argenta was elected 'Bank of the Year' for the fourth year in a row on www.bankshopper.be.

BankShopper.be

The long-awaited launch of the Banking app served also to freshen up Argenta's image. With the arrival of a new digital platform in 2015, this will be further fleshed out.



Argenta's corporate identity

Argenta wants to be seen as reflecting the values of 'healthy, safe, simple and sober-'no frills'. Ever since it was founded, Argenta has been a bank for families, giving high priority to safe banking.

The communication identity that was developed in 2013, was further expanded in 2014. The word 'family' has a central place on all commercial media. A recognizable family, with different generations, different people and different life stories. People who also want to make the right financial decisions, advised by a trusted branch manager of a safe bank.

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

Argenta and the social media

Ever since Argenta started actively using them in 2013, social media like Facebook, Twitter, LinkedIn and YouTube have been an integral part of the everyday communication channels with customers.

Customers are also increasingly turning to these media to ask questions, point to problems or register complaints. This daily dialogue always requires a fast and correct response or solution to the problem. More than 10,000 followers and an excellent reputation for service give Argenta today an established place on the social media.

The Argenta webpages contain not just marketing stories, but also give space to little stories from customers and branch managers. In 2014, several dozen branch managers were trained to enable them to launch their own Facebook pages. In this way

they not only help put out the messages of 'Healthy Banking', 'Healthy Saving and Investing' and 'Healthy Housing and Living', but can also showcase local stories and their personal service. This programme will be expanded in 2015 to all interested branches.

To gain greater insight into customer likes and dislikes a reactive social media strategy was drawn up and introduced. Since September 2014, Argenta has been measuring what customers say about it through the various social media channels and using the results as input to improve services.

5.3.5. Management & Quality

The quality of the branch network needs to be explicitly monitored and developed. Right from the outset, the self-employed branch managers have invested in improving their knowledge and skills. The Branch Network and the Organization & Talent departments offer good support resources to the network.

Even so, the quality of services continues to vary significantly within the distribution network. To ensure that Argenta customers are offered the same level of service, regardless of which branch they use, a certification system has been introduced.

A certificate can be obtained after an evaluation of the trainee's hands-on experience and a review of their understanding of banking and insurance theory. One task for the Management and Quality department for 2015 is to develop standards of service for each product pillar.

In addition to the Quality service, this department includes Distribution Administration, Security, New Branch Policy and Support, and the Management Information service.

5.3.6. Product Management

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

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



Commercial department to develop creative solutions to increase customer satisfaction and maximize the market share of its products within the margins of sought-for profitability and accepted risks. The department is centrally controlled at Argenta Spaarbank and Argenta Assuranties in Belgium so as to optimize synergy between the two business areas. Even so, there remains a clear distinction between the two, with a Product Management Bank department for Argenta Spaarbank and a Product Management Insurance department for Argenta Assuranties.

The framework for product management is provided by the applicable rules and regulations of the relevant supervisory authorities concerning 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 and that products are offered in line with Argenta's philosophy and match the customer's profile.



Focus has been placed on standardizing the Product Approval and Review Process (PARP) to ensure that Argenta products are constantly tested against customers' requirements. These efforts are being continued in 2015. In addition, 2014 saw the introduction of a whole range of new legislative initiatives, which impact both banking and insurance products.

Emphasis on advice and on the customer's interests

Out of a concern for the long-term relationship, 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. Advisory discussions go further than product sales and advice. Customers can also avail of expertise on taxation, asset transfer and succession planning.

Argenta does not want commission-driven arbitraging in its sales network and avoids this through various controls and a healthy commission structure. Additionally, in 2014, an internal MiFID score was tracked at national, regional and individual branch level. Argenta Assuranties's 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 (class 21). Strong profit distributions, 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 pay when making their own money available to the bank. In addition to free current accounts, free bank cards and free internet banking, Argenta also offers free securities custody services. The growth in accounts shows that customers appreciate this philosophy.

Pillar	Free Banking Infrastructure	Belgium 2013	Belgium 2014	Netherlands 2013	Netherlands 2014
Savings and payments	Number of current accounts	997,000	1,033,000		Not offered
	Number of savings and term accounts	1,234,000	1,239,000	120,00	137,000
	Number of pension savings accounts	117,000	131,000		Not offered
	Number of internet banking subscriptions	544,000	592,000	124,000	135,000
	Number of debit and credit cards	1,302,000	1,409,000		Not offered
Investing	Number of securities accounts	123,000	133,000		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 principles for 'Healthy Saving and Investing'. Further information is available at www.gezondbeleggen.be

In composing its own funds, Argenta 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. The exclusion criteria were reviewed in 2013 and published on www.gezondbeleggen.be

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

- The "Best in class" funds: containing only companies that score best in their 'class' (= sector) on a range of social and ecological criteria. The values assessed are based on the Ethibel Sustainability Index (ESI).
- The "Theme" funds: only companies focused on sustainability themes are eligible. Since late 2012, Argenta has offered the GS&P Family Business fund that invests in family companies. These typically seek responsible long-term growth. Compared with 2012, 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 endorsed the UN Principles for Responsible Investment (UNPRI). GS&P has not endorsed these because it only invests in European family companies, which anyway are sustainable in character and where these rules are less important.

Healthy investment

Argenta Spaarbank – Investment funds

Assets under management, in EUR millions	2012	2013	2014		2012	2013	2014
'Exclusion criteria', before including companies in own funds	269,5	256,4	444,3	'Best in class' approach. Companies meet sustainability criteria	10,5	18,4	55,3
External fund managers screened for application of a sustainability policy	1.340	1.620	2.040	'Thematic approach' companies assessed on a specific sustainability theme	0,2	10,1	22,3

Argenta Assuranties – Insurance-based investments

Assets under management, in EUR millions	2012	2013	2014		2012	2013	2014
'Exclusion criteria', before including companies in own funds	122,7	155,2	262,4	'Best in class' approach. Companies meet sustainability criteria	/	3,7	20,4
External fund managers screened for application of a sustainability policy	315,1	487,1	712,8	'Thematic approach' companies assessed on a specific sustainability theme	/	3	9,5



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,

and Actuarial 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.

5.3.7. Contact Center & Customer Administration

The Contact Center of Argenta Spaarbank and Argenta Assuranties in Belgium is centrally managed from the Contact Center & Customer administration department.

Contact Center

The Contact Center received in 2014 360,000 telephone calls and 84,000 emails, a figure that is down for the second year in a row. The main reason for the lower volume was the transfer in 2014 of contacts coming from the Netherlands to the branch office in Breda.

In 2014, the Contact Center for the first time reached its accessibility target, as a result of a new incident management communication plan. The fact of placing decision-making responsibility for incident communication and for launching the BCM procedure for the branch network with the Contact Center, customers were each time informed rapidly and through various channels about incidents.

To ensure customer privacy and to prevent fraud by third parties, an identification matrix was developed and applied to the Contact Center. For each contact, specific customer data are requested in order to verify that the caller is indeed the right person and he or she is entitled to receive the requested information.



As in recent years, Argenta invested in 2014 in the knowledge of its Contact Center employees. Custom development plans based on knowledge tests, 200 hours of training per month and regular personal feedback supported employees in the continuous improvement of contact quality.

A regular NPS survey serves to monitor the contact perception of customers and branches.

Scores for waiting time, customer focus and problem-resolution capacity serve to show any needs for adjustments in order to ensure a good service.

The average overall satisfaction of customers and branches were respectively 8.4 and 8.8 out of 10. The upward trend throughout the year reflects the improvement made in service quality.

Customer administration

In 2014, Customer administration paid special attention to improving processes and procedures in order to increase efficiency and ensure better service.

The processing time for performing tasks relating to customer deaths averaged less than three days

throughout the year. In this way, their heirs receive fast service. However, the turnaround for identification-related tasks averaged 21 days. By focusing on tasks with direct and tangible impact on customers, the impact on the customer experience could be limited. In 2015, this problem will be solved, so that good processing times will indeed be feasible.

5.4. Finances

5.4.1. Accounting & Reporting

The Accounting & Reporting department consists of four services, each with its own specific tasks relating to 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 systematically taken throughout the year to ensure that the accounts of the respective Belgian entities were closed 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.

2014 was a year full of challenges. In addition to the influx of new legislation in the various departments, and the ensuing reporting changes, the accounts system was optimized and a new accounting application brought into use after an eighteen-month implementation process.

With this application, that introduced several modules that further automate manual processes, Argenta has laid the foundation for the years to come. With the new legalisation to be applied, the embedding of a fast closing process and having a robust central accounting system are absolute musts.

In 2014, the introduction of the CRR (*Capital Requirement Regulation*) for the Bank pool meant that additional figures have to be supplied in fixed-format tables within a shorter deadlines.

The Solvency II legislation for the Insurance pool comes into effect in 2015. In 2014, several departments contributed to the further design work on and automation of this reporting.

The appointment of the ECB as a regulator for the largest European banks expands and standardizes reporting at EU level. In the course of 2015, the impact of this on the Argenta organization will become clearer.

5.4.2. Financial Planning & Analysis

The Financial Planning & Analysis (FP&A) department provides 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 a business plan is drawn up with prospects for the coming years in terms of portfolios, results and ratios within a defined strategic and macroeconomic framework. Each month, this plan is compared with the actual figures and any deviations are thoroughly analysed and interpreted. On this basis also, the detailed budget is prepared for the coming year. Much attention is paid here to cost monitoring.

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.

The Billing and Procurement services are also part of this department. These take care of the procurement process from prospecting suppliers to paying the bills.

Along with a new accounting system, a new procurement application was also introduced, whereby all departments can enter orders directly. The heads of those departments can also monitor their own budgets and follow their orders. In this way, a lot of time is saved by eliminating unnecessary intermediaries.





Sustainable policy for purchasing products and outsourcing services

Argenta's procurement and outsourcing policy aims for a professional selection of suppliers of products and services, as well as a good alignment of risk, sustainability and cost, with the ultimate aim of improving the services provided to the clientèle. For this, Argenta applies a procurement and outsourcing policy with clearly defined criteria.

Each entity in the company needs to comply with the principles laid down in this policy. The agreements concluded reflect this.

Additionally, Argenta screens its strategic suppliers on a regular basis for integrity and sustainability. During 2014, no infringements by strategic suppliers were identified in respect of the services that they provide to Argenta.

- As a result of a sustainable procurement policy, 32 suppliers have signed the 'Argenta's sustainable principles' charter.
- In addition, with each new co-operation of any significance, the vendor is asked to sign the principles.

Description	2014
Number of new suppliers in 2014 (with a spend of over EUR 100,000):	9
Number of new suppliers in 2014 (with a spend of over EUR 100,000) which have signed the charter:	4
% of significant new suppliers who have signed the charter	44 %



5.4.3. Treasury and ALM

Market Risk, Liquidity Management, Investment Policy and Capital Management at Argenta Spaarbank and Argenta Assuranties in Belgium are centrally managed from the Treasury and ALM department.

- **Market risk management** consists mainly of managing the pure interest rate risk, based on the sensitivity of the market value 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.
- **Investment policy:** Argenta attracts funds through current and savings accounts and term deposits and investment insurance and reinvests them in the first place on the retail customer market, mainly in the form of housing loans. Liabilities are also reinvested in the investment portfolio and as loans to local and regional authorities. Credit risk monitoring is crucial in this portfolio.
- Argenta must at all times comply with the capital ratios and strives for a healthy balance between the Company's objectives and the prudential requirements by:
 - complying at all times with the minimum requirements of the regulatory authorities;
 - meeting additional self-imposed additional requirements from the risk appetite framework;
 - managing and allocating capital efficiently with a view to structural optimization of return and to facilitate the growth objectives;
 - striving to meet the A- capital requirements of Standard & Poor's for Argenta Spaarbank (via ICAAP 99.90%).



Sustainable investment of funds raised

Sustainability is part of Argenta's investment policy of Argenta. It attracts large sums from customers via current and savings accounts, term deposits, retail savings certificates, and investment insurance. The investment funds and insurance match fall within the 'Healthy savings and investments' policy and are screened for their sustainability.

Action Learning about Sustainable, Responsible and Impact investing

On 17 October 2014, Argenta organized an action learning in collaboration with Antwerp-Itcco. This event offered an overview on the current situation, opportunities, risks and the importance of social investment, sustainable investment and financial ethics. Eight experts and 40 stakeholders attended this interactive seminar and exchanged views.

Argenta as a stable banking and insurance partner

On 1 January 2014, the new CRD IV and CRR capital standards came into force. The introduction of the European legislation is supplemented by a number of national provisions laid down in the new banking act where the European rules provide this possibility. The new banking act determines how the various options and transitional measures of the European legislation are to be implemented in Belgium. The European regulations together with the national rules as laid down in the new banking act form the new prudential capital rules.

In terms of capital adequacy, the new European and national capital rules are aimed at improving the quality of capital held and strengthening the capital base. The financial crisis brought to light a major undercapitalization.

Banks now need to maintain a strong Tier 1 capital buffer comprising equity of the highest quality - Common Equity Tier 1 (CET1). The Tier 1 capital buffer is at least 4.5%, and is increased with additional CET1 capital buffers. These are the capital conservation buffer (2.5%), the countercyclical capital buffer (0-2.5%) and the capital buffer for system and macroeconomic risks (0-5%). In addition to these general capital buffers, the regulator may, based on the risk assessment in the *Supervisory Review and*

Evaluation Process (SREP) require the bank to hold a bank-specific buffer to cover the risks to which the bank is exposed. This decision is taken by the ECB, which since 4 November 2014 has been responsible for prudential supervision, on the basis of a proposal by the NBB.

At group level Argenta applies the 'Danish compromise' method of the CRD/CRR. This treatment means that the investment in insurance institutions is weighted rather than deducted from equity.

The risk-weighted capital framework is supplemented by a leverage ratio - a non-risk-weighted measure. This measure imposes a limit on the build-up of excessive debt, which was one of the causes of the crisis. Pending harmonization of the leverage ratios in 2018 the ratio is introduced as an observation ratio from 2015. The leverage ratio given below is our own calculation in which the Tier 1 capital is offset against the entire balance sheet total, but without off-balance sheet items

Argenta Spaarbank	2012	2013	2014
Tier 1 capital / risk-weighted assets	16.1 %	16.9 %	16.9 %
Tier 1 capital / total assets (leverage)	3.5 %	4.0 %	4.2 %



“Argenta’ image as a healthy bank was further strengthened by the excellent results in the ECB and NBB stress tests. With the attractive profit earned in 2014 the capital ratios of the bank and the insurer are even higher.”

Christine Vermeylen, Secretary General

As an insurer, Argenta Assuranties follows the solvency regulations. Insurance contracts bring with them obligations towards policyholders and their beneficiaries, requiring the insurer to maintain a certain amount of capital.

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

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

Argenta Assuranties	2012	2013	2014
Available capital / required capital	196 %	199 %	194 %



In anticipation of Solvency II, which comes into effect in 2016, the Belgian and Dutch regulatory authorities have already issued regulations containing interim measures whereby Argenta is required to undertake, among other things, an ORSA (*Own Risk Self Assessment*) of the risks and report

to the supervisory authority in 2014 and 2015. Any effective risk has an impact on the insurer's financial position, with possible consequences for the insureds. These risks are quantified in ORSA and reported to the authorities.



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 contracts, and lends these out to families with a

temporary cash shortfalls or investment plans. In 2014, 68% of the savings money and insurance contracts went back in loans to households.

Savings and insurance contracts 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	2012	2013	2014
Household savings and insurance contracts:			
In EUR millions	32,431	33,425	34,814
as % of total equity **	91 %	94 %	92 %
Loans and advances to families:			
In EUR millions	20,102	22,256	23,790
as % of total equity **	62 %	67 %	68 %
in % of total Argenta assets	57 %	63 %	63 %
Reinvestment in Belgian government bonds (*)			
In EUR millions	6,657	5,523	4,258
as % of total equity **	21 %	16 %	12 %
in % of total Argenta assets	19 %	15 %	11 %
Reinvestment in non-Belgian government bonds:			
In EUR millions	1,676	1,459	1,539
as % of savings from families	5 %	4 %	4 %
in % of total Argenta assets	5 %	4 %	4 %

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

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

Reinvestments are subject to strict Treasury and ALM rules. In this way Argenta does not invest in exotic instruments. Speculative transactions to

generate profits in the short term ("trading") are not allowed. For the bank, investments in equities are not allowed. For the insurance business they are acceptable in limited quantities and restricted to specific sectors. All reinvestments are in euros; in this way there is no exchange rate risk.



5.5. Information and communication technology

ICT at Argenta Spaarbank and Argenta Assuranties in Belgium is centrally managed from the IT departments within Argenta Spaarbank.

In 2014, several projects were completed that further support the growth of Argenta in Belgium. These include the launch of the Argenta Banking app for mobile devices and the introduction of a new software package for Accounting and Procurement. The intranet was updated, both for branch managers (Branch Portal) and for the headquarters (Plaza).

Other larger business projects are ready for implementation at the start of 2015: automating the management of the branch manager channel and the new credit application applications.

Internally a number of projects were launched to increase the efficiency of the department. With the 'Development of Optimization by addressing Configuration and Deployment Management' project, the organization successfully defined a uniform approach to building the development environment and keeping it up to date, and for bringing together the different components of an application.

An updated configuration management approach was developed for the Thaler core banking platform. In 2014, the department worked on setting up an efficient release management process, to be implemented in 2015.

ICT supported an innovative and unique product, the 'Mortgage Profit Savings account' (HypotheekProfijtSparrekening). This savings product, which extends the product range in the Netherlands, offers an alternative to parents and friends who want to help mortgage customers but without directly giving money.

In 2014, major components and procedures were installed and tested to ensure the continuity of critical business processes. Tests were carried out in particular (with positive results) for the *Disaster Recovery* of the network and business-critical applications. The contracts with HP and Verizon were also renegotiated. The infrastructure covered by the negotiations will be renewed in 2015 in cooperation with the procurement department.



ICT offers a stable and efficient base for building and supporting services

ICT focuses on reliable and secure digital solutions

ICT innovates and makes innovation possible

The ICT organization grows from within, strengthening what is already there and building an ICT architecture with which to support and realize the Argenta 2020 goals.

6. Description of the activities of argenta spaarbank

Argenta Spaarbank, together with the branch in the Netherlands and Argentabank Luxembourg forms the Argenta 'Bank pool'.

6.1. Impact of the general financial economic situation

In a context of very low inflation and interest rates, slow economic growth and increasing regulatory pressure, Argenta Spaarbank can present excellent results.

The balance sheet is growing healthily. The mortgage portfolio rose strongly due to the high production. Its quality also remained very good. As a result, investments reduced somewhat.

Argenta pursues a prudent investment policy. The bank is working on diversification into loans to local governments and projects. The Investing pillar is being promoted to diversify both income and the offering to customers. Positive signals from the stock market are increasing customer interest in these products.

The bank's profit is the highest in its history, rising sharply on top of last year's excellent results. Over a period of three years, profit has more than doubled. Profit retention is enabling equity to rise further.

The favourable evolution of solvency and liquidity ratios continues. Argenta amply meets all regulatory ratios.

6.2. Rating

The Standard & Poor's rating agency has rated Argenta Spaarbank since 2005. The credit rating expresses the institution's financial strength measured in terms of solvency, liquidity, business position, risk profile and creditworthiness.

Throughout the financial crisis, Argenta maintained its BBB+ rating, whereas nearly all other banks saw their ratings cut during in that period. met negative outlook.



During the crisis years, Argenta proved its financial strength and reliability, out of its own strength and without any support from government, while even growing strongly in size.

In April 2014, Standard & Poor's upped Argenta Spaarbank's rating from BBB+/ A-2 with stable outlook to A-/A-2 with negative outlook.

This increase is mainly due to a further improvement of the *risk adjusted capital* ratio to above 15%, an exceptional level for which the outlook in the medium term remains favourable. The increase took place at a time when the rating agency's general sentiment towards the banking sector was rather negative.

In addition to the strong capital ratios, Standard & Poor's also took into account the fact that in 2013, Argenta Spaarbank presented significantly better than expected earnings. This was the result of, among other things, a strong focus on growth in the core businesses, especially private housing financing in Belgium and the Netherlands, two markets that are again exhibiting signs of economic stabilization.

Standard & Poor's assumes that Argenta, as part of the Belgian local banking system, enjoys a limited implicit government support. With the introduction of the European bank restructuring system, Standard & Poor's is now also taking into account a possible reduction of this support for all European banks. A technical result is that the prospect indication associated with the credit rating was lowered from stable to negative.

6.3. Banking, Savings and Investing

Argenta Spaarbank had another good year in 2014, with a growing number of customers and deposit amounts.



6.3.1. Trends in payment traffic

Digitization

No trend has had such a profound and rapid impact on the financial services industry in general and for daily banking in particular as digitization.

With the rapid expansion of the ownership of smartphones and tablets, today's consumers can purchase goods and services at almost any location and on the device of their choice. Payments too need therefore to blend seamlessly into the overall digital experience. The challenge the bank is facing today is to tear down the walls between the traditional banking channels so as to provide customers with an overall positive banking experience, regardless of location, time or device.

Argenta too took a major step in this evolution in 2014 by launching its Argenta Banking app in September. With this application, customers can consult transactions (back to 2008) or check their account balances and make transfers. Like with other banks' apps, transfers are undertaken without Digipass (after authorization), but using a five-digit pincode. It is also possible to find a branch or an ATM.

The number of current accounts increased by 3.5%. The number of cards (both debit and credit cards) increased by more than 110,000 to over 1.4 million. The growth in the number of internet banking subscriptions also continued apace in 2014 (+9% in Belgium). See 'Product Management' above.

A new credit card

At the end of 2014, Argenta launched its Golden credit card. In addition to a higher monthly limit, this credit card offers a wide range of insurance products for customers looking for that little bit extra.

6.3.2. Trends in savings

The savings trend observed in 2013 continued in 2014, with Belgian savings remaining at a comparable level (NBB forecast). Liquid deposits maintained their important place in the composition of individuals' financial assets. Both short and long-term interest rates fell further, as a result of macroeconomic developments within the Eurozone.

The historically low long-term rates, combined with the difference in withholding tax treatment, meant that individuals again remained averse in 2014 to long-term fixed income products. As a result, financial institutions, including Argenta, saw their portfolios of term products shrink in favour of savings deposits.

The stock markets also continued to produce good results in 2014. As a result, consumers saw investment funds and insurance-based investment as an attractive alternative to low-income savings.

Midway through 2012, the Netherlands branch switched to a direct internet channel ('Sparen Direct') making it possible to become an Argenta customer without the involvement of any intermediary. In 2014, virtually all new customers used this online channel.

In May 2014, Argenta expanded its product offering with an innovative product, unique for the Netherlands: the 'Mortgage Profit Savings Account' (HypotheekProfijtSpaarrekening), where mortgage customers receive an additional interest rate discount when parents and friends also save at Argenta.

In 2014, the Netherlands Branch took in EUR 2.1 billion in savings.

Several major initiatives were taken to make services more customer-focused and quality-driven.

Expanded range of term products

Thematic Citizens' Lending

From early 2014, individuals could subscribe with Argenta to time deposits opened under the Law on Thematic Citizens' Lending. This seeks to encourage long-term savings in the form of term deposits and retail savings certificates, so as to facilitate long-term lending to socio-economically and socially valuable projects.



Step-up Term Deposit

In October 2014, Argenta introduced new type of term account. The Step-Up Term Deposit is a term account with annually rising interest rates. The product is available in different maturities.

Legal changes

Freezing of the withholding tax exemption on regulated savings accounts

The Finance Act of 19 December 2014 put an end to the annual indexation of the interest exempted from withholding tax. Interest on regulated savings accounts is taxable from EUR 1880 upwards, both for income year 2014 and for the following years.

Transversal RD on Information Requirements

The 'transversal' Royal Decree of 25 April 2014 introduces new disclosure requirements for financial products, including savings. The Royal Decree establishes new rules for advertising, a standardized information sheet and a uniform risk label. For regulated savings accounts, the new information sheet will replace the current document with essential information for savers. The new law goes into effect in June 2015, but its entry into force may possibly be postponed.

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

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

6.3.3. Trends in investments

The portfolio of Undertakings for Collective Investment (UCI) certificates placed by on behalf of customers grew in 2014 by EUR 685 million, or 36.0%, to a total of EUR 2 billion.

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



A vehicle for private customers to make provision for old age

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

In 2014, pension savings again grew further, with 131,300 customers paying in a total of EUR 86 million. These are 14,700 customers more than the year before (116,600 in 2013 for a total of EUR 76 million). This upward trend is also visible in pension savings insurance, even if annual payments for this product are considerably lower. For both pension savings and pension savings insurance, 14% of the enrolments are from persons aged under 30. This is also an increase compared with the past.



"Our Argenta house funds achieved strong growth in 2014"

Isabelle Willems,
Productmanager Beleggingen
& Koen Maenhout,
Productmanager Levensverzekeringen





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. Investment products are selected in consultation with the customer and in line with the risk profile that the branch manager has prepared on the basis of a questionnaire filled in with the customer.

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

Argenta-Fund wants to provide investors with an attractive return by investing in a selection of securities, chosen in the light of the customer's desired risk level.

11 sub-funds invest exclusively in equities, spread across different countries, regions and sectors. There is also one bond-only sub-fund and two mixed bond+equities sub-funds.

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 by Argenta through Argenta Bank Luxembourg. In late December, total assets under management amounted to EUR 888 million, up 76% or EUR 383 million on the year before. Argenta Spaarbank also distributes UCI units in guided architecture. It distributes UCIs managed by Petercam nv, by Carmignac Gestion SA, by Edmond de Rothschild Asset Management and by GS&P. With a combination of own funds supplemented by funds from selected partners Argenta consciously opts for a compact but complete offering.

Argenta Spaarbank also distributes structured notes issued by BNP Paribas nv, BNP Paribas Arbitrage Issuance bv and Securasset SA. In 2014, there were eight new issues. Total sales amounted to EUR 105 million, including entry fees. On 31 December 2014, the total structured bonds portfolio amounted to EUR 815 million.

6.4. Lending

6.4.1. Belgium

After the excellent results of 2013, when it granted EUR 2.2 billion of home loans, Argenta had the ambitious goal of producing the same credit volume in 2014. However, with falling interest rates and the strong price competition, Argenta had to surrender market share in the first half.

From September onwards, the mortgage market in Belgium, and particularly in Flanders, experienced near-explosive growth. The reasons lay clearly in the combination of the announced reduction of the housing bonus in Flanders from 2015, low interest rates and the many applications for refinancing. In the autumn, Argenta therefore pulled out all the stops to recapture market share. This resulted in a sharp catch-up movement.

2014 closed with a total production of some EUR 1.9 billion. It should be noted that in the light of the specific market conditions, the percentage of internal refinancings was particularly high, especially in the last months of the year, at approximately 14% of production. The new production of 2014 thus amounts to about EUR 1.6 billion.

In 2014, the production of instalment loans amounted to EUR 25 million. This is well below the 2013 figure of EUR 49 million. It remains Argenta's conscious strategy to focus on credit activities that meet customers' basic financial needs, that is especially mortgage loans and, to a limited extent, instalment loans.



6.4.2. Netherlands Branch office

In 2014, mortgage production by the Netherlands Branch amounted to EUR 1.66 billion.

In this way the combined Belgian and Dutch mortgage loans portfolio increased by 14% to EUR 22.6 billion.

Several important initiatives were taken in the direction of more customer-focused and quality-driven services.

The 'Quest' migration project was launched in 2014 with the goal of centralizing at Quion the two mortgage portfolios outsourced to Stater and Quion. This increases the manageability of the portfolio and reduces the complexity of the IT infrastructure.



7. Description of the activities of argenta assuranties

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

7.1. Impact of the general financial economic situation

In 2014, Argenta Assuranties again continued to grow. Despite low interest rates making term saving less attractive, premium income from the life insurance activities grew solidly. The portfolio increase was mainly due to the success of the new Argenta Life Plan product.

Branch 23 insurance again experienced a strong growth; with positive signals from the stock market increasing customer interest in these products.

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

Argenta Assuranties contributes to the deposit and guarantee fund. The levy amounted to EUR 4 million in 2014.

Argenta Assuranties easily meets all solvency requirements. Work continues on the transition to the new Solvency II solvency framework, including a comprehensive ORSA.

Argenta Assuranties achieved the highest profit in its history. The sharp increase compared with 2013 reflects to a large extent a reversal of the equalization reserve.

7.2. Insurance business

On the Assuralia ranking of insurers by premium income, Argenta Assurantie climbed in 2013 to tenth place in Belgium. For life insurance Argenta Assuranties is placed seventh in Belgium.

Argenta Assuranties offers a wide range of products for private customers. In the Netherlands, Argenta-Life Nederland offers outstanding balance

insurance and manages the portfolio of endowment policies accumulated until the end of 2012.

Argenta frequently conducts tests to verify the soundness of the provisions set up in order to meet future obligations. Analyses of the *embedded value*, the *combined ratio*, the *value new business* and *profit* tests are good tools for controlling profitability and risk management for both life and non-life insurance. Argenta is anticipating the new Solvency II regulatory framework by participating in QIS (*Quantitative Impact Study*) exercises and ORSA (*Own Risk and Solvency Assessment*) in both the Netherlands and Belgium.

7.2.1. Life Insurance Belgium

In 2014, the portfolio returned to growth, with new contracts volume rising to above EUR 1 billion. The Argenta Life Plan product launched in 2013 is proving a bull's eye, with this branch 21 savings insurance accounting for more than half of the premium income from new contracts. Alongside this, branch 23 investment insurance also grew strongly, with production (including transfers from existing contracts) growing from EUR 207 million in 2012 to EUR 260 million in 2013 to EUR 360 million in 2014. Life insurance sales, with a diverse range tailored to the customer's personal needs and financial capacities, are part of 'Healthy Investing'.

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

Sales of outstanding balance insurance, usually related to the sale of credit products by Argenta Spaarbank, declined in 2014, in line with mortgage production.



Branch 23 takes Decavi trophy

In 2014, Argenta Assuranties took a DECAVI® trophy for life insurance for the second year running. The recognition was obtained in the 'class 23 funds of the Medium and High Risk type' category, with Argenta Fund Plan Farma-Chemie. In addition to the intrinsic merits of the fund in question, the panel of judges also took into account the insurer's representativeness on the Belgian market.

Profit sharing

For certain life insurance policies in effect on 31 December 2014, a profit-sharing bonus was granted subject to a number of criteria.



For 2014, a profit sharing Argenta Life Plan is proposed based on the following scale:

- a gross return of at least 2.40%
- a profit sharing bonus of at least 0.30% for all units up to 2.40% inclusive

Unit	Profit sharing in 2014	Gross return in 2014
1,70 %	0.70%	2.40%
1,90 %	0.50%	2.40%
2,10 %	0.30%	2.40%

For Argenta-Flexx, Leven Plus and Jeugdspaarplan a profit sharing is proposed based on the following distribution:

- a gross return of at least 2.20%
- a profit sharing bonus of at least 0.10% for all units up to 2.40% inclusive

Unit	Profit sharing in 2014	Gross return in 2014
1,00 % (Kapitaal Plus)	0.70%	2.40%
1,60 %	0.50%	2.40%
1,70 %	0.30%	2.40%
1,80 %	0,40 %	2,20 %
2,00 % (Kapitaal Plus)	0,20 %	2,20 %
2,25 % (Kapitaal Plus)	0,15 %	2,40 %
2,30 %	0,10 %	2,40 %
2,40 %	0,10 %	2,50 %

For Kapitaal Plus the same returns apply except for the recent deposits at 1% where the profit sharing is limited to 0.15%.

For units with a guaranteed interest rate of 2.60% or higher, the overall gross return for 2014 is equal to the guaranteed interest rate for that unit. For these units, there is therefore no profit sharing.

7.2.2. Non-life insurance

The indemnity and health insurance portfolio continued to grow. Premium income amounted to EUR 117 million.

By the end of 2014, the total number of car insurance policies had increased by 6.5% to 115,344. In terms of the number of customers, 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 'Verzekerd Wonen' fire insurance. By the end of 2014, the total number of family policies had increased by 12% to 89,186. The total number of fire policies amounted at the end of 2014 to 136,744, an increase of 11.5%. Despite strong growth it is again true here that the penetration in family and fire insurance is rather low.

Argenta Assuranties is a major provider of individual hospitalization insurance. In 2014, the company adjusted its premiums here in line with the consumer price index.

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



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.

Innovation

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



A second 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 claim events are eligible for this 'remote expertise'.

The mobile claims app was launched in September 2014. In subsequent months, 23% of all claims were filed using this app.

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



7.2.3. Life Insurance Netherlands

Argenta-Life Nederland (ALN) is Argenta's Dutch life insurer Argenta. 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 single instalment mortgages and deposit account 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 mortgages. This reorientation and testing led ultimately to further growth, which continued into 2014.

Premium income amounted in 2014 to EUR 54.6 million. The technical provision amounted at 31 December 2014 to EUR 275 million. This is an increase of over 26% compared with 31 December 2013.

At the end of 2014, ALN managed a total of 23,978 mortgage insurance policies and already 10,845 mortgage protection life insurance policies. 2014 closed finally with a net profit of EUR 2.8 million (+ 10%).

7.2.4. Life Insurance Luxembourg

The sale of new policies was stopped in 2011. The portfolio was run down and by 31 December 2013, all insurance policies had been redeemed. The company was dissolved in 2014.

7.3. Actuarial department

The main tasks of the Actuarial department, in respect of both Life and non-Life insurance are:

- risk analysis and mitigation in the context of major administrative, process and product changes.
- developing and maintaining models for ALM, portfolio analysis and *profit testing*;
- analysing portfolios and their profitability;
- proposing initiatives to the Executive Committee to take advantage of new opportunities with regard to rates, conditions, products;

- reporting to the Executive Committee;
- advice on the business plan (priorities and direction); and
- advice on acceptance policy, profit-sharing policy, product conditions and features, reinsurance and claims policies.

The Actuary department also provides actuarial assistance in complex cases to the Life Insurance department.

7.4. Actuarial function

The actuarial function provides Argenta Assuranties and ALN with independent and objective advice on launching or adapting insurance policies, and on annual reporting.

The aim is to help the effective management in the pursuit of the pre-set objectives. The actuarial function has no control function here, but rather one of providing management advice.

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

At Argenta, the actuarial function is outsourced to the firm Energy C.A. in the persons of Willy Everaert and Kim Everaert.

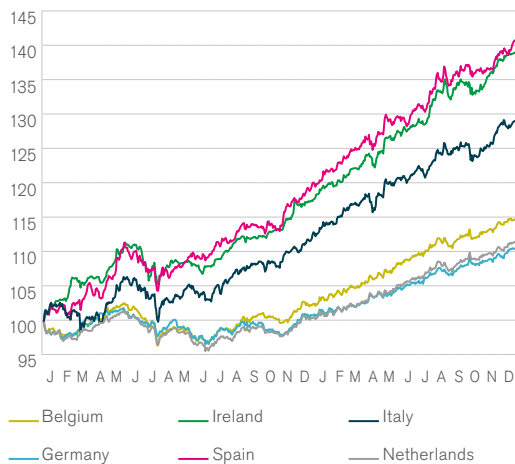


8. Macro-economic environment

2014 will go down in history as a year in which financial boundaries were shifted fundamentally. Share prices on Wall Street climbed sharply, interest rates in Europe reached an all-time low, both movements producing substantial gains in the financial markets.

European interest rates fell much further, and not only in the core Eurozone countries, but also in most of the peripheral countries such as Ireland, Spain, Portugal and Greece. This decline went hand-in-hand with a reduction of the interest rate differential with Germany. In this way bond prices rose in the Eurozone to a level that would have been unthinkable a few years before.

Chart 1: Evolution of long-term bonds in the Eurozone (7-10 year zone) in 2014



Source: Thomson Datastream.

Only in Greece did the interest rate differential with Germany widen, owing to internal political tensions. With the risk of a repeat of the Eurozone crisis deemed quite low, fear of this was limited. The ECB, the monetary authority for Europe, is particularly alert in this respect, and has the necessary resources to prevent other countries being caught up in the spiral. For this reason the 'flight-to-quality' premium, that is when investors sell high-risk investments and buy low-risk ones, has reduced in the Eurozone a pre-crisis level. This premium is measured as the difference between the IRS

2-year rate and the interest rate on 2-year German government bonds. This tells us whether financial markets view as higher or lower the likelihood of serious risks that could threaten the survival of the Eurozone.

Chart 2: 'Flight-to-quality' premium in the Eurozone



Source: Thomson Datastream.

The slow economic growth in 2014 resulted in a general fall in the interest rate on long-term bonds in the Eurozone. An aggressive stimulative monetary policy put paid to any appreciable recovery. However, this policy is neutralized by an imposed austerity policy and upward pressure on the required capital buffers of European banks. This pressure results from the consequences of the 2008 financial crisis. During that crisis, the equity base of a number of banks was unable to withstand the extreme shocks on the financial markets. To make the financial sector more stable, policy-makers therefore opted for a policy that gradually increases the capital buffers, both quantitatively and qualitatively. However, such a policy choice has a decidedly pro-cyclical effect, driving banking institutions in the direction of non-capital-weighting investments, such as government bonds and making them rather reluctant, owing to the higher capital requirements to provide credit to businesses and individuals.

That reluctance was further reinforced by the fact that most institutions were uncertain about the imposed, strict stress tests. However, the published

results of these more stringent tests were largely encouraging. This limiting factor will therefore take a less problematic dimension in the coming period. Financial markets view the likelihood of a new systemic crisis in the European banking sector as small (and declining). This evolution can be identified by measuring the difference between the interbank rate and the ECB policy interest rate. An increasing (or decreasing) difference between the two factors indicates an increase (or decrease) in the banking risk in the Eurozone.

Chart 3 : Evolution of banking risk in the Eurozone

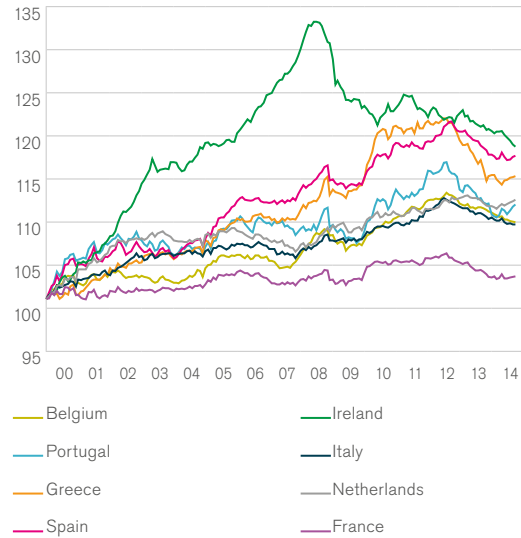


Source: Thomson Datastream.

The governments of most Member States have had savings imposed on them. This is aimed at making the Eurozone economically and financially stable and avoiding the repetition of the upheaval of 2010-2011. To maintain a currency union, such savings are economically meaningful if as a result the efficiency ratio gradually converges between the various participating countries. This evolution is calculated based, among other things, on the real effective exchange rates. The sharp inequality of this economic parameter was one cause of the Eurozone crisis in 2010-2011. The imposed savings successfully reversed this disturbing trend. But the most recent developments seem to indicate that the positive impact of the imposed savings have reached a (temporary?) boundary.

Chart 4: Evolution of the real effective exchange rate of the Eurozone

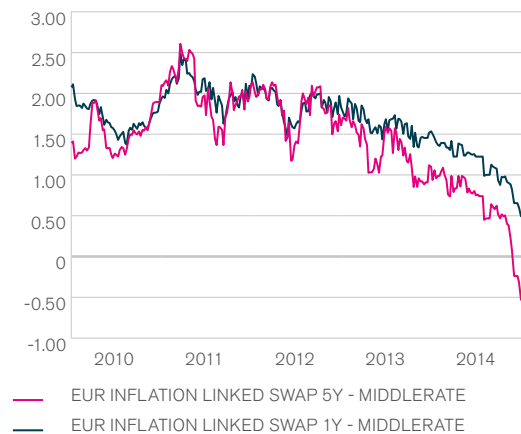
(Comparison of the development of the particular country's efficiency level compared with Germany)



Source: Thomson Datastream.

The combination of successive downward revisions of economic growth forecasts with ever lower targeted inflation drove interest rates on government bonds to a level that until recently was considered only a theoretical possibility.

Chart 5: Inflation expectations in the Eurozone: 1 and 5 years



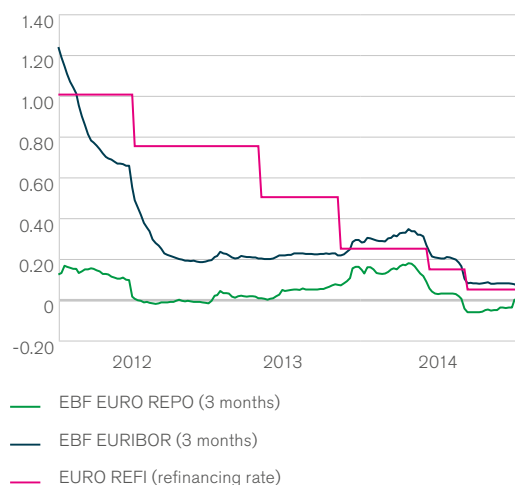
Source: Thomson Datastream.



The sharp fall in oil prices - of an order of magnitude not seen since 1986 - drove the inflation outlook to an even lower level. And at the same time the prospect of the ECB moving to buy European government bonds on a large scale put even further downward pressure on long-term rates. These rate cuts naturally gave rise to substantial gains on positions held in European bonds. However, they represent at the same time a not inconsiderable challenge when it comes to the future return on risk-free financial positions.

The European short-term rates have long explored the area around the zero point. Some European policy rates even tried to use negative interest rates to give the necessary direction to the flow of money into the financial system. The repurchase rate, by which money can be borrowed from the ECB against guarantees (widely defined), spent much of the year in negative regions. However, this was not enough to kick-start investment in the Eurozone.

Chart 6: Evolution of the European policy rate



Source: Thomson Datastream.

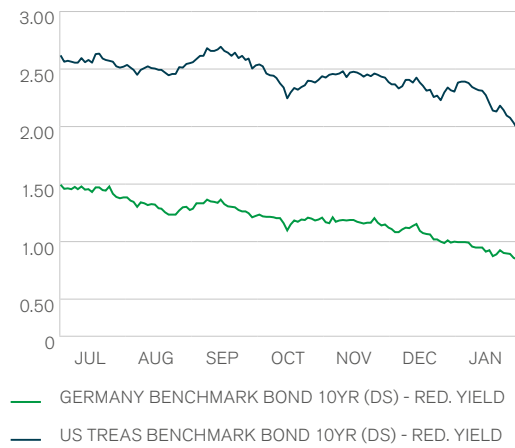
The prospect of (still) lower long-term rates and higher required capital buffers drove banking investments primarily in the direction of government securities and interbank placements, rather than the desired financing of long-term investments in European industries. For this reason the 'refi' interest rate is directing rates on the interbank market further downwards via its ceiling rate and in future will push revenues on government bonds via a *quantitative easing* (QE) program to such a low level that the return on loans presents a sufficiently attractive option for banks.

Extremely low interest rates, non-existent inflation fears, sharply fallen oil prices, the higher exchange rate of the US dollar and the prospect of further monetary incentives are a unique combination. All this should enable the Eurozone to gradually find its way to higher growth and towards an appreciable recovery of its economy.

Such acceleration of substantial magnitude could already be observed in 2014 in the US. Here both the economic indicators and expected operating results were able to produce a significant recovery. The US has been able to recover distinctly faster from the 2008 financial crisis. That is not surprising: the impact of the banking sector in the US is much lower than in Europe. That makes recovery in the real economy much less dependent on the stabilization of the risks in the financial sphere. Moreover, the US did not face the problem of unsustainable internal economic divergence, as between the member states of the Eurozone. In this way lower interest rates relatively quickly produced an economic recovery in the US construction sector.

The US monetary authorities were able to call a halt to their aggressive acquisition program at the scheduled time: just before the mid-term US elections in early November. The expected election victory for the Democratic Party failed to occur, but even more surprising was the even further fall of the US long-term rates.

Chart 7: Evolution of US and German government bond rates (10 years)



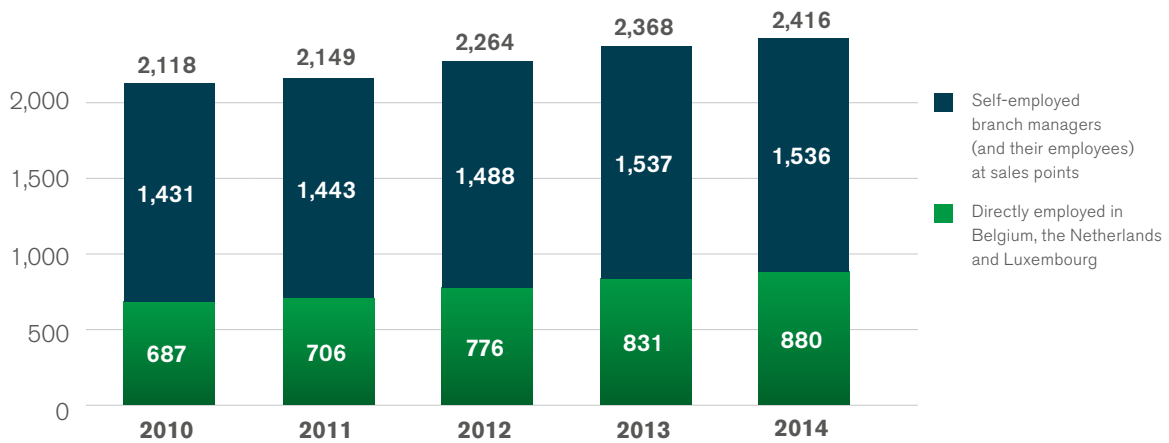
Source: Thomson Datastream.

This unexpected move was caused on the one hand by the international context of weakening growth in the world economy and increasingly lower inflation expectations. On the other hand there was the better than expected economic growth, improving the budget situation in the US, with the government having to seek less financing on the US capital markets.

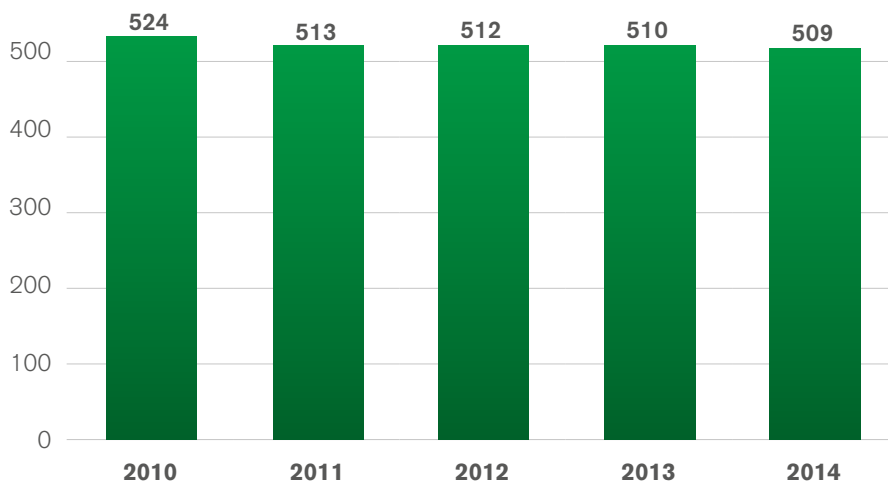


9. Key financials: Argenta bank- en verzekeringsgroep

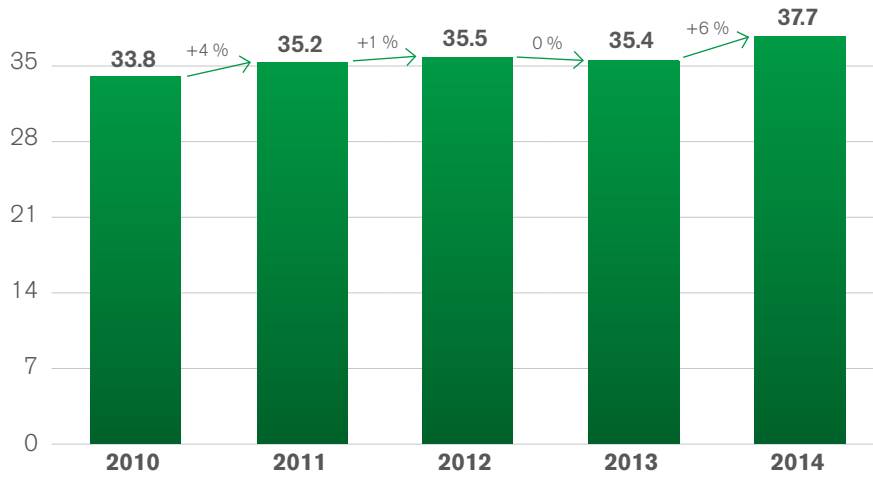
Employment



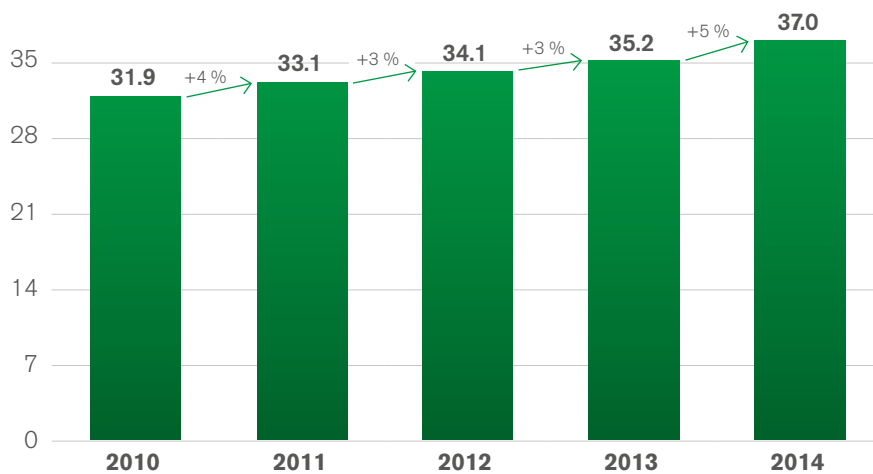
Number of sales points in Belgium



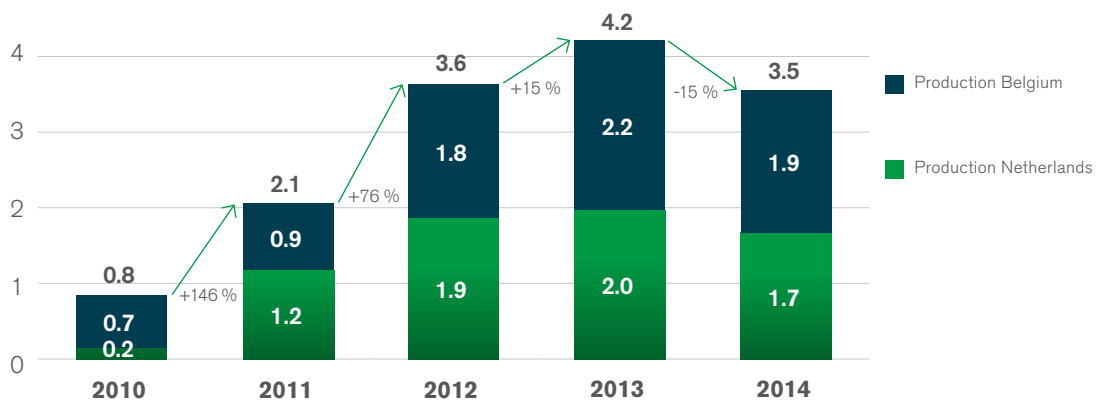
Consolidated balance sheet (Euro in billions)



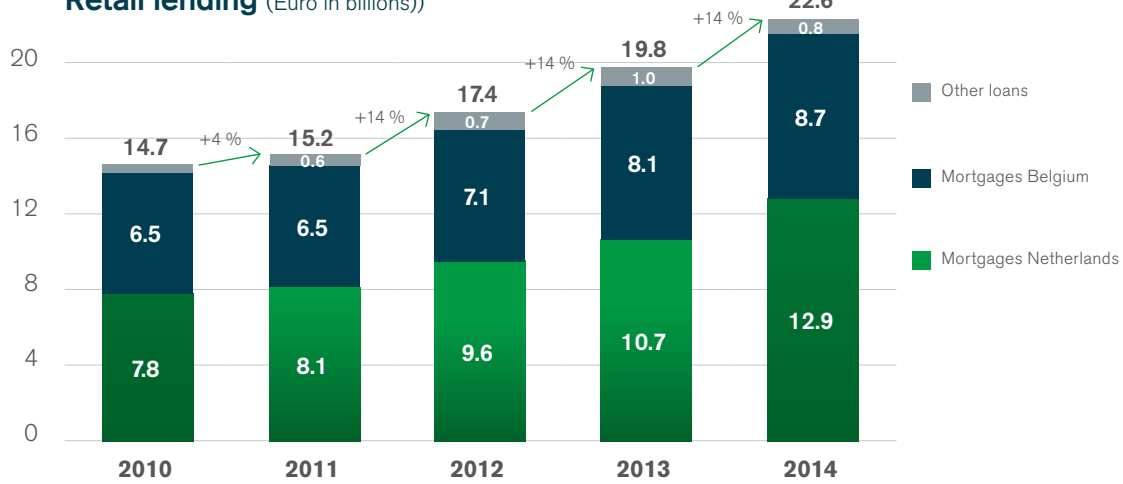
Funds collected from the public (Euro in billions)



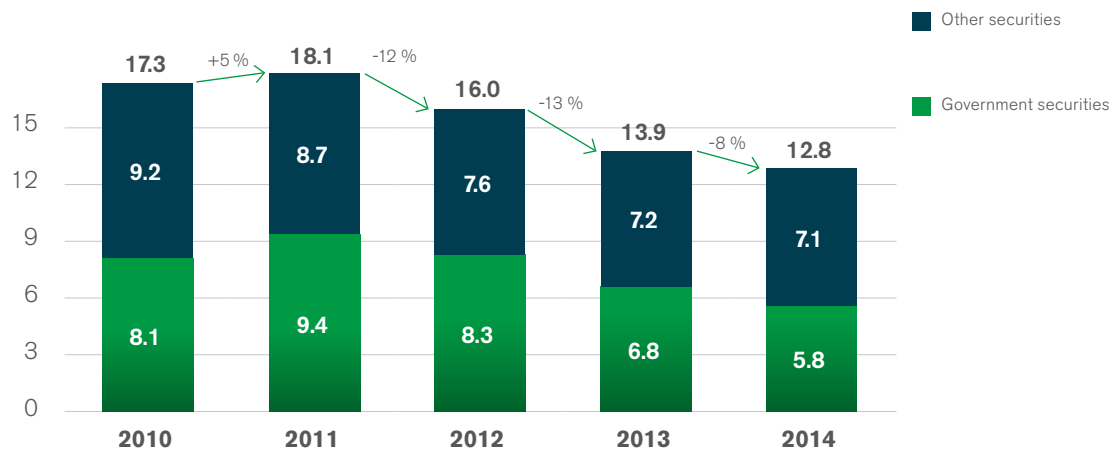
Mortgage production (Euro in billions)



Retail lending (Euro in billions)



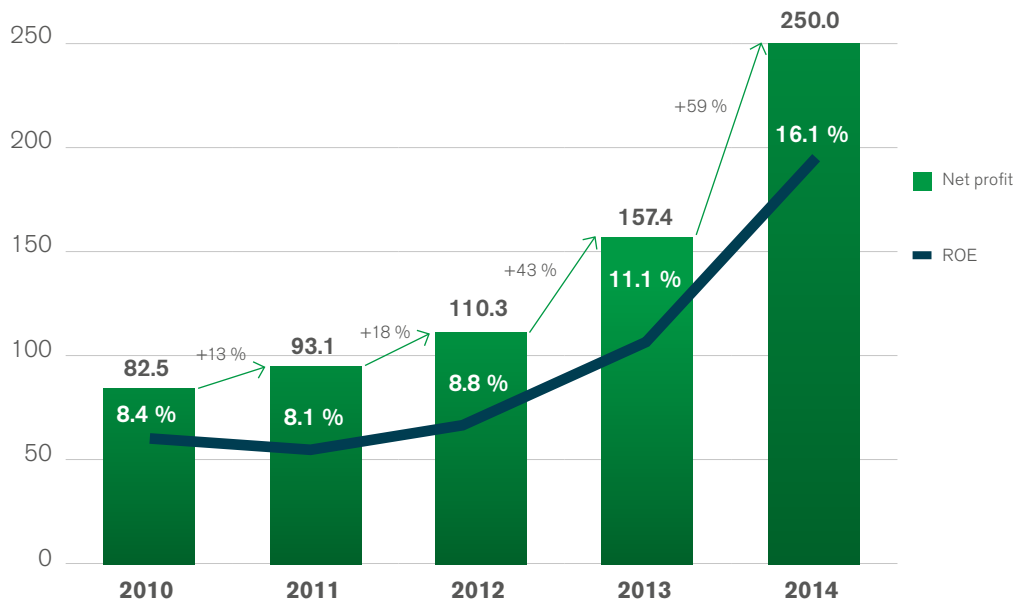
Bonds and fixed-income securities in investment portfolio (Euro in billions)



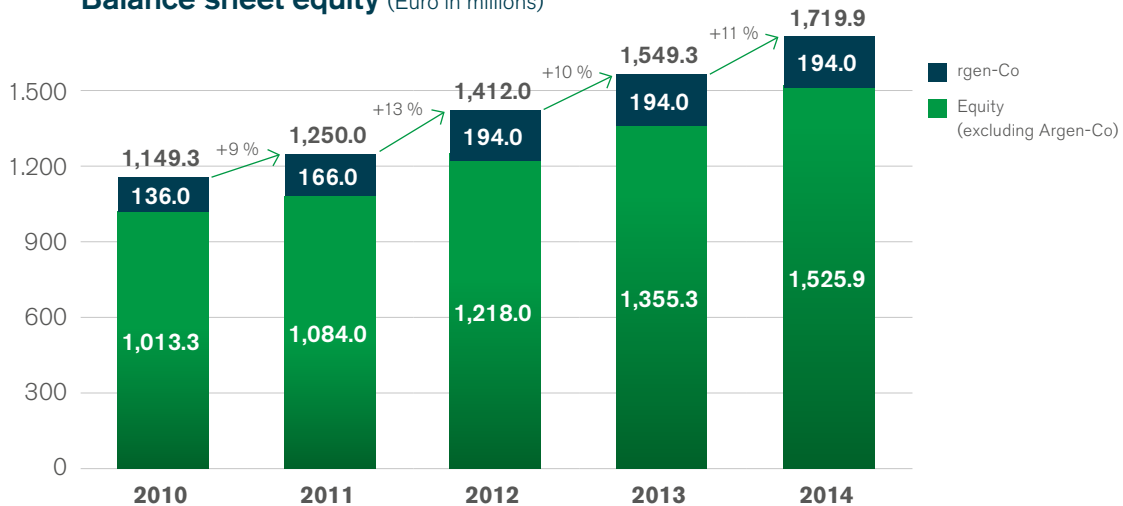
Insurance premium income (Euro in billions)



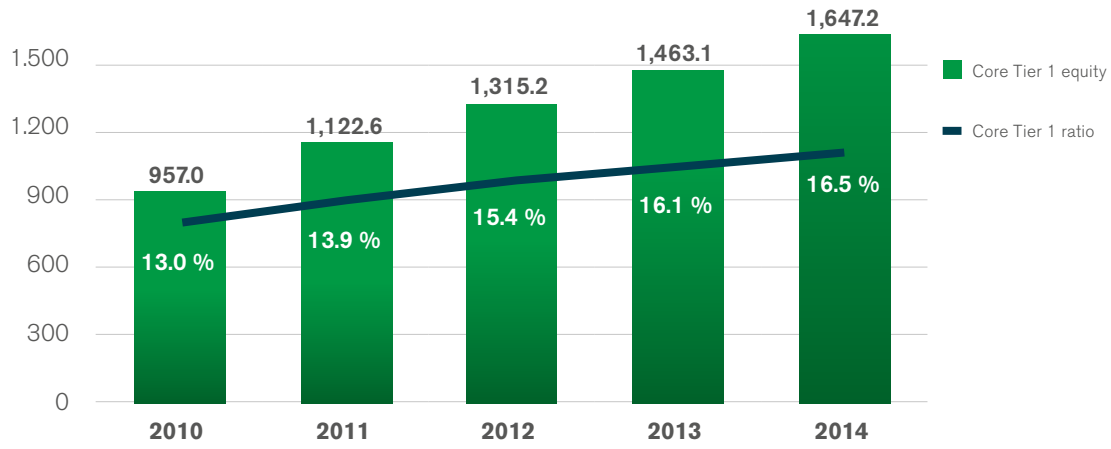
Net profit en ROE (Euro in millions)



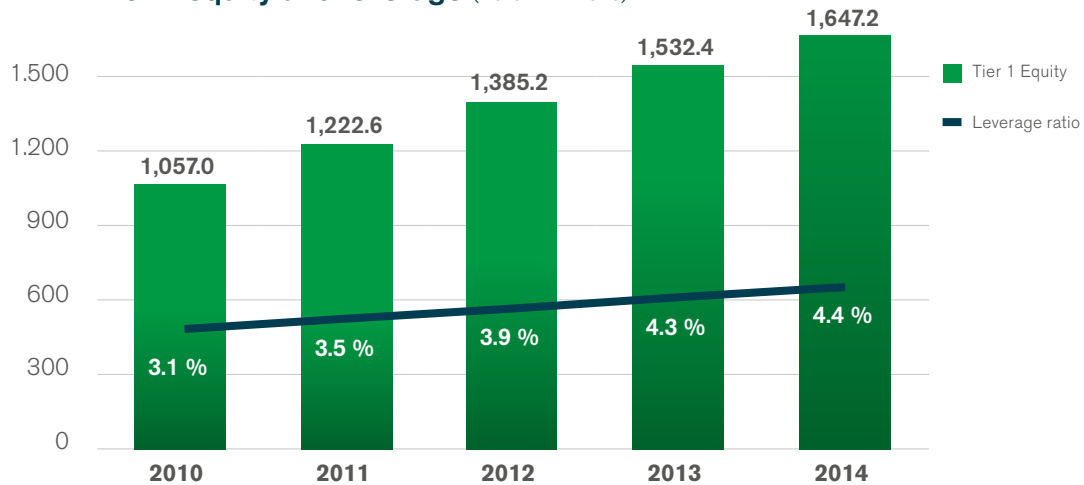
Balance sheet equity (Euro in millions)



Core Tier 1 equity and ratio (Euro in millions)



Tier 1 equity and leverage (Euro in millions)





Left to right: Geert De Haes, Bart Van Rompuy, Dirk Van Dessel, Anne Coppens, Emiel Walkiers, Elke Vanderhaeghe, Raf Vanderstichele, Jan Cerfontaine, Gert Wauters, Marie Claire Pletinckx, Carlo Henriksen, Dirk Van Rompuy, Geert Ameloot, Walter Van Pottelberge, Johan Heller

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 companies of the Argenta Group have similar structures. They include in each case:

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

The number of directors for every Board of Directors should preferably not exceed fifteen. Members of the Board of Directors are natural persons only, subject to any exceptions in accordance with the applicable regulations of the regulatory authorities. 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 family shareholder, independent directors, and directors who are members of the Executive Committee) are in the majority. The majorities of the Boards are always formed by non-executive directors.

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 of the Companies Code.

De raden van bestuur van de Vennootschap, Argenta Spaarbank en Argenta Assuranties tellen een aantal onafhankelijke bestuurders, waarbij minstens één onafhankelijke bestuurder van Argenta Spaarbank niet zetelt in de raad van Argenta Assuranties, en omgekeerd. De onafhankelijke bestuurders van Argenta Spaarbank en Argenta Assuranties zijn niet noodzakelijk lid van de raad van bestuur van de Vennootschap.

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 serve to ensure an appropriate balance in the management of the various companies of the Argenta Group between the representation of the group's interest and the protection of the interests (of the stakeholders) of the individual companies making up the Group. In order to meet these requirements, Ms Marie Claire Pletinckx resigned on 11 December 2014 from her directorship of the Company and of Argenta Spaarbank (she remains a Board member of Argenta Assuranties), and Mr Raf Vanderstichele resigned on the same date from his directorship of Argenta Assuranties (he remains a Board member of the Company and of Argenta Spaarbank).

On 11 December 2014, Mr Carlo Henriksen was appointed as director of the Company and of Argenta Spaarbank.

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 to discuss 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

Each director is encouraged to organize his personal and professional activities in such a way as to avoid conflicts of interest with the Argenta Group (in line with Article 523 of the Companies Code). The boards of directors of the Argenta Group companies have, in their internal rules of procedure, established policies including organizational and administrative arrangements (including keeping information on the application of the same), and procedures for identifying and forestalling conflicts of interest or, where this is not reasonably possible, managing the conflicts of interest without harming the interests of customers.

10.1.2. Suitability and assessment

On 22 October 2013, the Board approved the 'Suitability of Key Executives' Charter. This charter has been produced for the Argenta Group as a whole, including the foreign subsidiaries Argenta-Life Nederland and Argentabank Luxembourg. The charter describes the governance and structured framework that Argenta has developed to ensure the suitability of 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 suitability criteria, the Board also periodically evaluates its operation, its performance and the performance of individual directors. Following an evaluation of the organization of the Board based on an internal survey by the chairman in 2011, a more comprehensive evaluation of the operation and performance of the Board - facilitated by Guberna - took place in 2013. A new evaluation of the operation and performance of the Board will take place in 2015.



10.1.3. Composition of the Boards of Directors on 31/12/2014

	Argenta Group	Argenta Spaarbank	Argenta Assuranties	Argenta Netherland	Argenta-Life Netherland ⁽¹⁾	Argentabank Luxembourg	Argenta-Fund	Argenta Fund of Funds
Chairman:								
Jan Cerfontaine								
Johan Heller								
Stefan Duchateau								
Members:								
Emiel Walkiers								
Raco bvba ⁽²⁾								
Advaro bvba ⁽³⁾								
Walter Van Pottelberge ⁽⁴⁾								
Marie Claire Pletinckx ⁽⁴⁾								
Raf Vanderstichele ⁽⁴⁾								
Carlo Henriksen ⁽⁴⁾								
Johan Heller								
Geert Ameloot								
Gert Wauters								
Dirk Van Dessel								
Geert De Haes								
Anne Coppens								
Marc De Moor ⁽⁵⁾								
Stefan Duchateau								
Michel Waterplas								
Edmond Es								

(1) a supervisory board (raad van commissarissen) under Dutch company law

(2) with Bart Van Rompuy as permanent representative

(3) with Dirk Van Rompuy as permanent representative

(4) sitting as an independent member

(5) mandate in Argenta Spaarbank and Argenta Assuranties terminated on 30 September 2014



10.1.4. Remuneration of senior Argenta Group management

The remuneration of the executive and non-executive directors of the Argenta Group companies is established by the respective Boards of Directors following a proposal from the Remuneration Committee. This proposal is also presented to the general meetings of the respective companies for ratification.

Remuneration of non-executive directors

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

Non-executive directors receive 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 that differs from that of the other non-executive directors.

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

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 the longer-term objectives of the Argenta Group. The remuneration meets the provisions of the CBFA Regulation of 8 February 2011 concerning the remuneration policies of financial institutions, as well as the provisions of the Banking Act of 25 April 2014. The remuneration is the same for all members of the Executive Committees, with the exception of the chairman.

In addition to the fixed annual remuneration, executive directors also benefit from two group policies (pension capital and disability).

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

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

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

In 2014, the basic salary of Johan Heller (CEO of the Argenta Group and chairman of the Executive Committees of the Company, Argenta Spaarbank and Argenta Assuranties) amounted to EUR 398,400, including a leased car. The contribution to the supplementary pension and disability group policies in respect of Johan Heller was EUR 55,875.



In 2014, the total direct remuneration of the executive directors/Executive Committee members of the Argenta Group (excluding that of the CEO), amounted to EUR 1,768,800.

Contributions to the group supplementary pension and disability policies in respect of the Executive Committee members, excluding those of the CEO, amounted to EUR 140,799.

The median base salary in the Company in 2014 amounted to EUR 49,400. The median salary increase compared to 2013 amounts to 1.6%. In 2014, severance payments totalling of EUR 935,840 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 have held external appointments in the previous fiscal year (outside the Argenta Group or their own management companies through which they exercise their mandates within the Argenta Group):

1. Walter Van Pottelberge holds external mandates in:
 - Justitia nv, with its registered office at Plantin en Moretuslei 295, 2140 Borgerhout, not listed on a regulated market, as director;
 - Unibreda nv, with its registered office at Plantin en Moretuslei 303, 2140 Borgerhout, not listed

- on a regulated market, as director;
 - Vanbreda Risk & Benefits, with its registered office at Plantin en Moretuslei 297, 2140 Borgerhout, not listed on a regulated market, as director;
 - Private Insurer, with its registered office at avenue Tedescolaan 7, 1160 Brussels, financial institution, not listed on a regulated market, as director (this mandate was terminated as of 30 June 2014);
 - Cryo-Save Group, with its registered office at 7201 HB Zutphen, IJsselkaai 8, a public limited company (naamloze vennootschap), listed on Euronext Amsterdam, as Supervisory Board member this mandate was terminated as of 30 June 2014);
 - Inventive Designers, with its registered office at 2660 Antwerp, Sint-Bernardsesteenweg 552, a public limited company (naamloze vennootschap), not listed on a regulated market, as director (this mandate was terminated as of 1 January 2014);
 - TheraSolve bvba, with its registered office at Jozef Cardijnstraat 1, 2070 Zwijndrecht, a private limited company (besloten vennootschap met beperkte aansprakelijkheid), not listed on a regulated market, as director (this mandate was terminated as of 12 May 2014);
 - Xenarjo cvba, with its registered office at Jef Denynplein 14, 2800 Mechelen, a limited cooperative company (coöperatieve vennootschap met beperkte aansprakelijkheid), not listed on a regulated market, as a director; (this mandate was terminated as of 30 June 2014);
 - Capricorn Venture Partners nv, with its registered office at Lei 19/1, 3000 Leuven, a public limited company (naamloze vennootschap), not listed on a regulated market, as director;
 - Nipponkoa Insurance Company (Europe) Limited, with its registered office at 18 Bevis Marks, London EC3A 7JB, not listed on a regulated market, as director.
2. Marie Claire Pletinckx holds external mandates in:
 - Nationale Suisse Verzekering, with its registered office at Rue des Deux Eglises/ Tweeakerkenstraat 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/ Tweeakerkenstraat 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;
3. Emiel Walkiers holds external mandates at:
- Corimmo cvba, with its registered office at 1020 Brussels, Esplanade 1, not listed on a regulated market, as non-executive director (this mandate was terminated as of 30 April 2014);
 - 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 non-executive director;
4. Raf Vanderstichele holds external mandates at:
- Korora bvba, with its registered office at 1652 Beersel, Frans Degreefstraat 8, not listed on a regulated market, as general manager.
 - Nemrod, with its registered office at 8560 Wevelgem, Neerhofstraat 33, not listed on a regulated market, as non-executive director;
5. Carlo Henriksen heeft externe mandaten in:
- Donorinfo, with its registered office at 1150 Brussels, Raketlaan 32, a public utility foundation, as director.

10.2. Audit, Risk and Compliance Committee

10.2.1. Governance

Until 16 December 2014, there was a single Audit, Risk and Compliance Committee (*the Committee*) operating within the Argenta Group. This was structured as a committee of the Company. Based on a waiver from the supervisory authority, the Committee operated at group level, with no separate audit committees set up within the Boards of Directors of either Argenta Spaarbank or Argenta Assuranties.

The Committee consisted of members from the Company's Board of Directors. These were primarily the independent members, plus two directors representing the family shareholder and the chairman of the Company's Board of Directors. The Committee was chaired by an independent director. The Company's Committee met five times in 2014, reporting each time to the Board of Directors.

The Committee assessed whether the business risks had been sufficiently identified by management and/or whether appropriate measures had been taken to keep these risks under control. The Committee took care to ensure that it obtained sufficient information on the workings of the business. Priority was given to the activities having the highest risks.

The Committee mainly relied on the studies and reports of the internal audit department. This department has planned its work so that all operations are audited at least once every four years. The Committee also discussed reports from the statutory auditor, the Actuarial department and the Risk and Compliance departments.

It is important that these departments can work and report completely independently. The Committee ensured that this indeed happened and that the employees of these departments have the necessary skills and experience.

In most cases, reports came with a list of recommendations. The Committee ensured that these areas for consideration and action were signed off by management and implemented within a reasonable timeframe. For this purpose, each recommendation was scored, using a uniform scoring method recorded in the common risk database, which emphasized the seriousness of the problem



and the urgency of the solution, with the Committee keeping very close watch on the implementation of the high-scored recommendations.

At its meeting of 16 December 2014, the Board of Directors decided to dissolve the Committee and from now on to set up separate audit and risk committees within the Boards of Directors of Argenta Spaarbank and Argenta Assuranties. At Argenta Spaarbank, the two committees will be chaired by an independent director who is not a member of the Board of Directors of Argenta Assuranties. At Argenta Assuranties, the two committees will 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 will 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 members of the Board of Directors of the Company sat on the Audit, Risk and Compliance Committee:

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

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

Mr Walter Van Pottelberge and Ms Marie Claire Pletinckx have worked for many years in the financial sector, both in banking and insurance, Mr Van Pottelberge as chairman of the boards of directors of a bank and an insurance company, and Ms. Pletinckx as chair and member of several boards of directors of a bank-insurer. Mr Raf Vanderstichele worked for many years as an auditor with an international audit firm and as statutory auditor at several Belgian companies, including in the financial sector. All members have guaranteed independence, along with expertise in internal audit and accounting.

This also applies to Mr Carlo Henriksen, former CEO of a Belgian bank, who on 16 December 2014 joined the Audit Committee and the Risk Committee of Argenta Spaarbank.

The Audit, Risk and Compliance committee of the Company was dissolved as of 16 December 2014.

As of 16 December 2014, an Audit Committee was set up within the Board of Directors of Argenta Spaarbank, composed of:

- 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 Belgian Companies Code*

As of 16 December 2014, a Risk Committee was set up within the Board of Directors of Argenta Spaarbank; composed of:

- 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*

As of 16 December 2014, an Audit Committee was set up within the Board of Directors of Argenta Assuranties, composed of:

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

As of 16 December 2014, a Risk Committee was set up within the Board of Directors of Argenta Assuranties, composed of:

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



10.3. Remuneration Committee and Appointments Committee

10.3.1. Governance

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

The Remuneration Committee is composed of three members: an independent director from the Board of Directors of the Company, a director who represents the family shareholder and the chairman of the Company's Board of Directors. The Remuneration Committee is chaired by an independent director. With the ending of the Chairman of the Board's mandate as a member of the Committee on 16 December 2014, the Committee has since consisted of two members.

The Company's Remuneration Committee met five times, 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 perspectives of the Pay Policy adopted by Argenta and the conformity of the remuneration with legal and regulatory provisions. This includes situations where the nature of the remuneration could potentially create a conflict of interest between the directors and the institution.

The Committee established in 2014 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. Nor is the remuneration such as to create potential conflicts of interest between the non-executive directors and the institution.

The Committee further established in 2014 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 one to provide disability 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 confirms 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 potential conflicts of interest between the 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.

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 remuneration committees established within the boards of directors of Argenta Spaarbank and Argenta Assuranties.

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



10.3.2. Composition

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

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

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

As from on 16 December 2014, the Remuneration Committee is composed of two members:

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

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

Effective December 2014, an Appointments Committee was established, composed of four members:

- Walter Van Pottelberge*, also chairman of the Remuneration Committee of the Company;
- Jan Cerfontaine;
- Advavo 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.*

10.4. Executive Committees of the Argenta Group

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.

Until 16 December 2014, the Executive Committees of Argenta Spaarbank and Argenta Assuranties also had a common member, the *Chief Information Officer* (CIO), while both Argenta Spaarbank and Argenta Assuranties had Executive Committee members who were not on the Executive Committees of the Argenta Group. These were responsible for product management and operations of the banking or insurance businesses, respectively as *Chief Operations Officer* (COO) *Bank* and *Chief Operations Officer* (COO) *Insurance*. At Argenta Spaarbank, the COO Bank and the COO Netherlands were members of the Executive Committee. At Argenta Assuranties, the COO Insurance was a member of the Executive Committee.


Meeting on 16 December 2014, 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 missions 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 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 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 strong 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 2014, the Executive Committee mandates of Marc Mathijssen and Marc De Moor were terminated. On 16 December 2014, Ms Anne Coppens was appointed as member of the Executive Committees of Argenta Spaarbank and Argenta Assuranties, in the position of COO. Mr Geert De Haes, who was already a member of the Executive Committee of Argenta Spaarbank, was appointed as of that date as a member also of the Executive Committee of Argenta Assuranties, in the position of CCO.

10.4.2. Composition of Executive Committees, management and managing directors on 31 December 2014

	Argenta Group	Argenta Spaarbank	Argenta Spaarbank Branch Office	Argenta Assuranties	Argenta Netherland ⁽¹⁾	Argenta-Life Netherland ⁽¹⁾	Argentabank Luxembourg	Argenta-Fund	Argenta Fund of Funds
Chairman:									
Johan Heller	■	■		■					
Erik Schoepen							■		
Members:									
Geert Ameloot	■	■		■					
Gert Wauters	■	■		■					
Dirk Van Dessel		■		■					
Geert De Haes		■		■					
Anne Coppens		■		■					
Marc De Moor ⁽²⁾			■						
Dietrich Heiser			■			■			
Johannes Henricus Scholts					■				
Dirk Peter Stolp					■				
Stefan Van Engen						■			
Michel Waterplas							■	■	■
Isabelle Collin								■	■

⁽¹⁾ The equivalent of a board of directors under Dutch company law

⁽²⁾ The mandate of Marc De Moor at Argenta Spaarbank and Argenta Assuranties was terminated as of 30 September 2014.



10.5. Individual overview of the Argenta companies

Argenta Bank- en Verzekeringsgroep HOLDING COMPANY

public limited liability company
Belgiëlei 49-53
B-2018 Antwerp
RPR Antwerpen 0475.525.276

Argenta Spaarbank CREDIT INSTITUTION

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

Argenta Spaarbank has a branch office in the Netherlands

Essendonk 30,
NL-4824 DA Breda

Argenta Assuranties INSURANCE COMPANY

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

Argentabank Luxembourg(*) CREDIT INSTITUTION

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

Argenta Nederland MANAGEMENT COMPANY

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

Argenta-Life Nederland LIFE INSURANCE COMPANY

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

(*) ABL acts on the one hand as paying agent for securities issued by Argenta Nederland and Argentabank Luxembourg; this activity was fully ended as of 31 October 2014.

On the other hand, ABL undertakes the management and central administration of the Argenta UCIs Argenta Fund and Argenta Fund of Funds. This will be Argenta Luxembourg's sole remaining activity from 2015 onwards. The UCIs currently have the status of "self-managed UCIs", and the risk management is specific to the UCI itself. The risk management reporting is therefore addressed to the Boards of Directors of the UCIs and that of ABL.

To simplify the structure, the company has been converted from a credit institution to the management company Argenta Asset Management since 1 January 2015.



11. Notes to the annual financial statements

11.1. Discussion of the unconsolidated financial statements

The total assets of the Company have risen from EUR 871,089,418 at 31 December 2013 to EUR 932,162,675 at the end of 2014.

In addition to non-current financial assets in the form of investments in affiliated companies amounting to EUR 909,433,311, the Company has EUR 22,729,364 of current assets.

The profit to be appropriated for the financial year amounts to EUR 78,273,039. It is proposed that this be appropriated as follows:

- to the statutory reserve:
EUR 3,913,652
- to the other reserves:
EUR 3,657,603
- profit to be distributed :
EUR 70,701,784

After the proposed profit appropriation, shareholders' equity amounts to EUR 856,281,182 according to the balance sheet as at 31 December 2014.

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.

11.2. Discussion of the consolidated financial statements

11.2.1. Balance sheet and income statement

The total assets of the Company in BGAAP have risen from EUR 35,416,111,377 at the end of 2013 to EUR 37,650,849,168 at the end of 2014.

The consolidated profit for the financial year amounts to EUR 250,044,457, compared with

EUR 157,382,574 for the 2013 financial year. This represents a significant increase in profit.

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

Interest income increased marginally from EUR 1,141,589,010 to EUR 1,166,336,969 in 2014, while "premiums and other income" insurance (including reinsurance) rose significantly.

Interest expenditure and similar charges also contains two parts. Effective interest expenditure fell from EUR 568,435,613 to EUR 480,654,996, while the technical costs of insurance (including reinsurance) increased significantly.

This demonstrates that it is interest income (NII) that is the profit engine of the Group.

Commission income rose further from EUR 70,624,454 to EUR 81,266,270, with the expansion of the fee business. Commission expenses fell from EUR 165,868,603 to EUR 156,480,255,

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

Remuneration, social security charges and pensions increased by 9.12% to stand at EUR 57,932,880. The Banking and Insurance group is a growing business, as reflected in the increased pay costs.

Other administrative expenses increased significantly from EUR 127,538,920 to EUR 169,732,132 in 2014. A large part of this increase can be explained by the government levies, but it also includes investments in the future.



11.2.2. Shareholders' equity and ratios

After the proposed profit appropriation, shareholders' equity amounts to EUR 1,790,628,084 compared with EUR 1,549,287,764 according to the balance sheet as at 31 December 2013.

The Common Equity Tier 1 ratio is 16.5% compared with 16.1% at the end of 2014. This is the ratio calculated according to the so-called Building Block method. In this calculation, the full Tier 1 common equity of the group (banking and insurance) is compared against the sum of risk-weighted assets of the bank on the one hand and the equity requirements of the insurer on the other.



12. Risk Management



12.1. Identification of the risks specific to the activities of Argenta

12.1.1. General

The nature of its activities exposes the Argenta Group to various risks. The primary risks for the Bank pool and the Insurance pool are market and credit risks. Other significant risks are the evolution of economic activity in Belgium and the Netherlands, and the risks associated with the concentration of business activities within a limited geographical area.

On top of this come liquidity, operational, insurance, business, strategic and reputational and regulatory risk. Failing to maintain control over these risks can negatively affect the financial performance and reputation of the Argenta Group.

12.1.2. Market risk

General

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

Within this market risk we distinguish the following four types of risk that are relevant for the Argenta Group: interest rate risk, spread-widening risk, equities risk and real estate risk.

- Changes in interest rates and yield curves, and fluctuating rates of return can affect the interest margin between the cost of lending and the cost of borrowing for the Bank pool and, in the Insurance pool, create an imbalance between the contractually-guaranteed interest rate and the earned interest rate.
- Similarly the level of the credit spread or its volatility – not necessarily caused by a changing 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 the Argenta Group's investment portfolio to fluctuate.

It should be noted here that Argenta operates solely in the Benelux and does not invest in currencies other than the euro. In this way, there is no currency risk. Nor is there any intention to invest 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 are exposed is interest rate risk. This is caused primarily by changes in market prices, unexpected changes in investment returns, and changes in the correlation of interest rates between different financial instruments.

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

The results and capital position of Argenta Spaarbank display a certain sensitivity to changes in interest rates. This is because a major component of the business strategy consists of attracting short to medium-term funds – primarily via savings deposits and retail savings certificates placed with retail customers – and reinvesting these via various forms of loans and investments. As the term of these reinvestments does not necessarily match that of the funds raised, a maturity mismatch occurs. Via the interest rate differentials between the various maturities this gives rise to a transformation result. The gross value of the business (the difference between the investments measured at market value and the cost of financing them) is affected by the fluctuations in these interest rates. The intensity of these is determined by the size of the tolerated market value sensitivity. This parameter serves as a benchmark for the structural interest rate mismatch which can, to a large extent, serve to manage the interest rate sensitivity.

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, also taking into account the potential impact of this gap on the gross value of the company as a guide to its capital position.

The market value sensitivity can be adjusted flexibly and at short notice, using financial instruments.

It can also be adjusted in the longer term by considering a fundamental change in the positioning of certain activities:

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

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

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



Priority to endogenous control and adjustment

As with any other risk, the interest rate risk requires a risk buffer in the form of capital. Although neither European nor Belgian legislators or regulatory authorities have so far laid down in Pillar 1 precise capital requirements for the interest rate risk, Argenta Spaarbank specifies a certain volume of required capital in its Internal Capital Adequacy Assessment Process (ICAAP). The ongoing development of its activity as a traditional savings bank and, among other things, as a 'transformation bank' (i.e. a bank whose activity consists of converting (transforming) short-term deposits into long-term investments) naturally requires a continuous monitoring of the required capital and, whenever necessary, capital increases.

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

Earnings quality at Argenta Spaarbank again remained at a very high level in 2014 thanks to an efficient ALM policy and a well-considered commercial policy. Even so, the current European interest rate environment and the sharp fall in bond yields confront Argenta Spaarbank with major challenges. On the insurance side, besides the regular branch 21 insurance to which duration matching is generally applied, attention continues to be paid to fee business, in particular through the sale of branch 23 unit-linked insurance policies. The combination of endogenous and supplementary exogenous ALM hedging ensures that the Argenta Group's commercial strategy (including long-term relationships with customers, the growth of its mortgage business, sustainable and profitable growth in deposits, and the extension of the four pillars) remains fully within the scope of the approved Risk Appetite Framework (RAF).

Spread widening risk

The return on the investment portfolio is largely determined by the credit spread earned on investments made. The evolution and fluctuations of the credit spread are often market driven and determined by factors other than the creditworthiness of the issuer. These market risk factors induce spread widening risk. Alongside the pure interest rate, they are the main driver of return on assets and the economic value of the investment portfolio. The market value of the investment portfolio is also 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, with a certain amount of discretion left to national regulatory authorities in determining the extent to which unrealized gains and losses on the AFS portfolio influence 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 cornerstones 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 permitted 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 Strategic Asset Allocation project started in 2013 and expanded in 2014 is providing Argenta with the required insights and knowledge to enable investment decisions to be directed towards optimal portfolio 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 does not invest in individual equities. Based on the Treasury and ALM financial policy guideline approved by Argenta Assuranties' Board of Directors, the Insurance pool is authorised to make investments in individual equities. In order to reinvest incoming premiums in the framework of long-term savings plans, the Insurance pool invests in individual equities.

Real estate risk

Provision exists at Argenta Assuranties to build a limited portfolio of indirect real estate investments, subject to strict conditions both as to the type of investment and the concentration risks.

12.1.3. Credit risk

3. General

Credit risk is the risk of a counterparty being unable to meet its payment obligations. This can be the result of the insolvency of a customer or counterparty. This risk arises in both the traditional loan portfolio and the investment portfolio. Risks relating to changes in credit quality and the recoverability of loans and amounts due from counterparties are an indissoluble part of much of the activity of the Argenta Group.

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

The management of credit risks within the Argenta Group is controlled by appropriate policies (the Credit Risk Retail Credits and Treasury & ALM policies).

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

the retail loan portfolio and the investment portfolio. Governance is also supported by the work of a number of (consultative) committees like the Rating Consultation, the Investment Consultation, the Credit 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 the Group to an increased credit risk.

Argenta Spaarbank has a concentration in lending to private individuals in Belgium and the Netherlands, more specifically in housing loans to individuals. This makes Argenta Spaarbank highly dependent on developments in the housing market and the repayment capacity of private borrowers in Belgium and the Netherlands. Argenta Assuranties too invests in Belgian and Dutch housing loans. In addition, the Argenta Group has a diversified and high quality investment portfolio with a concentration in Belgian government debt instruments.

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

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

The Argenta Group undertakes the majority of its business activities in Belgium and the Netherlands. It also carries out limited activities in Luxembourg, where Argentabank Luxembourg S.A. acts as an agent and administrative manager of Argenta-Fund sicav and Argenta Fund of Funds sicav.

As a result, the Group's performance is affected primarily by the level and the cyclical nature of its business activities in Belgium and the Netherlands, which in turn are influenced by domestic and international economic and political events. With regard to taxation, the Group's structure ensures that deposits (including the Branch Office in the Netherlands) fall entirely under the Belgian deposit guarantee scheme, with a resultant sensitivity to changes in bank levies.

As for the rules of conduct governing investment products, these are made in the first instance at European level and then transposed by the different



countries into their own legislation. Argenta markets investment products primarily in Belgium. For the practical implementation of the legislation in Belgium by the FSMA, Argenta relies on the interpretations of Febelfin and Assuralia. In the Netherlands, Argenta pays attention to the broad-based 'customer interest first' focus promoted by the AFM (Financial Markets Authority).

12.1.4. Liquidity risk

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

- an unexpected prolongation of the outstanding receivables, for example through a loan default;
- the risk, in the Bank pool, of a greater proportion of credit lines being drawn down or more savings deposits being withdrawn;
- the risk, in the Insurance pool, that payment obligations increase, owing to a rising number of claim events, or the requirement to pay benefits earlier than expected in the life insurance branch, as a result of which Argenta is unable to meet its payment obligations;
- the risk that the necessary financing transactions cannot be undertaken (or can be undertaken at disadvantageous conditions);
- the risk that, given a shortage of interested counterparties on the market, assets may be liquidated only at a serious discount.

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

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

12.1.5. Operational risk

General

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

The activities of the Argenta Group depend on the ability to process a very large number of transactions efficiently, accurately, and in accordance with internal policies and external legislation and regulations. Operational risks and losses result from inadequate or failed internal processes (such as processes not aligned with the legal requirements), human actions (including fraud, employee errors), systems (such as system failure), or due to external events (such as natural disasters or malfunctions of external systems, including those of Argenta Group's suppliers or counterparties). The impact may consist of financial or reputational loss. Legal and compliance risk are also included here.

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

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

The Orco (Operational Risk Committee), which is part of the GRC (Group Risk Committee), meets quarterly to examine the key risk indicators. Each year, an extensive internal control annual report is drawn up and presented to the Arc-Co, the Board of Directors and the National Bank of Belgium. This report assesses the adequacy and effectiveness of the existing control measures using the COSO methodology.



The ICT inspection conducted by the NBB in 2013 brought to light certain findings relating to the required organization, scripts and tests of critical business applications in the event of disasters and severe incidents.

To remedy the shortcomings, Argenta proposed a phased and prioritized action plan. In 2014, significant progress was made in developing this Action Plan:

- An ambitious Disaster Recovery Programme (DRP) was put together, with all facets of disaster recovery tested for mission-critical applications.
- The changeover of all managerial applications and their underlying infrastructure from one data center to another was successfully tested.
- All workstation services and their underlying infrastructure were tested towards the end of January 2015.

All Disaster Recovery tests will be planned and implemented annually. The recruiting of a Disaster Recovery Manager gives operational depth to this process.

External service providers

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

12.1.6. Technical insurance risk

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

For non-life insurance, the results of the Insurance pool depend largely on the degree to which the actual claims paid correspond to the principles used in the pricing of products and in determining the

level of the technical provisions and the liability to compensate for loss. To the extent that the actual results are less favourable than assumed in the calculation of these obligations, this can lower the profit.

For life insurance, the underwriting risk includes surrender risk, mortality risk, and policy expense risk. In general, the Insurance pool is exposed to risk when the number of surrenders increases, because in this case it is not always possible to fully recover the handling charges on the sale of a product. The Insurance Risk Committee monitors these risks on a permanent basis, with the Actuarial function regularly involved

12.1.7. Business Risk

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

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

For determining the profit contribution of each product, funds transfer pricing on an economic basis is applied when pricing bank pool products. For insurance products, the Insurance pool takes profit testing as its basis.

12.1.8. Strategic risk

The strategic risk to which the Argenta Group is exposed is the risk of current and future earnings and capital adequacy being affected by poor policy decisions, poor implementation of decisions, or lack



of responsiveness to changing market conditions (both commercial and financial).

To achieve the strategic goals set out in the business strategy, the Argenta Group provides resources including communication channels, systems, human resources, networks, and management time and skills. The strategic objectives are determined by the Executive Committee and approved by the Board of Directors.

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.

12.1.9. Reputational risk

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

This is a '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 links in with all other risks. By monitoring and managing the other risks, the reputational risk is also kept under control.

12.1.10. Regulatory risk

Regulatory risk refers to risks related to legislative and regulatory changes.

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

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

The own funds requirements for credit institutions and insurance companies are also currently the subject of legislative developments (the so-called Capital Requirement Regulation & Directive CRR/CRD IV standards and Solvency II standards), which will impact the Argenta Group.

In 2014, regular consultations took place with the relevant supervisory authorities, covering inter alia the SREP (Supervisory Review and Evaluation Process), the RRP (Recovery and Resolution Plan), ORSA (Own Risk Self-Assessment), the DRP (Disaster Recovery Plan), the IRRBB (Interest Rate Risk of the Banking Book), and other meetings in connection with the transfer of regulatory authority to the ECB.



12.2. Risk management at the Argenta Group and its companies

12.2.1. General

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

This unity of management highlights the importance of a commercial, risk, and financial strategy that is seamlessly harmonised across the Group, with the emphasis on a long-term relationship with both customers and independent branch managers. The Argenta Group continued to develop its conservative and transparent risk management in 2014. This process has more than proven its added value.

In 2014, more additional policy documents were approved (including the ICAAP charter and an ORSA charter), and the operation of the risk committees was optimized in terms of composition, regular agenda items, monitoring of key risk indicators, and communication.

RAF – both for the bank and the insurer – is now strongly embedded in the business plan process cycle: filling in the risk appetite matrix, translation into proactive RAF standards, reviewing against the business plan iterations and, finally, risk assessment. A direct link exists between the RAF risk indicators and, on the one hand, ICAAP for the Bank pool and ORSA for the Insurance pool and, on the other hand, the further translation into operational risk limits. This resulted in the daily embedding of risk awareness in first line management and in better and leaner risk management processes. ICAAP and ORSA also became more forward-looking in 2014.

Risk management has evolved from risk management 'by design' (policies) and risk management in practice (imbedding) to 'cost-effective' risk management.

As well as optimizing risk governance, the risk metrics were also greatly improved. In this process, the RAF risk parameters were refined by the assigning and monitoring of an overall risk score and the further introduction of a new internal control maturity matrix. In addition to quantitative RAF, qualitative RAF was also introduced in 2014. In this way, the NPS score, the MiFID score and the

maturity scores of internal control are included and monitored in the RAF dashboard.

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

In 2014, regular consultations took place with the relevant supervisory authorities. The following topics, among others, were discussed:

ICAAP / SREP

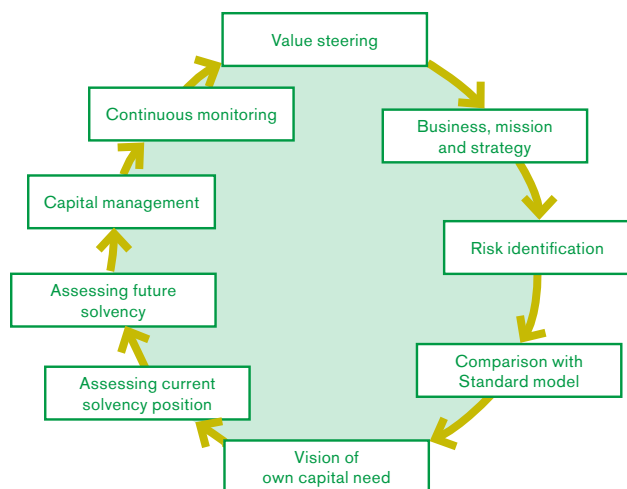
The ICAAP results were compared with the SREP; that is, the assessment of risks and capital requirement undertaken by the NBB according to its own internal methodology. The exercise occasioned no fundamental observations about the ICAAP with respect to structure and risk measurement. At the end of 2014, this led to a capital and liquidity seizure by the ECB.

In the SREP, a comment was made owing to the lack of a real DRP test. At the end of 2014, Internal Audit assessed the progress of the DRP action plan based on the information obtained as very favourable, noting that the necessary attention and plans exist to perpetuate it as an operational event.

ORSA

In the framework of ORSA, a considered judgement is made, for all Solvency II Pillar 1 risks identified within the Insurance pool, as to whether the standard formula adequately reflects Argenta's risk.

The ICAAP and ORSA process consists of the following steps:



In 2014, all the steps of the ORSA process were also gone through for Argenta Assuranties alone. Through various workshops with management and the Executive Committee this process was embedded in the company. The calculations were done as much as possible by the first line departments and were largely integrated into the business process. The increased focus on the embedding of the process in all relevant departments meant that the identified stress scenarios were not yet calculated in 2014. Calculating the impact on solvency of the various stress scenarios is on the agenda, the more so as understanding the impact of these stress scenarios on solvency can be a tool for corporate management, capital management and value control.

In 2014, all the steps of the above ORSA process were gone through for ALN. The result is an ORSA report prepared in cooperation with business partners and the management and senior management of ALN, and which takes into account the supervisory authority's comments on the 2013 report. The scenarios defined as strategy-threatening were calculated in detail in 2014. This yielded insights that can be used in directing the company. This year this report was again presented to the Supervisory Board, before being sent to the regulator, the DNB.

In 2014, an ORSA report was prepared for the first time for the insurance pool. These reports were discussed with the ARC-Co members. At the beginning of 2014, the ORSA Charter applying to the Insurance pool was drawn up and approved by the Board of Directors and the Supervisory Board.

In November, the report and the charter were explained and discussed in a discussion with the NBB. Feedback on the report again featured in this discussion.

RRP (Recovery and Resolution Plan)

The requirement to draw up recovery plans is part of the structural reforms initiated by the G-20 following the banking crisis. Banks are required to draw up recovery plans to prepare for any crisis situation. The recovery plan is based on the observation that certain solutions can be examined already ahead of 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 weigh up 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.

Argenta Spaarbank's recovery plan was completed in 2014 and approved by the NBB. This shows that Argenta Spaarbank has a very strong capital and liquidity position, enabling the bank to cope with severe crises. In this way the activation of recovery and resolution thresholds is reached only in very extreme scenarios.

Moreover, Argenta Spaarbank has a wide range of effective capital and liquidity options available to it for restoring its 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 banking-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 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 broadens the range of possible options, including proactive options, as well. Major attention is also paid in choosing the recovery options to the impact on structural profitability.

ECB Comprehensive Assessment

In November 2013, the ECB and the NBB started the Comprehensive Assessment process preparatory to the transfer of banking supervision of the largest European financial institutions to the ECB. A number of Belgian financial institutions, including Argenta, fell, starting on 4 November, under the direct supervision of the ECB.



This process demanded a lot of work by Argenta's Risk and other departments, with the known attractive result already reported.

During 2014, the Risk department also worked on:

- further development of ICAAP/ORSA for Argenta Spaarbank, Argenta Assuranties, and Argenta Bank- en Verzekeringsgroep (including charter and 'forward looking' for the Bank pool FLIC and the Insurance pool FLAOR. The capital allocation calculations were also finetuned;
- further implementation of Solvency II in the Insurance pool;
- further integration of the Validation Unit in company-wide projects;
- contributing more extensively to the external (financial) controls (which were carried out by the ECB, NBB and the DNB (the Dutch Central Bank).

12.2.2. Governance

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

The Risk Management function supervises and controls the first line with respect to 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.

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

Between the first and second line, there is also the Credit Risk Policy (KRB) department, the knowledge centre for the modelling and analysis of retail credit risks. This knowledge plays a fundamental role in the risk management of the Company by providing information and advice geared to the retail credit portfolio.

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

The Risk & Validation department:

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

Risk management is not just a second-line, but an organization-wide activity (enterprise risk management or ERM). This needs to be aligned with the business strategy and effective. The risk department can create value only when what it does and is required to do, is really 'effective' and related to the business.

In its vision statement updated in 2014, the Risk & Validation Department 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 a revolving agenda consisting of one month ICAAP (Argenta Spaarbank) / ORSA (Argenta Assuranties) topics, and in the following month credit risk topics (Kreco – Credit Risk Committee) topics and in the third month operational risk (Orco – Operational Risk Committee).



12.2.3. Validation

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

The activities of the Validation unit in 2014 included:

- validation of the backtesting and recalibration of the credit risk models of the mortgage portfolios of Argenta Spaarbank, CBHK and the Netherlands;
- validation of the review and the recalibration of the investment portfolio (more specifically the exposure to financial institutions, corporations and covered bonds, and central, regional and local government authorities);
- validation of the update of the overlay templates and the related stress tests;
- validation of the stress tests of the models for central, regional and local government authorities;
- opinion on the prepayment model for the Netherlands;
- validation of the fair value calculations for the transfer of Argenta Assuranties mortgages;
- cooperation on the AQR and related stress tests for the ECB.

- updating the pricing model of the savings accounts - an econometric model that models the dynamics of the savings account was launched in 2014. The updating process is from now on being carried out by internal departments;
- updating and implementation of the prepayment models for Belgian and Dutch mortgages;
- the Strategic Asset Allocation project was further optimized in 2014 and completed with a Tactical Asset Allocation module. The project will be complete for delivery in early 2015;
- the diversification of the investment portfolio was continued with the cautious expansion of the knowledge base into new asset categories. Funding projects for local and regional public entities were successfully concluded and public-private partnerships (PPPs) were launched. Investments were undertaken in the real estate area within a strict investment framework.

Despite low interest rates and spreads, Argenta Spaarbank succeeded in 2014 in steadily growing its interest margin within its allocated risk limits. This is the result of a healthy risk-return mix of housing loan production and re-investments in the investment portfolio, of balanced liabilities pricing policy, and a well-considered hedging policy. Both the income and the value volatility remained controlled within the contours of the limit framework. Even so, persistent uncertainty about future macroeconomic developments calls for very close monitoring of interest rate and spread movements.

Additionally Argenta, as a retail bank, closely followed the various initiatives of national, European and international regulators and policy-makers concerning the revision of the prudential treatment of interest rate risk in the banking book (IRRBB). By taking an active part in various working groups (Febelfin, ESG) and making its position known through formal consultation, Argenta is keen to help steer the debate and policy-making on interest rate risk in the banking book.

Central to this is a letter from the Belgian regulator on prudential reporting of the interest rate in the banking book. This letter is based on the observation that substantial differences exist in the way banks measure and report the interest rate risk in the banking book. For this reason, the NBB wants to further clarify the guidelines of the circular (PPB-2006-17-CPB) and bring certain issues to banks' attention. The goal is to improve the quality of reporting, to enhance comparability of data,

12.2.4. Market risk management

Interest rate risk

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

Active management and monitoring of the structural market risk (principally interest rate risk) are essential in order to safeguard the solvency, profitability, and strategic objectives of the Argenta Group. With this in mind, work started in 2013 and was continued in 2014 on the following projects:

- the ALM replicating model of the savings account was approved in 2014 and further embedded in the interest rate risk reporting and monitoring;



and create a level playing field. In 2014, Argenta demonstrated conclusively that it met this goal.

The prudential framework in which the interest rate risk in the banking book is to be managed will be further developed by the TFIR (Task Force on Interest Rate), which is right now working on revising the current standards. The decisive factors here are whether IRRBB qualifies as a Pillar I or a Pillar II risk and the extent to which the policymaker should permit internal models for the risk measurement of behavioural balance sheet positions.

Spread widening risk

The policy on and management of the spread widening risk is closely linked to credit risk management, the policy and the main emphases of which in 2014 are described in section 1.2.5.

Equity investment risk

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

Property risks

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

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

12.2.5. Credit risk management

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

For Argenta Group, there are essentially two sub-areas of importance for credit risk: the market for mortgage lending to individuals and the investment portfolio. Credit risk management therefore focuses on these two segments. Argenta was highly successful in 2014 with its acceptance and (pre-)legal recovery policy for retail loans and in further diversifying its investment portfolio while maintaining high asset quality. The risk appetite level applied appears in the RAF. The RAF contains risk indicators linked to portfolio quality and concentration risk for credit risk in the retail credit portfolios and the investment portfolios. Argenta's risk readiness is further detailed in the financial policies for both the Bank and the Insurance pools. A prudent investment policy was once again a permanent guideline in 2014. Such an approach is still considered to be the most efficient first line of defence par excellence.

In this way, the investment framework remains committed to strong counterparty quality. This is shown by a continuing strong average portfolio quality. Further diversification into investments in corporates took place in the course of 2014, in part in response to the low interest rate environment. Even more positions were taken in securities or loans to local governments. The application of the retail loans policy was updated in 2014 via the Credit Risk Management Retail policy and also supported by the Kreco, in which representatives of the Executive Committee, Credit Operations and Credit Risk Policy in the first line and Risk in the second line monitor the retail portfolios, discuss them and take decisions. The further development of the FIRB (Foundation Internal Rating Based) models for the Belgian and Dutch housing loans remain an ongoing task here.

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

In the context of an appropriate and thorough risk management, all banking and corporate counterparties were subjected to primary analysis over a one-year time span. This also fits within the governance narrative linked to Argenta'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 which is reviewed at least annually. In this way, some 200 counterparties have since been assigned an internal rating. The results of these rating reviews are discussed in the monthly Rating Consultation. Internal ratings were also further assigned last year to government bodies (local and regional). 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 to apply the standardized approach to governments. For bank and corporate counterparties this is the FIRB approach.

Also within the stated FIRB governance framework, the FIRB models for banks and corporates were again reviewed in 2014. This review revealed the strong performance of the model. Argenta took this last year a leaner approach towards review activities. The internal rating models are subjected to critical analysis on an annual basis. In this way an update of the scoring model for corporate counterparts was prepared in 2014. This revised model will be implemented in the operational environment in first quarter of 2015.

In 2014, support was provided in the context of the AQR project. A risk check was also performed on the stress testing performed by the first line on behalf of the ECB. This is required to calculate using both a base and an adverse scenario. In 2014, this ECB stress test served within Argenta also as the annual stress test on the securities portfolio.

Risk also supported the first line in reconciling and checking the calculated results of the different scenarios within the RRP path.

Much 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. We observed an increase in the amounts calculated in 2014, due both to an increase in average maturities and to a decline in market spreads in 2014.

Each quarter the investment portfolios of the Bank and Insurance pool were subjected to thorough analysis including risk checking, with specific attention to the increased portfolio diversification that was a feature of 2014.

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

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

12.2.6. Managing the liquidity risk

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

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

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

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

A minimum limit of 100% is set in the RAF, but a ratio of at least 120% is targeted so that the Company always maintains a comfortable liquidity situation.

The daily liquidity management, the definition of EWIs (Early Warning Indicators), and the



organisation of stress tests are described in the LCP (Liquidity Contingency Plan).

New in 2014 was the calculation for Argenta Spaarbank of the 'survival horizon' and the asset encumbrance ratios.

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

12.2.7. Managing the technical insurance risk

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

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

The profitability of products is monitored by the following RAF indicators: value new business for life insurance and combined ratio for non-life insurance. In 2014, a VNB report was produced for ALN. 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 the reserves are considered inadequate, a decision is made in most cases to assign supplementary provisions and/or adjust the pricing and risk acceptance policies. At the end of 2014, a new method was developed for reserving for ULAE (unallocated loss adjustment expenses). This is an additional reserve for the costs that will be incurred in the future for further settlement of all claim events that have already taken place but have not yet been finally settled.

The Insurance Pool also uses reinsurance to limit certain risks, to mitigate claims volatility and to improve the solvency ratios. The retention levels and limits of the reinsurance treaties are determined based on Argenta's acceptance policy and risk appetite and are enshrined in the Reinsurance policy. In 2014, preparations continued for the implementation of the new Solvency II regulations. Risk is mainly responsible here for risk governance, ORSA, the various policy documents, and risk reporting.

12.2.8. 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 2014, the policy for operational risk was thoroughly reworked. In 2014, a large part of the annual planning was devoted to the implementation, demigration and testing of the loss database in Pentana Vision. This software package was then adapted to permit the conduct and reporting of RCSAs (Risk & Control Self-Assessments). The first line users of this software were also trained and helped to set to work in this new environment.

In addition to daily monitoring and support functions (e.g. facilitating RCSAs, putting together the internal control annual report, monitoring BCPs), work was also done on launching quarterly operational risk reporting, the KRIs (Key Risk Indicators) were redefined, and the contact persons designated by the different departments received further training. In the area of BCM (Business Continuity Management), both the BCPs (Business Continuity Plans) and the specific contact information were thoroughly updated. In addition, a crisis simulation was again organized this year with the CMT (Crisis Management Team). Preparations were also made to counter possible strike and power problems. In the context of information security, additions were prepared to the Information Security Code of Conduct (rules on personal mobile devices with access to the Argenta network and additional hardware in the workplace).

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.



12.2.9. Management of other risks

In 2014, further investments were made in a renewed group-wide risk assessment of all identifiable risks and in the ICAAP and ORSA economic capital models, particularly for developing stress, scenario, and forward-looking tests. Along with the economic capital calculations (supplemented with capital allocations) based on simulation models, these offer the Argenta Group a complete picture of all material risks. The results play an important role in the income and value control models.



13. Other Information

13.1. Increases in share capital

13.1.1. The Company

On 25 June 2014, Investar subscribed a capital increase in the Company through a contribution in kind of part of the receivable, amounting to EUR 19,053,200, which it had in the Company by virtue of a stock dividend.

As a result of this capital increase, the share capital of the Company was increased from EUR 601,137,900 to EUR 620,191,100. In this process, 190,532 new shares were created for Investar. Investar also paid an issue premium of EUR 30,052,612.36.

In total – share capital and issue premium together – the equity capital of the Company was increased by EUR 49,105,812.36.

13.1.2. The Argenta Group

On 26 November 2014, the Company subscribed a capital increase of Argenta Spaarbank by a cash contribution of EUR 60,830,640. The share capital of Argenta Spaarbank was increased in this way, with no issue of new shares, from EUR 518,246,650 to EUR 579,077,650. Investar subscribed the remainder of the capital, amounting to EUR 360.

13.2. 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 2014 financial year.

13.3. Application of Article 134 of the Belgian Companies Code

13.3.1. The Company

During the 2014 financial year, the Company paid to the statutory auditor, Deloitte Bedrijfsrevisoren cvba, or to companies having a relationship of professional cooperation with it, additional fees for additional services in relation to the contribution in kind to the Company, for training, tax advice, additional audit work, and for services with regard to the sustainability report in a total amount of EUR 60,046.25 ** (incl. VAT)

13.3.2. Argenta Group

During the 2014 financial year, the companies of the Argenta Group paid to the statutory auditor Deloitte Bedrijfsrevisoren cvba or to companies having a relationship of professional cooperation with it, additional fees totalling EUR 303,901.79 (incl. VAT) for additional services in relation to the contribution in kind to the Company, to the sustainability report, to training and analysis work in relation to IFRS, 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..



Financial statements 2014



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

1. Consolidated financial data

1.1. Consolidated balance sheet at 31 December 2014 after profit appropriation

in euro

ASSETS	2013	2014
I. Cash balances with central banks and post office giro service	38,983,008	44,480,085
II. Government securities eligible for refinancing at the central bank	36,902,610	62,935,143
III. Amounts receivable from credit institutions		
A. Repayable on demand	235,859,792	412,782,498
B. Other amounts receivable (with agreed maturities or periods of notice)	0	21,850,884
	235,859,792	434,633,382
IV. Amounts receivable from customers	19,758,111,280	22,582,997,907
V. Bonds and other fixed-income securities		
A. Issued by public bodies	6,745,225,185	5,713,580,704
B. Other enterprises	7,157,920,312	7,070,031,151
	13,903,145,497	12,783,611,855
VI. Equities and other variable-yield securities	860,212,526	1,244,391,576
VII. Non-current financial assets		
B. Other enterprises		
1. Participating interests, equities	28,198	28,198
VIII. Formation expenses and non-current intangible assets	103,421,338	107,016,985
IX. Consolidation differences	71,382,150	62,459,380
X. Property, plant and equipment	36,938,148	34,943,420
XII. Other assets		
▪ Reinsurance company share in technical reserves	2,605,066	3,274,617
▪ Other	43,626,205	27,993,941
	46,231,271	31,268,558
XIII. Deferred charges and accrued income	324,895,559	262,082,679
TOTAL ASSETS	35,416,111,377	37,650,849,168



in euro

LIABILITIES AND EQUITY	2013	2014
I. Amounts owed to credit institutions		
A. Repayable on demand	2,994,170	2,269,859
C. Other liabilities (with agreed maturities or periods of notice)	76,753,216	709,140,518
	79,747,386	711,410,377
II. Amounts owed to customers		
A. Savings / savings deposits	20,162,228,543	21,028,385,240
B. Other debts		
1. Repayable on demand	4,065,985,784	4,599,283,389
2. With agreed maturities or periods of notice	2,343,057,450	2,423,694,536
C. Actuarial reserves and premium reserves	4,054,433,587	4,674,164,009
	30,625,705,364	32,725,527,174
III. Retail debt certificates		
A. Bonds and other fixed-income securities in circulation	2,297,584,752	1,582,544,373
IV. Other debt instruments	112,136,502	184,546,484
V. Deferred income	220,174,436	190,527,723
VI. Provisions, deferred tax liabilities and deferred tax assets		
A. Provisions for risks and expenses		
3.b. Other liabilities and charges	13,069,332	13,708,037
B. Deferred tax liabilities and deferred tax assets	336,646	253,654
	13,405,978	13,961,691
VII. Fund for general banking risks	16,000,000	16,000,000
VIII. Subordinated debt	502,062,112	506,396,878
SHAREHOLDERS' EQUITY	1,549,287,764	1,719,926,299
IX. Capital		
A. Issued capital	601,137,900	620,191,100
X. Share premium account	180,824,336	210,876,948
XI. Revaluation surpluses	10,124,662	0
XII. Reserves and results brought forward	734,039,575	865,696,960
XIII. Consolidation differences	23,161,291	23,161,291
XV. MINORITY INTERESTS	7,083	8,169
TOTAL LIABILITIES AND EQUITY	35,416,111,377	37,650,849,168



1.2. Consolidated off-balance sheet items at 31 December 2014

in euro

	2013	2014
I. Contingent liabilities		
C. Other guarantees	3,620,216	3,847,225
II. Commitments which could give rise to a credit risk		
B. Commitments as a result of spot purchases of transferable or other securities	255,000	474,528
C. Undrawn margin on confirmed credit lines	12,772,719	5,598,171
	13,027,719	6,072,699
III. Assets lodged within consolidated companies		
B. Safe custody and equivalent items	10,290,649,514	9,148,027,074



1.3. Consolidated Income Statement for the 12 months ended on 31 December 2014

in euro

	2013	2014
I.		
a. Interest and similar income	1,141,589,010	1,166,336,969
including that from fixed-income securities	400,685,003	340,828,365
b. Premiums and other technical insurance products' income	656,514,186	1,019,417,339
c. Reinsurance	3,101,672	6,238,852
II.		
a. Interest and similar charges	-568,435,613	-480,654,996
b. Technical costs for insurance	-721,296,895	-1,094,896,340
c. Reinsurance	-4,528,736	-5,569,021
III. Income from variable-yield securities		
A. Shares and other variable-yield securities	1,510,420	2,154,385
	1,510,420	2,154,385
IV. Commission received	70,624,454	81,266,270
V. Commission paid	-165,868,603	-156,480,255
VI. Gain (Loss) on financial transactions		
A. Profit on exchange transactions and trading of securities and other financial instruments	-946	-11,773
B. Gain on disposal of investment securities	43,900,791	16,835,915
	43,899,845	16,824,142
VII. General and administrative expenses		
A. Remuneration, social security charges and pensions	-53,089,334	-57,932,880
B. Other administrative expenses	-127,538,920	-169,732,132
	-180,628,254	-227,665,012
VIII. Amortisation, depreciation and write-downs on formation expenses, intangible assets and property, plant and equipment	-49,618,638	-54,424,855
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'	-17,396,398	-6,346,281
X. Decrease (increase) in amounts written down on the investment portfolio of bonds, shares and other fixed-income or variable-yield securities	25,009,356	63,230,190
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'	147,576	0
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'	-4,203,029	-638,705
XIV. Other operating income	26,572,156	36,580,463
XV. Other operating costs	-30,668,111	-46,261,823
XVI. Profit of consolidated companies on ordinary activities, before taxes	226,324,398	319,111,322
XVII. Extraordinary income		
A. Decrease of amortisation, depreciation and write-downs on intangible assets and property, plant and equipment	0	6,847
D. Gains on the realisation (sale) of non-current assets	161,805	83,034
E. Other extraordinary income	261,681	1,128,790
	423,486	1,218,671



in euro

	2013	2014
XVIII. Extraordinary expenses		
A. Extraordinary amortisation, depreciation and write-downs on formation expenses, intangible assets and property, plant and equipment	0	-9,858
D. Losses on the realisation (sale) of non-current assets	-38,513	-52,205
E. Other extraordinary expenses	-3,982	0
	-42,495	-62,063
XIX. Profit of consolidated companies for the financial year, before taxes	226,705,389	320,267,930
XIX.bis		
A. Transfer to deferred tax assets / liabilities	-18,362	-192
B. Withdrawals from deferred tax liabilities and tax assets	132,467	85,464
XX. Income taxes		
A. Income taxes	-69,438,079	-76,836,833
B. Regularising of taxes and reversals of tax provisions	1,159	6,528,088
	-69,436,920	-70,308,745
XXI. Profit of the consolidated companies	157,382,574	250,044,457
XXIII. Consolidated profit	157,382,574	250,044,457
XXIV. Minority interests' share of the profit	790	1,164
XXV. Group's share of the profit	157,381,784	250,043,293



2. Notes on the consolidated financial statements at 31 December 2014⁽¹⁾

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

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

a.1. Full consolidation

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

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

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

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

Positive consolidation differences (consolidation goodwill) are reported under balance sheet assets.

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

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

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

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

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

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



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

II. A. List of the fully consolidated subsidiary companies

Name	Registered Office	Company number	Proportion of the capital held (in %)
Argenta Spaarbank nv	Antwerp	BTW BE 0404.453.574 RPR Antwerp	99,99 %
Argenta Assuranties nv	Antwerp	BTW BE 0404.456.148 RPR Antwerp	99,99 %
Argentabank Luxembourg S.A.	Luxembourg	R.C. Lux B35185	99,99 %
Argenta Life Luxembourg S.A.	Luxembourg	R.C. Lux B36509	99,99 %
Argenta Nederland nv	Amsterdam	H.R. Amst 33215872	100 %
Argenta-Life Nederland nv	Breda	H.R. Amst 33301491	99,99 %

VI. Valuation principles

Intangible assets

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment

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

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



These costs are calculated using the formula: .

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

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

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

- The construction costs relating to the new building constructed in 1986 were depreciated in the first financial year by 33 % on 88 % of the acquisition cost and 3 % on 12 % of the acquisition cost. Commencing in the following financial year, depreciation began being charged at 3 % of the total acquisition cost.
- The costs relating to the new building constructed in 1994 are depreciated at a rate of 3 % on the total acquisition cost.
- The revaluation surpluses relating to the Company's registered office and adjoining buildings are depreciated over the assumed residual useful life of the building. The end of this depreciation period falls at the same time as the end of the depreciation period of the acquisition cost:
 - a. For the revaluation surpluses on the Company's registered office recognized in 1990, the annual depreciation is 3.125 % over a period of 32 years.
 - b. For the revaluation surpluses recognized in 2003:
 - For the new building constructed in 1986, the annual depreciation is 7.595 % from 1 November 2003 to 31 December 2027.
 - For the new building constructed in 1994, the annual depreciation is 4.316 % from 1 November 2003 to 31 December 2027.
 - For the Lamorinièrestraat 58 building + old print shop, the annual depreciation is 3.209 % from 1 November 2003 to 1 December 2035.
 - For the Lamorinièrestraat 39-43 building, the annual depreciation is 3.315 % from 1 November 2003 to 31 December 2034.
- The works carried out on the Lamorinièrestraat premises are considered as new construction and are depreciated 3 % per annum on a monthly basis. The depreciation of the purchase costs follows that of the purchase price.
- Rebuilding costs (purchase price and related costs) are depreciated at 10 % per annum on a

monthly basis.

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

Fund for General Banking Risks

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

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

Securities portfolio

Non-current financial assets

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

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

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

Securities belonging to the trading portfolio

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

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



Securities belonging to the investment portfolio

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

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

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 euro
		Financial year
B. Other amounts receivable from credit institutions (with agreed maturities or periods of notice)		
2. Breakdown of these receivables by residual term:		
▪ up to three months		21,850,884

VIII. Amounts receivable from customers (asset item IV)

		in euro	
		Financial year	Previous financial year
1. Receivables			
▪ from affiliated enterprises not included in the consolidation		0	4,621
4. Breakdown of these receivables by residual term:			
▪ up to three months		152,573,862	
▪ more than three months up to one year		106,175,771	
▪ more than one year up to five years		639,514,626	
▪ more than five years		21,805,215,985	
▪ with indefinite term		-120,482,337	



IX. Bonds and other fixed-income securities (asset item V)

in euro

	Financial year	Previous financial year
2. Bonds and securities which represent subordinated receivables	96,717,508	94,106,166
3. Geographical breakdown of the following items:	Belgium	Abroad
V.A. - public issuers	4,174,780,544	1,538,800,160
V.B. - other issuers	532,830,780	6,537,200,371
4. Listings and terms:	Carrying amount	Fair value
a) <input type="checkbox"/> listed securities	12,783,611,855	13,493,958,183
	Financial year	
b) <input type="checkbox"/> residual term up to one year	2,229,641,704	
<input type="checkbox"/> residual term more than one year	10,553,970,151	
5. Breakdown of bonds and securities by portfolio:		
a) <input type="checkbox"/> trading portfolio	2,237,421	
b) <input type="checkbox"/> investment portfolio	12,781,374,434	
6. For the trading portfolio:		
<input type="checkbox"/> the positive difference between the higher market value and the acquisition cost of the bonds and securities that are valued at market value	27,530	
7. For the investment portfolio:		
<input type="checkbox"/> the positive difference of all securities for which the redemption value is greater than their carrying amount	19,175,993	
<input type="checkbox"/> the negative difference of all securities for which the redemption value is less than their carrying amount	113,607,894	
8. Detailed statement of the carrying amount of the investment portfolio:		
a) Acquisition cost		
At the previous financial year-end	13,902,259,880	
Changes during the financial year:		
<input type="checkbox"/> purchases	4,651,331,675	
<input type="checkbox"/> transfers (-)	-5,855,732,369	
<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 (+/-)	83,774,820	
At the financial year-end	12,781,634,006	
c) Write-downs		
At the previous financial year-end	1,756,551	
Changes during the financial year:		
<input type="checkbox"/> recognised	109,364	
<input type="checkbox"/> reversals of redundant write-downs (-)	-1,606,343	
At the financial year-end	259,572	
d) Net carrying amount at the end of the financial year	12,781,374,434	



X. Equities and other variable-yield securities (asset item VI)

in euro

	Financial year	Previous financial year
1. Geographical breakdown of the issuers of securities:		
▪ Belgian issuers	466,583,698	488,330,817
▪ foreign issuers	777,807,878	371,881,709
2. Listings		
	Carrying amount	Fair value
▪ listed securities	1,244,391,576	1,252,072,346
3. Breakdown of equities and securities by portfolio:		
	Carrying amount	
▪ investment portfolio	1,244,391,576	
5. Detailed statement of the carrying amount of the investment portfolio:		
a) Acquisition cost		
At the previous financial year-end	860,212,526	
Changes during the financial year:		
▪ purchases	381,191,632	
▪ transfers (-)	-57,188,189	
▪ other changes (+/-)	60,175,607	
At the financial year-end	1,244,391,576	
d) Net carrying amount at the financial year-end	1,244,391,576	



XI. Non-current financial assets (asset item VII)

in euro

	Financial year	Previous financial year
A. Breakdown of items VII A.1 and VII B.1:		
a) Economic sector of enterprises other than credit institutions		
▪ other enterprises	28,198	28,198
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:		
▪ transfer from one item to another (+/-)		0
At the financial year-end		28,198
E. Net carrying amount at the financial year-end		28,198

XII. Formation expenses and non-current intangible assets (asset item VIII)

	in euro
	Financial year
A. Detailed statement of formation expenses:	
Net carrying value at the previous financial year-end	148,582
Changes during the financial year:	
▪ amortisation	-52,500
Net carrying amount at the financial year-end	96,082
of which:	
▪ Costs of formation or capital increase, loan issuing expenses and other formation costs	96,082

	in euro	
	Other participating intangible non-current assets	Including provisions to pay for contributions to section 27 bis activities
B. Intangible assets		
a) Acquisition cost		
At the previous financial year-end	195,412,421	109,790,282
Changes during the financial year:		
▪ acquisition, including fixed assets, own production	43,253,199	20,872,857
▪ transfers and retirements (-)	-30,355,957	-22,347,348
At the financial year-end	208,309,663	108,315,791
b) Amortisation and write-downs		
At the previous financial year-end	92,139,665	49,920,951
Changes during the financial year:		
▪ recognised	39,605,052	22,147,640
▪ booked out (-)	-30,355,957	-22,347,348
At the financial year-end	101,388,760	49,721,243
c) Net carrying amount at the financial year-end	106,920,903	58,594,548



XIII. Property, plant and equipment (asset item X)

in euro

	Land and buildings	Plant, -machinery and -equipment	Furniture and vehicles
a) Acquisition cost			
At the previous financial year-end	47,433,454	25,719,888	2,468,859
Changes during the financial year:			
▪ acquisition, including fixed assets, own production	5,456,218	4,590,993	620,141
▪ transfers and retirements (-)	-18,098,341	-9,435,264	-1,352,378
At the financial year-end	34,791,331	20,875,617	1,736,622
c) Depreciation and write-downs			
At the previous financial year-end	20,487,794	17,610,326	1,396,778
Changes during the financial year:			
▪ recognised	1,054,053	4,277,114	513,366
▪ booked out as redundant (-)	-8,004,606	-9,248,416	-1,167,631
At the financial year-end	13,537,241	12,639,024	742,513
d) Net carrying amount at the financial year-end	21,254,090	8,236,593	994,109

in euro

	Other -property, plant and equipment	Assets under construction and advance payments	Costs for leased buildings
a) Acquisition cost			
At the previous financial year-end	66,128	0	1,302,236
Changes during the financial year:			
▪ acquisition, including fixed assets, own production	0	3,432,313	1,364,128
▪ transfers and retirements (-)	0	0	-409,196
▪ transfer from one item to another (+/-)	-37,653	0	0
At the financial year-end	28,475	3,432,313	2,257,168
c) Depreciation and write-downs			
At the previous financial year-end	51,054	0	506,465
Changes during the financial year:			
▪ recognised	0	0	958,443
▪ booked out as redundant (-)	0	0	-205,580
▪ transfer from one item to another (+/-)	-51,054	0	0
At the financial year-end	0	0	1,259,328
d) Net carrying amount at the financial year-end	28,475	3,432,313	997,840



XIV. Amounts owed to credit institutions (liabilities and equity item I)

in euro

	Financial year
B. For the amounts not immediately payable, breakdown by residual term (liability items I, B and C)	
▪ up to three months	619,411,947
▪ more than three months up to one year	89,728,571

XV. Amounts owed to customers (liabilities and equity item II)

in euro

	Financial year	Previous financial year
1. Debts to:		
▪ affiliated enterprises not included in the consolidation	28,767,609	29,442,129
2. Geographical breakdown of amounts owed:		
▪ within Belgium	29,808,188,842	
▪ abroad	2,917,338,332	
3. Breakdown by residual term:		
▪ immediately payable	4,599,283,389	
▪ up to three months	355,262,206	
▪ more than three months up to one year	207,653,031	
▪ more than one year up to five years	1,651,595,356	
▪ more than five years	510,288,611	
▪ with indefinite term	25,401,444,581	

XVI. Retail debt certificates (liabilities and equity item III)

in euro

	Financial year
2. Breakdown by residual term:	
▪ up to three months	121,508,112
▪ more than three months up to one year	129,631,737
▪ more than one year up to five years	1,254,583,703
▪ more than five years	76,820,821

XVII. Subordinated debt (liabilities and equity item VIII)

in euro

	Financial year	Previous financial year
A. For the item as a whole		
▪ debts of other enterprises included in the consolidation	68,800,000	69,300,000
C. Costs related to subordinated debt		
	18,308,465	



D. The following data is for each subordinated loan: (continuation of liability and equity item VIII)

Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Argenta Spaarbank nv Belgium	euro	68.800.000	31-10-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	8.381.863	01-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	5.905.345	02-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	8.090.541	03-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	11.722.420	04-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	16.318.740	05-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	8.434.931	06-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	4.809.400	07-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	4.415.381	08-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	2.945.165	09-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	67.500	10-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



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	euro	39.623.807	12-2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	56.629.305	01-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	25.519.885	02-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	20.098.258	03-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	9.312.581	04-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	12.984.690	05-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	14.067.449	06-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	13.174.577	07-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	8.817.741	08-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	7.012.229	09-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	3.975.633	10-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	2.675.715	11-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.827.421	12-2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	2.376.107	01-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



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	euro	2.291.763	02-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	5.481.911	03-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	6.652.622	04-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	11.577.946	05-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	9.510.723	06-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	7.853.457	07-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	5.007.731	08-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	4.202.472	09-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	3.809.137	10-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	2.710.220	11-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	2.421.880	12-2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	8.248.845	01-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.942.135	02-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.391.989	03-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



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	euro	963.235	04-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.496.684	05-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.552.057	06-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	849.900	07-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.497.581	08-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.052.760	09-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	606.063	10-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.089.662	11-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.077.220	12-2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.857.330	01-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	2.290.333	02-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	2.164.360	03-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	1.799.248	04-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	2.873.522	05-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the enterprise can pay back this loan prematurely b. conditions of subordination. c. conditions of conversion
Argenta Spaarbank nv Belgium	euro	4.320.289	06-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	3.190.550	07-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	6.542.417	08-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	4.721.378	09-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	3.735.215	10-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	4.257.995	11-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	5.499.165	12-2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	14.706.401	01-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	3.302.007	02-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	513.112	03-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	405.560	04-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	874.600	05-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	368.450	06-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	291.923	07-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Argenta Spaarbank nv Belgium	euro	275.952	08-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	535.415	09-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	170.600	10-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	348.379	11-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Argenta Spaarbank nv Belgium	euro	78.000	12-2020	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none



XVIII. Reserves and results brought forward (liability and equity item XII)

	in euro
	Financial year
At the previous financial year-end	734,039,575
Changes during the financial year:	
▪ result of the Group	250,043,293
▪ dividends	-118,792,817
▪ other	406,909
At the financial year-end	865,696,960

XIX. Consolidation differences and differences after application of the equity method

	in euro	
	Positive differences	Negative differences
A. Consolidation differences		
Net carrying amount at the end of the previous financial year	71,382,150	23,161,291
Changes during the financial year:		
▪ amortisation	-8,922,770	0
Subtotal of the changes	-8,922,770	0
Net carrying amount at the end of the financial year	62,459,380	23,161,291

XX. Breakdown of balance sheet euro - foreign currency

	In euro	In foreign currency (equivalent in euro)
TOTAL ASSETS	37,650,849,168	0
TOTAL LIABILITIES	37,650,849,168	0



XXII. Secured debts and commitments

Collateral securities provided by the consolidated entity or irrevocably pledged on its own assets:

in euro

	Carrying amount of the pledged assets
Pledges on other assets	
a) as surety for debts and commitments of third parties	
2. Off-balance sheet items	
▪ OLOs pledged as collateral for swap	489,285,000
▪ OLOs pledged as collateral for repo	617,000,000
▪ Credit line for pledge	31,000,000
▪ 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 euro

Types of transactions	Amount as at the closing date of the accounts	Of which transactions not designated as hedging
1. On securities		
▪ forward purchases and sales of securities	13,560,350	13,560,350
3. On other financial instruments		
1. Forward transactions		
▪ interest rate swap contracts	5,677,986,070	
▪ interest rate options	8,500,000,000	



Appendix to standard form XXIV

Figures in the notes to the financial statements of the impact on the results resulting from the waiver of the accounting rule of article 36 bis, §2, concerning forward transactions.

in euro		
Categories of forward interest rate transactions	Amount as at the closing date of the accounts (a)	Difference between the market value and the carrying amount (b)
2. In the context of the ALM	14,177,986,070	-589,622,396

(a) nominal / notional reference amount

(b) +: positive difference between market value and already recognised results

-: negative difference between market value and already recognised results

Derivative financial instruments not valued at fair value

in euro	
	Financial year
Estimate of the fair value for each category of derivative financial instruments that are not valued on the basis of their market value, indicating the scope and nature of the instruments	
Notional swap amounts	5,677,986,070
Market value dirty price	-594,150,637
Notional cap amounts	8,500,000,000
Market value dirty price	12,293,733
Caps premium paid and not written off	75,098,204

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 euro	
Total of the Headquarters in Belgium	Financial year
Notional swap amounts	3,205,991,300
Market value dirty price	-473,190,864
Notional cap amounts	8,200,000,000
Market value dirty price	10,812,438
Caps premium paid and not written off	63,728,979
in euro	
Totaal NL bijkantoor	Financial year
Notional swap amounts	2,471,994,770
Market value dirty price	-120,959,773
Notional cap amounts	300,000,000
Market value dirty price	1,481,295
Caps premium paid and not written off	11,369,225

XXV. Information concerning the operating results of the financial year and the previous financial year

in euro

	Financial year		Previous financial year	
	Belgian offices	Foreign offices	Belgian offices	Foreign offices
A. Breakdown of the operating results according to their origin				
I. Interest and similar income	1,785,292,531	406,700,629	1,437,513,266	363,691,602
III. Income from variable-yield securities				
▪ Shares and other variable-yield securities	2,154,385	0	1,510,420	0
IV. Commission received	77,015,325	4,250,945	67,893,632	2,730,822
VI. Profit from financial transactions				
▪ On disposal of investment securities	15,721,013	1,114,902	42,832,405	1,068,386
XIV. Other operating income	24,988,883	11,591,580	17,023,566	9,548,590

in units

	Fully consolidated companies
B. 1. Average number of staff	
▪ salaried staff	768.79
▪ executives	28.41
2. Staff costs and pension costs	
	57,932,880

in euro



in euro

Financial year	
C. Extraordinary results	
1. Extraordinary income (item XVII of the income statement)	
Breakdown if this item contains a significant amount	
▪ Realised gains on buildings and other assets	83,034
▪ Received late payment interest	278
▪ Recovery of property withholding tax	1,034
▪ Contingent profits	926,936
▪ Decrease of amortisation on property, plant and equipment	6,847
▪ Tax discount on the branch office in the Netherlands	200,542
2. Extraordinary expenses (item XVIII of the income statement)	
Breakdown if this item contains a significant amount	
▪ Realised losses on other property, plant and equipment	52,205
▪ Extraordinary amortisation on non-current assets	9,858

XXVII. Financial relations with directors and business managers

in euro

Financial year	
Outstanding amounts receivable from directors and business managers	516,542
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	2,515,119
▪ To former directors and former business managers	1,560,740

Financial relations with auditor and persons related to him (her)

in euro

Financial year	
Remuneration of auditor	535,404
Remuneration for exceptional activities or special assignments carried out by the auditor in the Company	
▪ Other audit assignments	20,267
▪ Advisory assignments regarding tax	25,980
▪ Other assignments over and above auditing tasks	249,088

3. The statutory auditor's report

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 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 37,650,849,168 euro and a consolidated income statement shows a consolidated profit (group share) for the year then ended of 250,043,293 euro.

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 in 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 2014 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 18, 2015

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Dirk Vlamincx



Unconsolidated balance sheet of the Company

1. Balance sheet

in euro

ASSETS	2013	2014
Non-current assets	848,602,671	909,433,311
Non-current financial assets		
Affiliated enterprises	848,602,671	909,433,311
Current assets	22,486,747	22,729,364
Amounts receivable within one year	1,553,304	4,672,503
Cash and cash equivalents	20,829,917	17,950,626
Deferred charges and accrued income	103,526	106,235
TOTAL ASSETS	871,089,418	932,162,675

in euro

LIABILITIES AND EQUITY	2013	2014
Shareholders' equity	847,695,148	856,281,182
Capital	601,137,900	620,191,100
Share premium account	180,824,336	210,876,948
Reserves		
Statutory reserve	13,952,878	17,866,530
Distributable reserves	51,780,034	7,346,604
Debts	23,394,270	75,881,493
Amounts payable within one year		
Financial debts	12,873	0
Trade debts	507,487	2,668,421
Taxes, remuneration and social security costs	2,435,221	2,511,287
Other liabilities	20,438,689	70,701,785
TOTAL LIABILITIES AND EQUITY	871,089,418	932,162,675



2. Income statement

in euro

	2013	2014
Operating income	15,990,493	22,616,678
Other operating income	15,990,493	22,616,678
Operating costs	-17,971,312	-25,038,738
Services and other goods	-4,144,848	-8,715,518
Remuneration, social security charges and pensions	-13,780,708	-16,273,220
Other operating costs	-45,756	-50,000
Operating loss	-1,980,819	-2,422,060
Financial revenues	77,273,943	81,077,032
Income from non-current financial assets	77,253,388	80,964,199
Income from current assets	20,555	112,833
Financial expenses	0	-2,147
Interest and other debt charges	0	-2,147
Profits on ordinary activities before taxes	75,293,124	78,652,825
Extraordinary income	10,408,261	0
Write-back of amounts written off non-current financial assets	10,408,261	0
Extraordinary expenses	-10,749,821	0
Losses on the realisation (sale) of non-current assets	-10,749,821	0
Profit for the financial year before taxes	74,951,564	78,652,825
Income taxes	-833,580	-379,786
Income taxes	-833,580	-379,786
Profit for the financial year	74,117,984	78,273,039
Financial year's profit to be appropriated	74,117,984	78,273,039



3. Appropriation of the result

in euro

	2013	2014
Profit of the financial year to be appropriated		
Financial year's profit to be appropriated	74,117,984	78,273,039
Withdrawal from shareholders' equity		
From the reserves	46,544,944	48,091,032
Appropriation to shareholders' equity		
To the legal reserve	3,705,899	3,913,652
To other reserves	49,973,396	3,657,602
Profit to be distributed		
Dividends	66,983,633	118,792,817



15. Argenta and sustainability - additional information



15.1. Organisation

Argenta has no separate sustainability department. Sustainability is in the DNA of Argenta and is therefore present in every department. The sustainability policy is monitored by the CEO and the Secretary-General.

In addition, there is a full sustainability team within the company, spread across different departments and divisions, which takes concrete initiatives.



15.2. Engagement in society

15.2.1. Commitment to a sustainable society

Given the importance Argenta attaches to playing an exemplary role in society, the Group is actively engaged in **Kauri**, the Belgian *multi-stakeholder* network on sustainability and corporate social responsibility, and in **ITCCO**, an organization that is 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 volunteer work
Branch managers and employees	The self-employed Argenta branch managers are embedded in their local communities, supporting activities like youth and sports movements.
	A significant group of branch managers and head office staff have committed to the "Apple Garden" project, which is supporting the construction of a unique living, learning and play area for young cancer patients and other sick children at the Brussels University Hospital.
Board of Directors	The executive management supports the commitments in organizations like Moeders voor Moeders (Mothers for Mothers),
	Argenta board members are also help manage such organizations. Walter Van Pottelberge, for example, chairs the board of directors of Oscare, an aftercare and research centre for burns and scars. Carlo Henriksen has since 1 March 2014 been a director at Donorinfo and Raf Vanderstichele is a director of CC De Meent, the cultural centre in Alseberg. 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.



15.2.2. Apple Garden

The Apple Garden is the first new construction project of the Children's Hospital section of the Brussels University Hospital (UZB). The Garden aims to provide a play and living area for all sick children. The Friends of The Apple Garden – 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. With EUR 980,000 collected, work could start in

November 2014. Most donors were loyal Argenta customers, but the generous donors also included schools, theatre groups, youth groups, businesses and Argenta employees. In this way, The Apple Garden project is not just a UZB project, but one that involves an entire community.

15.2.3. 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 customers wisely ('as a good family father'), offering lines of credit and credit cards in function of its customers' risk profiles.
	Product sheets are always available on the website in Dutch and French.
Students	In 2013, Argenta launched its financial knowledge test to enhance awareness of how to manage one's finances ('healthy approach to money'). The test was conducted on 800 young Belgians between 15 and 23 years with a focus on students in the final year of secondary education. The results show that they know far too little about finance. The average score was 49 percent, lower than in previous years. Young people clearly need more information.
	Argenta organizes financial roadshows in schools to make young people more financially savvy for when they step into society as adults. In 2014, Argenta organized two roadshows that reached more than 320 students.
	Argenta supports WEDUC, founded by the Antwerp student associations Wikings-NSK, in order to offer student materials and equipment more cheaply to University of Antwerp students.
	Argenta has cooperated in the production of a new series of study workbooks by a specialized publishing house for students from the third to the sixth year of secondary technical education (BSO), who are learning Office Management and Selling.
	Argenta offers internships and mentoring of dissertation students. In 2014, Argenta hosted 8 students doing internships and supervised 4 doctoral students.
	We also support the courses in insurance and credit training at the Thomas More schools group, as well as practice job interviews at the various high schools in Antwerp.
	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, 'Organization & Talent' will organize campaigns throughout the academic year. We provide support in delivering study packs, help organize a social activity, and will be present with them at various job fairs.
	Johan Heller and Gert Wauters spoke at the University of Antwerp debate on: "CEO, high bonus culture justified?"
	Johan Heller took part in a panel discussion organized by the University of Antwerp in relation to the Sustainability chair, led by Prof. Luc Van Liedekerke with Mr Thomas Leysens from Umicore and the CEOs of BASF and Deloitte. He also took part in workshops on this subject for 240 students.
	On 26 November 2014 19 Business Economics students from the St. Ursula Institute in Lier visited Argenta. They were first given an explanation of Argenta in general. The Customer administration and Contact Centre services were then explained to them.
The Belgian financial sector	Argenta organized in collaboration with Antwerp ITCCO a seminar on responsible investing, sustainable investing and financial ethics. Here we explained how Argenta achieves sustainability and how we apply sustainability themes in our investment activity. More than 40 stakeholders from the sector took part.



15.2.4. Respect for the environment

Argenta respects the environment. Our direct environmental impact and footprint consists mainly of paper and CO₂ consumption.

Paper consumption

Label	Unit	2012	2013	2014
Paper with Ecolabel/FSC label	Tons	279	226	192
Paper without Ecolabel/FSC label	Tons	90	0	0
Total paper consumption	Tons	369	226	192
Environmentally friendly paper as % of total consumption	%	76 %	100 %	100 %

Energy consumption²

At the end of 2013, Argenta started renovation and extension work at the company headquarters. To enable its employees to work in peace it rented additional offices at a second location in Antwerp. During 2014, additional offices were rented at this second site, which somewhat increased gas and electricity consumption at this second location. Consumption at the headquarters site was lower than in 2013.



Type	Unit	2012	2013	2014
Generated energy (solar panels)	MWh	14	14	34
Electricity	MWh	2.315	2.290	2.259
Purchased heat	MWh	53	77	66
Natural gas	MWh	1.501	2.251	2.432
Car fleet	Litres of diesel	112.184	137.078	135.180
Car fleet	Tons of gas	/	1	0,75

CO₂-Impact³

With regard to CO₂ reporting, Argenta decided, mindful of the change in GHG Protocol methodology, no longer to report based on the Purchased Goods and Services flows and the Capital Goods flows.**

In 2014, the efforts already commenced in 2013 were continued. As a result Argenta's direct impact emissions (Scope 1 and Scope 2) remained virtually unchanged.

With respect to Argenta's indirect impact emissions (Scope 3) we see a decline in employee commuting to and from the Belgium, Netherlands and Luxembourg headquarters. This is partly due to the continued efforts of the Argenta staff to make full use of public transport. At the same time, the 2014 calculation is based on more precise data than in 2013, coming this time from the 'Organization and Talent' department.

²Data 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.

³Data collection and calculations are documented in Argenta's Carbon Management Policy based on the GHG Protocol - The CO₂ intensity was 1.12 CO₂ - Teq per employee for Scopes 1 and 2.



Total emissions per scope	Unit	Unit	2012	2013	2014
Direct emissions - Scope 1	Natural gas	CO ₂ Teq	340	510	510
	Vehicles	CO ₂ Teq	356	447	441
	Air conditioning ⁴	CO ₂ Teq	87	104	18
Direct emissions - Scope 2	Electricity	CO ₂ Teq	12	3	0
		CO ₂ Teq	37	36	17
Indirect emissions - Scope 3	Commuting	CO ₂ Teq	/	1044	808
	Other		/	427	546

Argenta has ambitions to reduce this current footprint:

- Through waste prevention and selective waste collection, optimization of cooling, lighting and heating to the latest European energy consumption standards.
- By making full use of renewable, environmentally-friendly energy sources
- By promoting sustainable logistics and mobility: Argenta is acting to reduce the overall traffic impact of its business activities and to contribute to sustainable and safe mobility, with, for example, the annual bicycle day for employees.
- Through sustainable procurement: already 32 suppliers have signed the 'Argenta's sustainable principles' charter.

15.2.5. Reputation & Social Integration



















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

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

⁴In 2014, Argenta purchased no green energy, compensating its CO₂ emissions related to its electricity consumption by the purchase of CO₂ certificates (548,84Tco 2 e). This CO₂ certificates were purchased from the organization CO₂-Logic and are certified by the United Nations (UNFCCC) and The Gold Standard.



15.3. Sustainability Action Plan 2013-2015

Topic	Focus/Action	Status 2013	Status 2014	Status explanation	Core objective
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.	Results for the future
	The designation of a team that is operationally responsible for sustainability and CSR initiatives.			A cross-departmental project working group was set up.	Entrepreneurship
	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 (2 times) and at the national branch managers' meeting (2 times). In addition, a sustainability week was organized for all employees.	Entrepreneurship
Purchasing policy	The further development of the CSR questionnaire process, confirmation of the same to suppliers (outsourcing partners included) and developing a more sustainable procurement policy.			The sustainability charter has already been signed by 32 suppliers. We continue to closely monitor our key suppliers for sustainability. Sustainable Sourcing policy is finalized.	Results for the future Security
	Organization & Talent			The number of training hours increased by one third from an average 38 hours to an average 51 hours per person. In 2014, a competency dictionary was developed to familiarize employees with the competencies expected in their functions.	Results for the future
	The further development of talent management				
	Increasing pay policy transparency			There have been intensive consultations with the trade union and the employee delegation in 2014. Just before the final finish line, the union decided they could not accept the negotiated text. Argenta will provide the transparency itself in 2015. The car policy and cell phone policies are placed in full on the intranet. The functional descriptions can be found there too.	Reliability
	Stimulating working differently			A pilot project on teleworking was begun in the Insurance department, and has been extended thanks to the positive results. Argenta has learned a lot from this pilot project on working differently.	Results for the future
	Supporting the social commitment of our employees			In 2013, support was given to the Apple Garden project (branch managers) and the Mothers for Mothers project (head office staff). The latter project was finalized in 2014. The headquarters will continue to encourage employees' social involvement.	Entrepreneurship



Topic	Focus/Action	Status 2013	Status 2014	Status explanation	Core objective
Organization & Talent	Measuring staff satisfaction			<p>2014 was devoted to improving weak points that surfaced during the 2013 satisfaction survey. The main complaint was accommodation. A first part of the planned building alterations was undertaken. In January 2015, the first employees moved.</p> <p>A second main point is pay policy. In 2014, the necessary preparations were made to have a transparent policy.</p>	Results for the future
	The internal publishing of vacancy descriptions			<p>All function descriptions appear on the intranet. With the new organization (Argenta2020) many functional descriptions have been rewritten/renewed and re-weighted. This exercise has its sequel in 2015.</p> <p>2014 was devoted to improving weak points that surfaced during the 2013 satisfaction survey. The main complaint was accommodation. A first part of the planned building alterations was undertaken. In January 2015 the first employees moved.</p> <p>A second main point is pay policy. In 2014, the necessary preparations were made to have a transparent policy.</p>	<p>Reliability</p> <p>Results for the future</p>
	The appointment of a second confidential contact person in Belgium			<p>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.</p> <p>All the job descriptions are published on the intranet. As a consequence of the new organization (Argenta 2020), a lot of job descriptions have been rewritten / renewed and reweighed. This exercise will be continued in 2015.</p>	Reliability
	The appointment of a confidential contact person in the Netherlands.			<p>One new confidential contact person was appointed for the Netherlands. 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.</p>	Reliability
	Two employees in the Netherlands to obtain the Emergency Response (BHV) diploma.			<p>3 employees in the Netherlands were awarded BHV diplomas.</p> <p>A confidential contact person was appointed for the Netherlands.</p>	<p>Security</p> <p>Reliability</p>



Topic	Focus/Action	Status 2013	Status 2014	Status explanation	Core objective
Organization & Talent	Improving headquarters support to branch managers.			<p>The full support programme will be rolled out to branch managers in 2015:</p> <ul style="list-style-type: none"> Pre-screening of employees and branch managers for bespoke training. Assessment reporting in order to better monitor and coach employees and branch managers in training. Formal knowledge test after each course. Providing pedagogical training in Argenta to internal instructors. External instructors need to have thorough knowledge of Argenta. Training programme for sustainable advice <p>Argenta strives to build strong and lasting advisory relationships with its customers through the daily commitment of its branch staff. That is why we not only strive to ensure that office workers have a thorough knowledge of the Argenta products: at Argenta, we want to go one step further.</p> <p>Through personal customized guidance our branch staff learn how our products offer solutions to our customers' needs and how they can 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 and practical exercises and assistance with selling techniques.</p> <p>Based on knowledge and skill tests, participant groups are formed of persons with as homogeneous as possible prior knowledge and experience.</p> <p>The e-learning platform (www.argenta.elearner.be) 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 programmes. Validation of the training programmes will increasingly take the form of delivering 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>	Resultaten voor de toekomst





Topic	Focus/Action	Status 2013	Status 2014	Status explanation	Core objective
Financial products	Improving product transparency			<p>The transparency of our products for branch managers is being improved, to enable them to better advise customers. Particular attention is being given to improving the link between customer needs and the right product using the 'Know your Customer' principles by:</p> <ul style="list-style-type: none"> introducing key moments; improving the Argenta Fund and Argenta Fund of Funds data sheets; distributing charts showing the returns of each fund on a monthly and annual basis, along with the investment policy. in the Netherlands, the introduction of under-standable 'B1-language' in product data sheets. <p>Additional product information is available per product on the website (product descriptions and tariffs). This is periodically reworked to achieve maximum transparency.</p>	Reliability
	Improving the sustainable development of the Investments pillar (e.g. use of consistent checklists, sustainability indices, and structuring funds around specific sustainability themes)			<p>Minimum criteria for own funds have been placed on argenta.be.</p> <p>The minimum criteria of our external fund managers have been checked.</p> <p>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 our 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 give central importance to CSR and invest in securities selected by the Ethibel forum (Ethibel Excellence).</p>	Resultaten voor de toekomst
	Developing initiatives with suppliers to reduce the impact of ICT on energy and the environment through: partnerships for hardware recycling; purchase of new IT equipment with high energy efficiency			<p>Old and no longer functional digipasses are collected in the branches and recycled.</p> <p>The energy efficiency of new IT equipment is included in the policy of main ICT provider Getronics.</p> <p>The old servers were picked up by a specialized firm from the branch offices and recycled.</p>	Results for the future



Topic	Focus/Action	Status 2013	Status 2014	Status explanation	Core objective
Environment	Continuing work on measures to reduce paper consumption			<p>The Okapi project was completed. This included examining how to digitize more and reduce paper consumption. More and more files are processed digitally. This is reflected in the number of documents to be scanned.</p> <p>Printers: Equitrac system in use. Measurement and reporting of print jobs by department, incl. colour, erased assignments etc.</p> <p>Paper pickup for the branches (mainly archives) via a specialist confidential data destruction company.</p> <p>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.</p>	Results for the future
	Old furniture			We regularly allow recycling shops to collect old furniture and give it a second life.	
	Further developing energy efficiency measures			This action plan is linked to the renovation and expansion work started at the end of 2013 at head office. Attention will be paid to energy efficiency in the renovation work.	
	Defining a reporting system to calculate the results of these measures			This action plan is coupled to the renovation and expansion work started at the end of 2013 at head office. The reporting system will indicate the energy savings achieved by the measures taken.	Results for the future
Social	Identifying and continuing projects to increase financial literacy and for good causes.			<p>In 2014, several financial literacy initiatives were taken for customers, students and the financial sector. See the section on 'Financial Literacy'.</p> <p>We regularly allow recycling shops to collect old furniture and give it a second life.</p> <p>Apple Garden: see Section 15.2 'Engagement in society'</p>	Results for the future
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 Properties unit, which supports branch managers in the areas of accessibility (for disabled persons), energy efficiency, safety and waste selection. This unit is currently operational.	<p>Security</p> <p>Results for the future</p>





15.4. 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 2014 to 31 December 2014. It has been prepared to the latest GRI reporting standard (GRI 4 – 'comprehensive' level) - see below.

15.4.1. Data collection and validation (GRI 4.18)

The information has been collected from the following Argenta departments: Customers, Channels and Marketing, Distribution Support, Product Management Banking, Product Management Insurance, ICT, Financial Planning and Analysis, Organization & Talent, Legal Department, Compliance and Integrity, and Audit. The subsidiaries and the branch in the Netherlands were also consulted.

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.

Based on these preparations, further (albeit limited) consultations were conducted again in 2014 with Argenta's stakeholders. The results served, along with the more extensive consultation undertaken in 2013, as input for the sustainability report and to identify problem areas which Argenta also needs to address in the future. More information on the way stakeholders were approached and on the frames of reference used can be found in the section 15.5 'Material aspects and stakeholder consultation'.

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 involved in CSR by reading the annual report and giving

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 used the opportunity to carry out its annual assessment on the status of the sustainability efforts and the accompanying update of the Sustainability Action Plan 2013-2015. This report will also serve in 2015 as the basis for preparing an updated sustainability action plan setting out the objectives for the coming years.

15.4.2. Reporting Standards

This sustainability report is based on external standards and guidelines. The auditor has (partially) verified it for compliance with the GRI 4 - 'comprehensive' - guidelines. In addition, GRI has carried out the materiality audit to check the correct linkage between the GRI table and the annual report. The indicators of the Financial Sector Supplement (FSSS) have also been included.

15.4.3. Scope (G4-17 en G4-18)

Since 2012, Argenta has published every year a sustainability report as part of its full annual report. For 2014, Argenta expressed the desire to weave its sustainability reporting into the rest of the annual report, with sustainability no longer being the subject of a specific chapter.

The scope of the 2014 sustainability report is that same as the previous one, published in 2013, consisting of Argenta Bank- en Verzekeringsgroep nv, and the subsidiaries (Argenta Spaarbank nv, Argenta Nederland nv, Argenta Luxembourg sa, Argenta Assuranties nv, Argenta-Life Nederland nv, and Argenta Life Luxembourg sa) and the branch in the Netherlands. This is in line with the companies that are consolidated in the 2013 financial statements.

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.

The following GRI indicators have been included in section 15.4.3.: "G4-17, G4-18"



15.4.4. Differences compared with 2013

Compared to the previous sustainability report, there are few significant differences in scope and coverage. With respect to form of reporting, the sustainability topics are now woven into the body of the annual report and no lumped together in one separate chapter. Moreover, Argenta is keen to conduct a two-yearly comprehensive stakeholder consultation. Given the fact that there was already a comprehensive exercise in 2013, only a limited consultation was undertaken in 2014 (branch managers, employees and customers). This does not, however, change in any way Argenta's ambition to report at least annually on its sustainability performance **(G4-23)**.

In its reporting on Argenta customer investments having an impact on society, investment insurance is included for the first time this year.

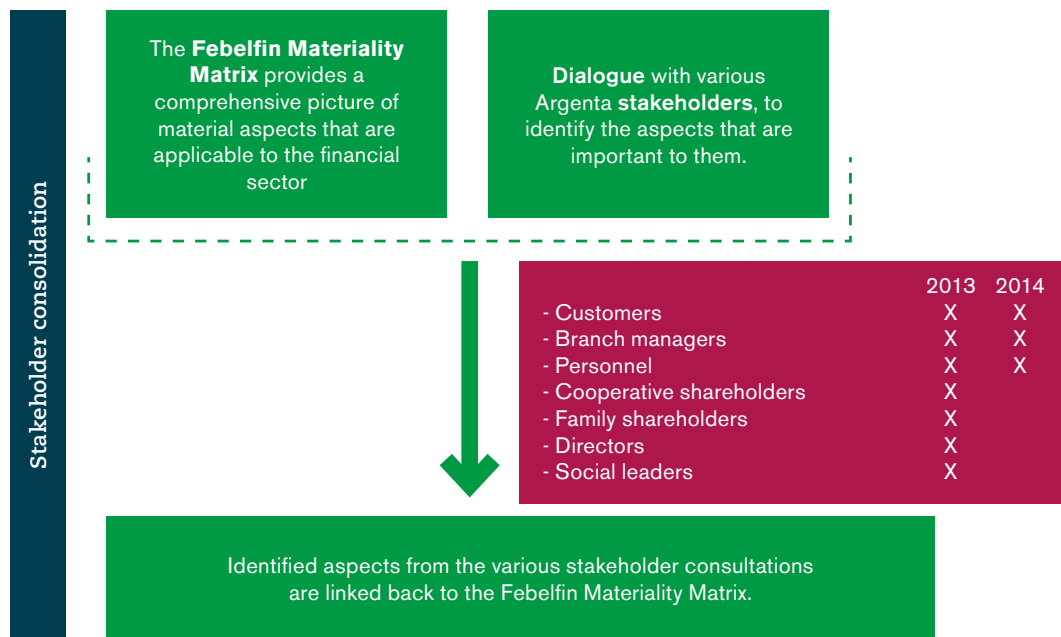
Also, the joint leverage ratio of the banking and insurance group for 2014 is not reported. This is because the calculation methodology has again changed, making comparison with previous years of little meaning. The individual ratios (i.e. the bank and the insurance activities separately) continue to be reported.

Finally, owing to a change in the GHG Protocol methodology, Argenta has decided that from 2014, it will no longer report on the Purchased Goods and Services and the Capital Goods flows **(G4-22)**.

We explain below Argenta's stakeholder consultation process. More detailed information on each block will be given in the following sections.



15.5. 'Material aspects and stakeholder consultation'

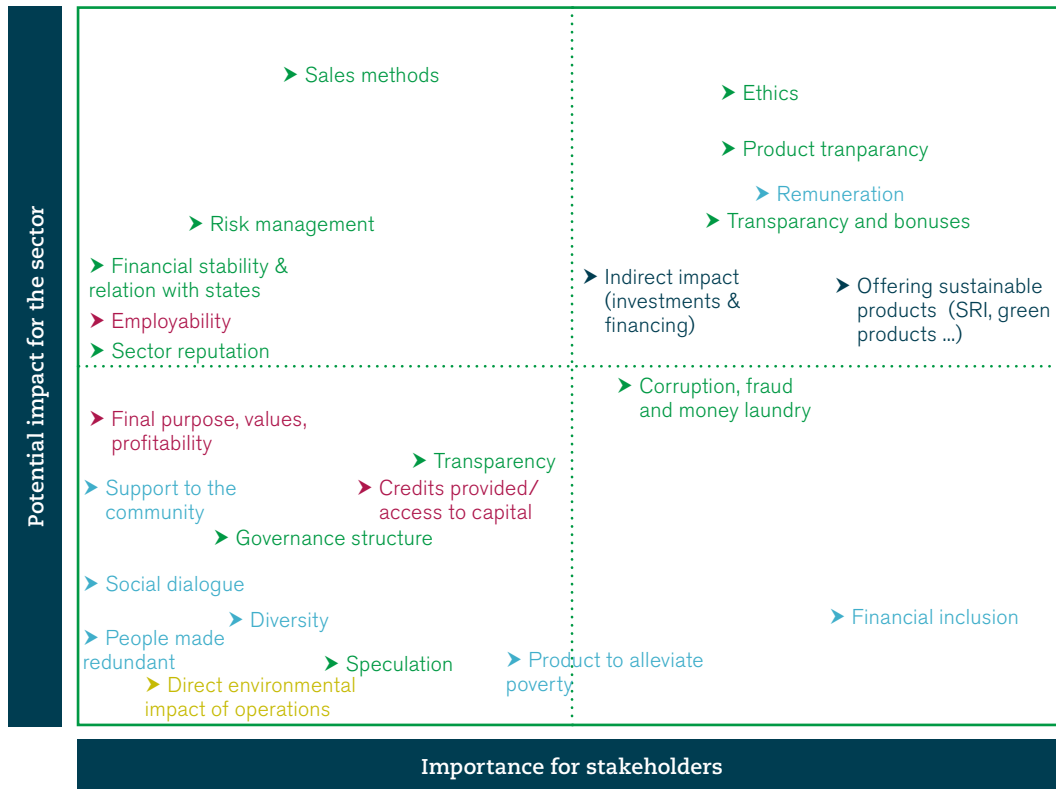


(G4-18)

The following GRI indicators have been included in section 15.4.3.: "G4-17, G4-18"

15.5.1. Febelfin material aspects for corporate social responsibility for the Belgian banking sector

The Febelfin materiality matrix with subjects for corporate social responsibility for the Belgian financial sector is shown below:



The themes surfacing most during stakeholder consultations are given at the top. Other themes are no less important, but are experienced as less defining in character. This matrix was compiled based on panel consultations and interviews with NGOs, sustainability experts, academics, trade unions and regulators. It was produced with the participation of 19 financial institutions in Belgium, including Argenta. The Febelfin sustainability report and the Febelfin materiality matrix can be consulted on <http://www.bankierenvoordesamenleving.be>.

15.5.2. Argenta in dialogue with stakeholders

In 2013, Argenta for the first time established a dialogue with its stakeholders. These were identified by the internal project team and approved by the CEO. Since Argenta plans to conduct extensive stakeholder consultations every two years, it decided to limit consultation in 2014 to a smaller number of stakeholder groups, consisting of customers, branch managers and staff. During 2015, Argenta will again undertake an extensive stakeholder consultation. **(G4-25)**

The table below shows how Argenta has approached its stakeholders over the past two years. **(G4-24 and G4-26)**

The following GRI indicators have been included in section 15.5.2.: “G4-24, G4-25, G4-26 en G4-27”

Stakeholder	Form of interacting with the stakeholder	Consulted in 2013	Consulted in 2014
(1) Customers	Targeted survey through NPS customer survey and through Episodic Survey.	X	X
(2) Branch managers	Targeted questioning by branch manager survey, NPS and monthly debate/dialogue with branch managers	X	X
(3) Staff	Targeted consultation through a staff meeting and voluntary debate with staff as well as through the Episodic Survey (only in 2014).	X	X
(4) Family shareholders	Targeted presentation and consultation on 15 October 2013	X	
(5) Argen-Co shareholders	Targeted survey on 14 November 2013.	X	
(6) Directors	Targeted survey sent to each board member in December	X	
(7) Society	Targeted consultation between Argenta management representatives and Fairfin on 17 December 2013. Feedback on the 2012 Sustainability Report by Prof. Luc Van Liedekerke.	X	

The interaction with the stakeholders was conducted by the internal project team staff, with the exception of the NPS and the Episodic Survey. The NPS surveys were conducted by the department in question, while the Episodic survey was undertaken by external parties Nexus Integrity Consulting and KU Leuven.

In each case, the internal project team fed the survey results directly back to the CEO in one-to-one meetings.

The material aspects discussed during the stakeholder interactions in 2014 again matched those coming from the Febelfin study. For this reason, for the 2014 Sustainability Report, Argenta

has once again used the material aspects identified by Febelfin as a reference framework. These aspects apply to all entities within Argenta Argenta Bank- en Verzekeringsgroep nv.

Specific problem areas were also examined in both the 2013 as the 2014 interactions. They are summarized in the table below, along with an initial response from Argenta management. The feedback received will undoubtedly be taken to heart when drawing up a new future sustainability action plan in 2015. The problems brought up by the stakeholders in 2013, were also expressed in the 2013 surveys of the directors, indicating the close concern of the directors for what is experienced by the other Argenta stakeholders. **(GRI -27)**

The following GRI indicators have been included in section 15.5.2.: "G4-24, G4-25, G4-26 en G4-27"

No	Material aspect	Problem	Stakeholder raising the problem	How Argenta responds to this concern
1	Product transparency	Further increasing the intelligibility of and familiarity with the products and capabilities	Customers Representatives of society Directors	<p>Argenta's products are and remain relatively simple compared to those of the big banks.</p> <p>Argenta remains committed to maintaining long term relationships with its customers and places emphasis on the providing of personal advice (see also 2. Argenta's mission and vision)</p>
2	Indirect impact (investments)	Increasing the transparency of the sustainability criteria that Argenta uses in putting together funds	Representatives of society	<p>Argenta continues to work on developing its 'Best-in-class' and thematic funds.</p> <p>In 2014, it also organized a seminar in collaboration with Antwerp-ITCCO on responsible investing, sustainable investing and financial ethics.</p>
3	Sales method	The "baby boom" generation is more satisfied than generation Y with Argenta's services. Generation Y attaches more importance to internet banking, mobile apps and information/ advice via the website.	Customers Branch managers	<p>During 2014, Argenta launched its mobile app for iOS and Android that permits banking by smartphone just like the big banks.</p> <p>In addition, dozens of branch managers were trained in 2014 in creating their own local Facebook pages. This initiative is being continued in 2015.</p>
4	Employability	Continuing attention to providing growth opportunities for employees and increasing the transparency within the HR policy.	Employees Directors	<p>The Human Resources department was converted in 2015 into 'Organization and Talent', so as to put even more emphasis on talent development.</p> <p>Argenta's management has expressed the ambition to continue work in 2015 on a transparent pay policy.</p>



The following GRI indicators have been included in section 15.5.2: "G4-24, G4-25, G4-26 en G4-27"

15.5.3. Febelfin material aspects for Corporate Social Responsibility inside and outside Argenta (GRI 4:19, 4:20 and 4:21)

We indicate below where the material aspects are discussed in the annual report, and also whether they are situated inside or outside the Argenta Group.

Material aspects	Reference in the annual report	Internal Inside the Argenta Group	External Outside the Argenta Group
Ethics	Section 5.2.1. Compliance and integrity	Relevant for the entire Argenta Group	<ul style="list-style-type: none"> Relevant for the self-employed branch managers in Belgium (part of the agency agreement) Relevant for the consultants in the Netherlands Relevant for external fund managers Relevant for suppliers
Product transparency	Section 5.3.6. Product Management	Relevant for the Distribution Organization within the Argenta Group. Also part of the Argenta Group strategy	<ul style="list-style-type: none"> Relevant for the self-employed branch managers in Belgium (part of the agency agreement) Relevant for the consultants in the Netherlands Relevant for external fund managers
Remuneration	Section 5.1.3. Organization and Talent	Relevant for employees	<ul style="list-style-type: none"> Relevant for the self-employed branch managers Relevant for customers and for society in general so as to have an insight into the wage policy and the remuneration policy.
Transparency and bonuses	Section 5.1.3. Organization and Talent and Section 10.1.4. Remuneration of the Argenta Group senior management	Relevant for employees	<ul style="list-style-type: none"> Relevant for the self-employed branch managers Relevant for customers and for society in general so as to have an insight into the wage policy and the remuneration policy. Relevant for the consultants in the Netherlands
Indirect impact (investment and financing)	Section 5.4.3. Treasury and ALM	Relevant for the entire Argenta Group in terms of its role in the economy in general and its reputation in particular	<ul style="list-style-type: none"> Relevant for customers (who can be impacted by investments that do not fit with their risk profiles) and society (which may be impacted by the characteristics of the investments)
Offering of sustainable products (Socially Responsible Investments, green products, etc.)	Section 5.3.6. Product Management	Relevant for the entire Argenta Group in terms of strategy, positioning and reputation	<ul style="list-style-type: none"> Relevant for the customers and society in general
Corruption, fraud and money laundering	Section 5.2.1. Compliance and integrity	Relevant for the entire Argenta Group	<ul style="list-style-type: none"> Relevant for customers (who may be impacted by a loss resulting from corruption, fraud and money laundering)
Access to financial services	Section 5.3.6. Product Management	Relevant to Product Management and Distribution Organization within the Argenta Group	<ul style="list-style-type: none"> Relevant for customers and for society in general
Sales methods	Section 5.3.6. Product management	Relevant for the Product Management and Distribution departments within the Argenta Group.	<ul style="list-style-type: none"> Relevant for customers and for society in general

The following GRI indicators have been included in section 15.5.3.: "G4-19, G4-20 en G4-21"

Material aspects	Reference in the annual report	Internal Inside the Argenta Group	External Outside the Argenta Group
Risk management	Section 12 Risk Management	Relevant for the Argenta Group in terms of its role in the economy (stability as a bank, reallocation of retail customer savings, mainly as mortgage loans for individuals and government bonds) and reputation	<ul style="list-style-type: none"> Relevant for customers (who can be financially impacted) and society (which may be impacted by the characteristics of the investments)
Financial stability and ties with government authorities	Section 5.4.3. Treasury and ALM	Relevant for the entire Argenta Group in terms of its role in the economy (stability of the economy) and its reputation	<ul style="list-style-type: none"> No public support needed Relevant for customers Relevant for self-employed branch managers Relevant for consultants in the Netherlands
Employability	Section 5.1.3. Organization and Talent	Relevant for Argenta employees and senior management	<ul style="list-style-type: none"> Relevant for branch managers and for society (longer-term effects of ageing)
Sector reputation	Section 5.3.4. Marketing & Communication	Relevant for the entire Argenta Group in terms of its role in the economy (sober, 'no frills' family bank with a clear long-term vision) and its reputation	<ul style="list-style-type: none"> Relevant for customers
Ultimate aim, values, profitability	Sectie 2. Argenta's missie en visie.	Relevant voor de hele Argenta Groep voor de rol in de economie (sobere stabiele familiale bank met een duidelijke langetermijnvisie) en de reputatie	Niet van toepassing
Transparantie	Section 5.1.2. Process excellence	Relevant for the entire Argenta Group	<ul style="list-style-type: none"> Relevant for the self-employed branch managers in Belgium Relevant for consultants in the Netherlands Relevant for retail customers Relevant for society in general
Credits granted/ access to capital	Section 5.4.3. Treasury and ALM	Relevant for the entire Argenta Group in terms of its role in the economy (stability as a bank, reallocation of retail customer savings, mainly as mortgage loans for individuals and government bonds) and reputation	<ul style="list-style-type: none"> Relevant for customers (who can be financially impacted) and society (which may be impacted by access/non-access to capital)
Support to the community	Section 5.4.3. Treasury and ALM	Not applicable	<ul style="list-style-type: none"> Relevant for the contribution to society Relevant for retail customers
Administrative organization	Section 10. Corporate Governance	Relevant voor de hele Argenta Groep	<ul style="list-style-type: none"> Relevant for branch managers
Diversity	Section 5.1.3. Organization & Talent	Relevant for employees	<ul style="list-style-type: none"> Relevant for society
Employee turnover	Section 5.1.3. Organization & Talent	- Relevant for employees (Over the last three years, the workforce has not reduced.)	<ul style="list-style-type: none"> Relevant for the society in that financial institutions play their roles as employers in society

The following GRI indicators have been included in section 15.5.3.: "G4-19, G4-20 en G4-21"

Material aspects	Reference in the annual report	Internal Inside the Argenta Group	External Outside the Argenta Group
Speculation	Section 5.4.3. Treasury and ALM	- Relevant for the entire Argenta Group in terms of its role in the economy (stability as a bank, reallocation of retail customer savings, mainly as mortgage loans for individuals and government bonds - speculative trading is expressly not permitted) and reputation	▪ Relevant for customers (who can be financially impacted) and society (which can be impacted by speculative investments)
Anti-poverty product	Section 15.1.3. Financial literacy	- Relevant for the entire Argenta Group for it to be able to profile its customers accurately and offer the appropriate products	▪ Relevant to customers with a supporting effect on society
Directe ecologische gevolgen van handelswijze	Sectie 15.1.4.1. Inspanning op vlak van milieu en energie	- Relevant voor de hele Argenta Groep	▪ Relevant voor de zelfstandige kantoorhouders in België (onderdeel van de agentuurovereenkomst). ▪ Relevant voor de adviseurs in Nederland. ▪ Relevant voor cliënten.



15.6. 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 Argenta's mission. They are clustered into four themes:

- Entrepreneurship;
- Reliability;
- Security;
- Results for the future

These four core objectives are reflected in the sustainable values that Argenta pursues. Argenta wants

- to be an independent banker-insurer for families;
- to be 'no frills' and profitable through consistent and competitive pricing;
- to communicate openly and honestly with its employees, its stakeholders and its customers;
- to do business in a sustainable and socially responsible manner, not just by concluding long-term customer relationships and offering customers sustainable products but also through a policy of equal opportunities and respect for the environment.

These core objectives are the common thread running through this report.

The following GRI indicators have been included in section 15.5.3.: "G4-19, G4-20 en G4-21"

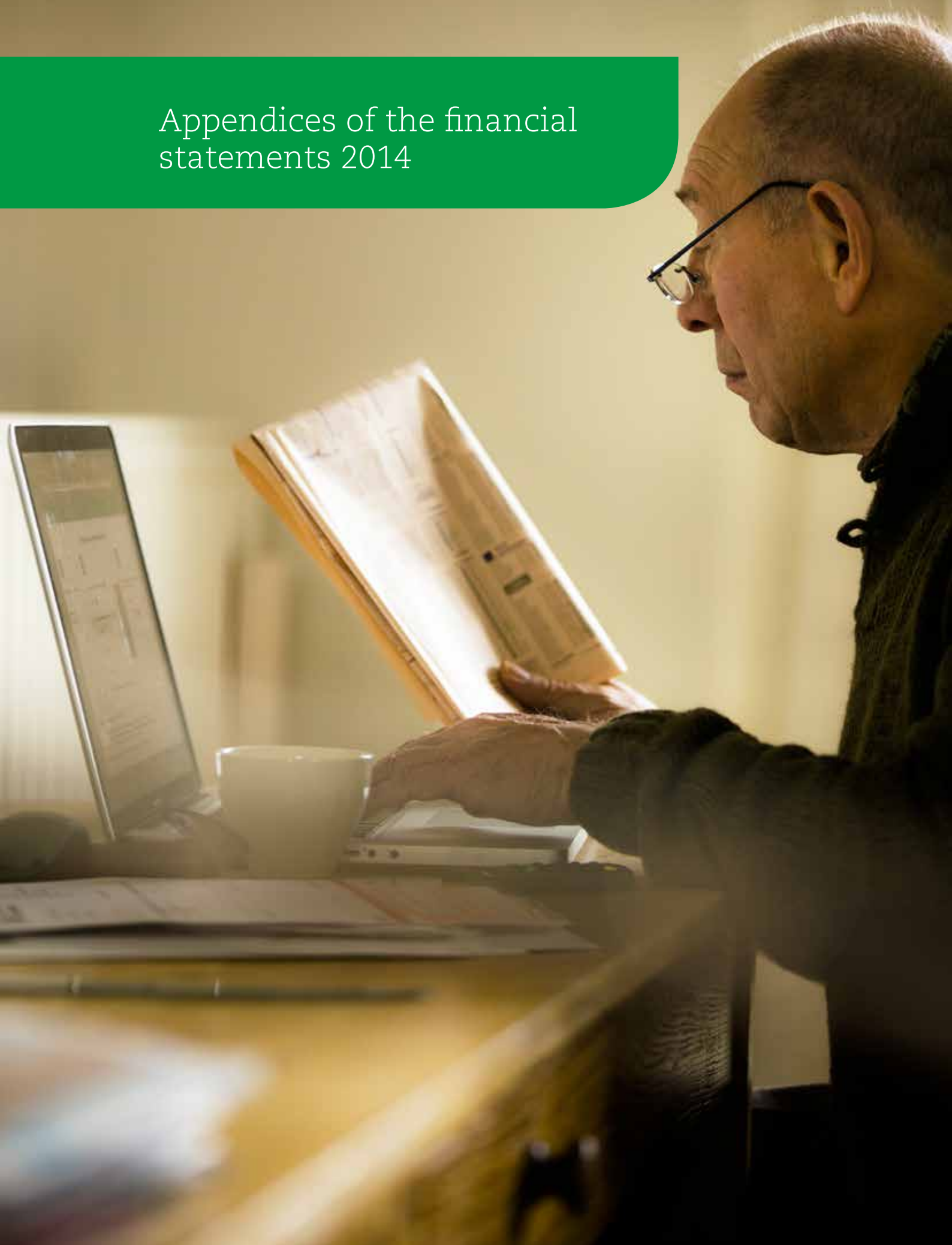


Argenta's Sustainability Core Objectives





Appendices of the financial statements 2014



16. Appendices of the financial statements 2014

1. Consolidated balance sheet and income statement of Argenta Spaarbank nv at 31 December 2014 after profit appropriation (IFRS)

Balance sheet

in euro

ASSETS		
Cash and cash balances with central banks		149,377,455
Financial assets held for trading		26,134,211
Available-for-sale financial assets		8,352,382,746
Loans and receivables		23,527,689,459
Loans to and receivables from credit institutions	350,726,228	
Loans to and receivables from other clients	23,176,963,231	
Assets held to maturity		839,817,180
Cumulative changes in the fair values of hedged positions		398,422,686
Tangible fixed assets		34,250,829
Buildings, land, equipment	32,645,392	
Investment properties	1,605,437	
Goodwill and other intangible assets		45,133,248
Tax receivables		110,527
Other assets		150,756,697
TOTAL ASSETS		33,524,075,038



Balance sheet

in euro

LIABILITIES, EQUITY AND MINORITY INTERESTS	
Financial liabilities held for trading	11,364,769
Financial liabilities measured at amortised cost	30,998,478,859
Deposits from credit institutions	412,902,289
Deposits from other than credit institutions	28,461,986,606
Retail debt certificates, including retail saving certificates	1,610,203,276
Subordinated liabilities	513,386,688
Derivatives used for hedging purposes	607,092,752
Provisions	13,708,037
Tax liabilities	79,246,094
Other liabilities	264,434,824
TOTAL LIABILITIES	31,974,325,335
Equity	1,549,749,703
Equity attributable to the shareholders	1,549,675,409
Equity attributable to the minority interests	74,294
TOTAL LIABILITIES, EQUITY AND MINORITY INTERESTS	33,524,075,038



Income statement

in euro

Financial and operating income and expenses		459,286,539
Net interest income		540,330,008
Interest income	1,081,646,403	
Interest expenses	-541,316,395	
Net income from commissions and fees		-59,714,545
Income from commissions and fees	75,445,834	
Expenses related to commissions and fees	-135,160,379	
Realised gains and losses on financial assets and liabilities that are not measured at fair value in the income statement		6,016,890
Gains and losses on financial assets and liabilities held for trading		-49,863,325
Gains (losses) on the administrative processing of hedging transactions		1,961,952
Gains and losses on derecognition of assets other than held for sale		2,469
Other net operating income		20,553,090
Administration expenses		-221,413,955
Employee expenses	-34,818,193	
General and administrative expenses	-186,595,762	
Depreciation and amortisation		-21,549,016
Tangible fixed assets	-5,783,227	
Investment properties	-30,073	
Intangible assets	-15,735,716	
Appropriation to and write-backs of provisions		-638,705
Impairments		-2,071,158
Loans and receivables	-2,071,158	
Total profit before taxes		213,613,705
Income tax expenses		-40,551,834
Net profit or loss		173,061,871
Net result attributable to minority interests		3,346
Net result attributable to shareholders		173,058,525



2. Consolidated balance sheet and income statement of Argenta Assuranties nv at 31 December 2014 after profit appropriation (IFRS)

Balance sheet

		in euro
ASSETS		
Financial assets designated at fair value through profit and loss		1,181,134,714
Available-for-sale financial assets		3,121,002,028
Loans and receivables		1,224,779,119
Loans to and receivables from credit institutions	410,146,388	
Loans to and receivables from other clients	814,632,731	
Financial assets held to maturity		165,556,764
Tangible fixed assets		692,590
Tangible fixed assets	66,931	
Investment properties	625,659	
Goodwill and other intangible assets		3,193,107
Share of the reinsurers in the technical provisions		3,274,617
Other assets		34,020,276
TOTAL ASSETS		5,733,653,215
LIABILITIES, EQUITY AND MINORITY INTERESTS		
in euro		
Financial liabilities designated at fair value through profit and loss		1,181,134,714
Financial liabilities measured at amortised cost		1,253,451,267
Technical provisions related to insurance contracts		2,556,605,744
Tax liabilities		112,949,969
Other liabilities		42,760,703
TOTAL LIABILITIES		5,146,902,397
Capital and reserves		586,750,818
Equity attributable to the shareholders	586,744,563	
Equity attributable to the minority interests	6,255	
TOTAL LIABILITIES, EQUITY AND MINORITY INTERESTS		5,733,653,215



Income statement

in euro

Financial, insurance and operating income and expenses		84,580,120
Net earned premiums		643,044,614
Gross premiums	650,929,521	
Change in the unearned premiums	-2,315,885	
Retroceded insurance premiums	-5,569,022	
Net interest income		109,622,664
Interest income	123,300,381	
Interest expenses	-13,677,717	
Dividends		2,154,385
Net income from commissions and fees		12,561,137
Realised gains and losses on available-for-sale financial fixed assets		6,685,930
Net cost of claims and changes on technical provisions		-666,921,972
Gross cost of claims and changes on technical provisions	-674,288,485	
Cost of claims and changes on technical provisions (reinsurers' share)	7,366,513	
Realised gains and losses on sale of fixed assets		18,502
Other net operating income		-22,585,140
Administration expenses		-20,808,452
Employee expenses	-6,011,677	
General and administrative expenses	-14,796,775	
Depreciation and amortisation		-2,143,737
Tangible fixed assets for own use	-18,142	
Investment properties	-3,029	
Intangible assets	-2,122,566	
Impairments		-492,680
Available-for-sale financial fixed assets	-651,037	
Loans and receivables	158,357	
Total profit before taxes and minority interests		61,135,251
Income tax expenses		-15,062,522
Net profit or loss		46,072,729
Net result attributable to minority interests		-327
Net result attributable to shareholders		46,073,056





17. Alignment with GRI reporting Standards Version 4

17.1 The GRI Materiality Disclosure Service verifies whether the General Standard Disclosures G4-17 to G4-27 ('Materiality Disclosure Service')

The GRI Materiality Disclosure Service verifies whether the General Standard Disclosures G4-17 to G4-27 are included correctly in both the GRI table as the final text of the ANNUAL REPORT. However, the GRI Materiality Disclosure Service does not verify the content of these disclosures.



17.2 GRI-indextabel

No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
1. Strategy and Analysis					
G4-1	Statement by the Chairman of the Board of Directors about the relevance of sustainability to the organization's strategy for addressing sustainability	Complete	Section 1. 'Message from the Chairman of the Board of Directors'		
G4-2	Key impacts, risks and opportunities	Complete	Section 1. 'Message from the Chairman of the Board of Directors'		
2. Profile of the organization					
G4-3	Name of the organization	Complete	Section 4. 'Description of the structure of the Argenta Group'		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 head-quarters is located	Complete	Section 4. 'Description of the structure of the Argenta Group'		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 the Argenta Group'		
G4-7	Nature of ownership and legal form	Complete	Section 4. 'Description of the structure of the Argenta Group' and Section 13. 'Other information'		

* See section 17.3 for control report.

No	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 the Argenta Group', 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' and Section 4.2 'International Network'		
G4-9	Scale of the organization (including total number of employees, operations, net sales, total capitalization and quantity of products or services)	Complete	Section 1. 'Message from the Chairman of the Board of Directors,' 5.1.3 'Organization & Talent' (total number of employees) Section 9. 'Indicators Argenta Bank and Insurance Group' (net sales and total assets) Section 4. 'Description of the structure of the Argenta Group' (operations, 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' and Section 4.2 'International Network' (products/ services)		
G4-10	Total number of employees Number of employees by employment contract and gender Number of permanent employees by employment type and gender Total workforce by employees and supervised workers (including gender breakdown) Total workforce by region and gender Report whether a substantial portion of the organization's work is performed by persons who are self-employed or by employees who are not under contract with Argenta. Report any significant variations in employment numbers	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).		

* See section 17.3 for control report.





No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
G4-12	Describe Argenta's value chain	Complete	Section 1. 'Message from the Chairman of the Board of Directors' and Section 2 'Argenta's mission'		x
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership or its value chain. Changes in the location of, or changes in operations, including openings, closings and expansions. Changes in the share capital structure and other assets Changes in the location of suppliers, the structure of the value chain, or in relationships with suppliers, including selection and termination.		Not applicable. No significant changes		
G4-14	Information on the application of the precautionary principle at Argenta	Complete	Section 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 5.3.6 'Product Management' and Section 15.2 'Engagement in Society'		
G4-16	Memberships of associations (such as industry associations) or national or international advocacy organizations in which the organization: holds a position in the governance body; participates in projects or working groups; provides financing beyond routine membership dues; views membership as strategic	Complete	15.2 '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.		
3. Identified material aspects and boundaries					
G4-17	List of the entities included in the organization's consolidated financial statements (or equivalent documents) List of the entities that are not included in the sustainability report compared with the entities in the consolidated financial statements (or equivalent)	Complete	Section 14 'Financial Statements' Section 15.4 'Reporting Basis' Entities are identical because combined annual and sustainability report		x

* See section 17.3 for control report.



No	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 15.4. Reporting Basis		x
G4-19	List the material aspects identified in the process of defining report content	Complete	Section 15.5 'Material aspects of stakeholders'		x
G4-20	For each material aspect, report the Aspect boundary within the organization in accordance with the G4 guideline.	Complete	Section 15.5 'Material aspects of stakeholders'		x
G4-21	For each material aspect, report the aspect boundary outside the organization in accordance with the G4 guideline.	Section 15.5 'Material aspects of stakeholders'	Section 15.5 'Material aspects of stakeholders'		x
G4-22	Restatement of information provided in previous reports, and the reasons	Complete	Section 15.4. Reporting Basis		x
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	Complete	Section 15.4. Reporting Basis		x
4. Stakeholder engagement					
G4-24	List of the organization's stakeholder groups	Complete	Section 15.5 'Material aspects of stakeholders'		x
G4-25	Basis for identification and selection of stakeholders with whom to engage	Complete	Section 15.5 'Material aspects of 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 15.5 'Material aspects of 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 15.5 'Material aspects of stakeholders'		x
5. Verslagparameters					
G4-28	Reporting period	Complete	Section 15.4 Reporting basis		x
G4-29	Date of most recent previous report	Complete	Section 15.4 Reporting basis		x
G4-30	Reporting cycle	Complete	Section 15.4 Reporting basis		x

* See section 17.3 for control report.



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
G4-31	Contact person	Complete	Section 17 'Contact data'		
G4-32	Process for determining the content of the report	Complete	Section 15.4 'Reporting basis'		x
G4-33	Seeking assurance for the report	Complete	Section 17 'Alignment with GRI reporting standards version 4-40' *		x
G4-34	Governance structure of the organization	Complete	Section 10.4.1 'Governance' Policy decisions related to corporate social responsibility (including economic, environmental and social impact) are monitored directly by the CEO.		
6. Governance, commitments and dialogue					
G4-35	Management 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'		
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 15.1. 'Organization'		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 15.4 'Reporting basis' Section 15.5 'Material aspects of stakeholders'		x
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	Partially	Section 10.1. 'Composition and functioning of the Boards of Directors of the Argenta Group' Section 15.2. '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"		

* See section 17.3 for control report.



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
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 'Eligibility and evaluation'		
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	Executive Committees of the Argenta Group		
G4-43	Measures taken to develop and enhance the Board of Directors' collective knowledge of economic, environmental and social topics.	Complete	Section 15.5 'Material aspects of stakeholders'		
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 'Eligibility and evaluation'		

* See section 17.3 for control report.



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
G4-45	<p>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.</p> <p>Report whether stakeholder consultation is used to support the Board of Directors' identification and management of economic, environmental and social impacts, risks and opportunities.</p>	Complete	Section 15.4 '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 15.4 'Reporting basis'		
G4-47	Frequency of the Board's review of economic, environmental and social impacts, risks and opportunities.	Complete	Section 15.4 '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 15.4 'Reporting basis'		
G4-49	Process for communicating critical concerns to the highest governance body.	Complete	Section 10.1. 'Composition and functioning of the Boards of Directors of the Argenta Group'		
G4-50	The nature and number of critical concerns communicated to the highest governance body and the mechanism(s) used to address and resolve them.	Not applicable	<p>No critical concerns were communicated.</p> <p>The various control functions within Argenta always have the option to have point out concerns/risks cards 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.</p>		



* See section 17.3 for control report.

No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
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 Remuneration 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 Argenta Group senior management'		
G4-54	Ratio of the total annual compensation of the organization's best paid individual in each country of significant operations to the median annual compensation of all employees (excluding the highest paid individual) in the same country.	Complete	Section 10.1.4. 'Remuneration of Argenta Group senior 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 control report.



No	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 Argenta Group senior 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
7. Ethics and integrity					
G4-56	Overview of the organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Complete	Section 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 helplines 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.	Complete	Section 5.2 'Reputation and compliance' and section 5.1.3 'Organization & Talent' (confidential contact person for Argenta employees)		x
Economic performance indicators					
Economic performance					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Section 1. 'Message of the Chairman of the Board of Directors', Section 7.1 'Impact of the financial and economic context', and Section 8 'General financial and economic framework'		
G4-EC1	Direct economic value generated and distributed	Complete	Section 14. '2014 Financial Statements'		
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	Section 5.4.3 'Treasury and ALM', Section 5.3.6 'Product Management', and Section 15.2 'Engagement in Society'	Argenta looks at the opportunities related to climate change in the product lines savings and payments, credit and insurance.	

* See section 17.3 for control report.

No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
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.	Complete	Not applicable No financial assistance received from the government		
Market presence					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Section 1.1 'Message from the Chairman', Section 5.4.3 'Treasury and ALM' (Argenta as a driver of the real economy: Reinvestment of savings in primary basic needs of families) 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	The full wage policy Argenta Group is geared to the CAO of the savings banks (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.		
Indirect economic impacts					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not material. With regard to social investments Argenta 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.		
Procurement practices					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		15.3. 'Sustainability Action Plan 2013-2015' (Sustainable Procurement)		
G4-EC9	Policy, practices and proportion of spending on local suppliers at significant operating locations.	Partially	15.2 'Engagement in Society' and 15.3 'Sustainability Action Plan 2013-2015'	The proportion of spending going to local suppliers has not been quantified.	

* See section 17.3 for control report.



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
Environmental Performance Indicators					
Materials					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) Paper is the most relevant for the banking sector. Other materials do not need to be considered to be significant. For more information, see Section 15.2 'Engagement in Society' and Section 15.3 'Sustainability Action Plan 2013-2015'		
G4-EN1	Total materials used by weight or volume	Complete	Section 15.2 'Engagement in society'		X
G4-EN2	Percentage van de gebruikte materialen dat bestaat uit gerecycleerde inputmaterialen.	Complete	Section 15.2 'Engagement in society'		X
Energy					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The main energy flows and related emissions are linked to lighting and heating/air conditioning. b) The significant flows were identified and monitored in the energy accounting. This includes all data from Belgium, the Netherlands and Luxembourg. c) The energy bookkeeping is verified by the auditor.		
G4-EN3	Energy consumption within the organization.	Complete	Section 15.2.4.1. 'Energy consumption'		X
G4-EN4	Energy consumption outside the organization.	Complete	Section 15.2.4.1. 'Energy consumption'		X
G4-EN5	Energy intensity	Complete	Section 15.2 'Engagement in society'		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.		
Water					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not material. Water is used only for sanitary reasons. Consumption can be considered insignificant compared to the total CO2 footprint. Water used is purified city mains water.		
Biodiversity					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable to Argenta's activity (financial services provider). All branches are in urban/residential areas.		

* See section 17.3 for control report.



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
Emissions					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) See DMA Energy b) See DMA Energy c) See DMA Energy			
G4-EN15	Total direct greenhouse gas emissions (scope 1)	Complete	Section 15.2 'Engagement in society'		X
G4-EN16	Total indirect greenhouse gas emissions (scope 2)	Complete	Section 15.2 'Engagement in society'		X
G4-EN17	Other relevant indirect greenhouse gas emissions (scope 3)	Complete	Section 15.2 'Engagement in society'		X
G4-EN18	Intensity of greenhouse gas emissions	Complete	Section 15.2 'Engagement in society'		X
G4-EN19	Reduction in greenhouse gas emissions	Complete	Sectie 15.2 "Engagement in de maatschappij"		
G4-EN20	Emissions of ozone-depleting substances by weight	Not applicable to Argenta's activity (financial services provider).			
G4-EN21	NOx, SOx and other significant air emissions by type and weight	Not applicable to Argenta's activity (financial services provider).			
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).			
Products and services					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not material for Argenta's activity (financial services provider).			

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No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
Transport					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not material for Argenta's activity (financial services provider). Only commuting and business trips are applicable and are included under G4.EN17.			
General					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not material for Argenta's activity (financial services provider).			
Assessment of suppliers for environmental effects					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not material for Argenta's activity (financial services provider). Only commuting and business trips are applicable and are included under G4.EN17.			
G4-EN32	Percentage of new suppliers that are screened using environmental criteria.	Partially	See Section 15.2 'Engagement in Society' and 15.3 'Sustainability Action Plan 2013-2015'	Only the suppliers Argenta has worked with since 2014 and with whom Argenta has spent more than EUR 100,000 are reported.	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain, and measures taken.	Complete	Section 15.2 'Engagement in Society' and 15.3 'Sustainability Action Plan 2013-2015'		
G4-EN34	Number of complaints relating to environmental consequences submitted, addressed and resolved through formal complaint procedures	Complete	No supplier-related environmental complaints were submitted.		
Handling of environmental complaints					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not material for Argenta's activity (financial services provider).			



* See section 17.3 for control report.

No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
Social performance indicators					
Employment					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	a) The banking sector is a major employer. See section 5.1.3 'Organization & talent' c) Section 15.3. 'Sustainability Action Plan 2013-2015'			
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	Section 5.1.3 'Organization & Talent'		
Labour relations					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	See DMA Employment.			
G4-LA4	Minimum notice period(s) in respect of operational changes, including whether this is specified in collective agreements	Complete	Section 5.1.3 'Organization & Talent' This is part of the collective savings banks agreement (PC 308).		
Health and Safety					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not material for the sustainability report (financial services - not a production environment). Argenta has a safety officer to oversee Health and Safety.			
Training and Education					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Section 5.1.3 'Organization & talent' and section 15.3 'Sustainability Action Plan 2013-2015'			

* See section 17.3 for control report.



No	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 5.3.4. 'Marketing and communication', section 5.3.2 Branch network Belgium and section 15.3 '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.	
Diversity and Equal Opportunity					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		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	Section 5.1.3 'Organization & Talent' (Equal opportunity and diversity)		X
Equal Pay for Women and Men					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. 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.		
Supplier Assessment for Labour Practices					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Section 15.2 'Engagement in Society' (respect for the environment) and 15.3 'Sustainability Action Plan 2013-2015'		



* See section 17.3 for control report.

No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	Partially	Section 15.2 'Engagement in Society' (respect for the environment) and 15.3 'Sustainability Action Plan 2013-2015'	Only the suppliers Argenta has worked with since 2014 and with whom Argenta has spent more than EUR 100,000 are reported.	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain, and measures taken.	Complete	Section 15.2 'Engagement in Society' (respect for the environment) And 15.3 'Sustainability Action Plan.'		
Handling of labour practices complaints					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		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
Human Rights Indicators					
Investment policy					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Argenta has not concluded any direct investment agreements that place the bank-insurer in the position of co-owner in other organizations. For investments, the reader is referred to the Financial Sector Supplement 'Active Shareholdership' and related indicators G4. FS 10 to 12.		
Non-discrimination					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		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)		

* See section 17.3 for control report.



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
Freedom of association and collective bargaining					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable.	Given our geographic location in Belgium, the Netherlands and Luxembourg, there is no significant risk of obstruction of freedom of association and collective bargaining.		
Child Labour					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable.	Because of our geographic location in Belgium, the Netherlands and Luxembourg, there is no significant risk of child labour.		
Forced or Compulsory Labour					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable.	Given our geographic location in Belgium, the Netherlands and Luxembourg, there are no activities of the group with a significant risk of forced or compulsory labour.		
Security Procedures					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable.	Security is outsourced. Suppliers undergo security screening. Branches are advised on security by the head office Properties unit.		
Indigenous Rights					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable.	Given our geographic location in Belgium, the Netherlands and Luxembourg and Argenta's targeting a household customer base, the Group's activities carry no significant risk of violation of the rights of indigenous people.		
Supplier Assessment for Human Rights					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	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 control report.

No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
Supplier Assessment for Human Rights					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The banking sector is a major purchaser, in particular of IT services. See section 5.4.2 'Sustainable policy for purchasing products and outsourcing services.' b) Section 5.4.2 'Sustainable policy for purchasing products and outsourcing services.' c) New processes are being created. See section 5.4.2 'Sustainable policy for purchasing products and outsourcing services.'		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	Niet gerapporteerd	New processes are being created. See section 5.4.2 'Sustainable policy for purchasing products and outsourcing services.'		
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 5.4.2 'Sustainable policy for purchasing products and outsourcing services.'		
Handling of human rights complaints					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Given our geographic location in Belgium, the Netherlands and Luxembourg and Argenta's targeting a household customer base, the Group's activities carry no significant risk of violation of the rights of indigenous people.		
Social Indicators					
Local community					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Section 15.2. '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 15.2. '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).		
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 15.2. 'Engagement in Society (financial literacy)'		

* See section 17.3 for control report.



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
Anti-Corruption					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		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 and 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 and 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.		
Public policy					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. Argenta does not participate directly in the development of public policy. This is the domain of the professional federation of Belgian banks (Febelfin). Nor does Argenta make any financial contribution or contribution in kind to political parties, politicians and related institutions by country.		
Anti-competitive behaviour					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Not applicable. There are no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.		
Compliance					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Section 5.2.1 'Compliance & Integrity'		



* See section 17.3 for control report.

No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
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		
Review suppliers regarding social consequences					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable.	Argenta buys in primarily services. It has established a sustainable purchasing process for this. Social effects are not relevant to what Argenta purchases.		
Handling complaints concerning social consequences					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable.	Not applicable to Argenta's activity (financial services provider).		
Product responsibility Indicators					
Customer health and safety					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable.	Not applicable to Argenta's activity (financial services provider).		
Information on products and services					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		Section 5.3.6. '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 5.3.6. '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 5.3.6. 'Product Management'		

* See section 17.3 for control report.



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
G4-PR5	Policy regarding customer satisfaction, including results of surveys measuring customer satisfaction	Complete	Section 5.1.2 'Process Excellence'		X
Marketingbeleid					
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.			
Customer data privacy					
DMA	Report why this aspect is material. Report the impact that makes this aspect equipment. Report how the organization manages the material aspect and its impact. Report the evaluation of the management approach.		Section 5.3.7 'Contact Center and Customer Administration' and Section 5.2.1 'Compliance & Integrity' (Complaint Management in Belgium, Complaint 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' (Complaint Management in Belgium, Complaint Management in the Netherlands and Complaints Management in Luxembourg)	For the year 2014, only the privacy-related complaints about the Belgian commercial activities have been recorded.	X
Compliance					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		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).		
Product portfolio					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The impact of Argenta's products and services on its customers and on society should be considered to be material. Argenta's role as a driving force of the economy is explained in section 5.4.3 'Treasury and ALM' and 5.3.6 'Product Management' b) Argenta has a Treasury and Asset and Liability Management policy guideline internally available. The Risk Management department within the Argenta Group monitors compliance with this. The Compliance department watches over the areas of money laundering, fiscal prevention policy, MiFID-compliant functioning, application of the rules of behaviour and the provision of correct information to customers. c) Neither department is involved in the operational activities of Argenta Group.		

* See section 17.3 for control report.



No	GRI description	Reporting Status	Reference in the annual report	Not included in the reporting	Audited by auditor
G4-FS6	Percentage of portfolio by business line by region, size and sector.	Complete	Section 5.3.1. 'Profitability'		
G4-FS7	Monetary value of products and services developed in order to obtain specific social benefits by department and goal	Partially	Section 5.3.6. '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 5.3.6. 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.		
Audit					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.	Not applicable.	Argenta focuses on families, not corporations or governments.		
Active ownership (fund management).					
DMA	a) Report why this aspect is material. Report the impacts that make this aspect material. b) Report how the organization manages the material aspect and its impacts. c) Report on the evaluation of the management approach.		a) The approach to 'healthy investment' and the monetary value of the funds are discussed in Section 5.4.3 Treasury and ALM and 15.3. '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 and ALM' - 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 ALM' - minimum criteria apply to all funds.		X

* See section 17.3 for control report.



17.3. 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 2014

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 2014.

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 Nederland NV, Argenta Luxembourg SA, Argenta Assurantie NV, Argenta-Life Nederland NV en Argenta Life Luxembourg SA). The independent branches are not incorporated as they are subject to the direct responsibility of the independent branch managers.

The scope of our work is limited to the Data relating to 2014. 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, 18 March 2015

The statutory auditor



DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Dirk Vlaminckx

18. Contacts

The annual report of Argenta Bank- en Verzekeringsgroep nv is published in Dutch, French and English. Questions related to the distribution of these reports should be directed to:

18.1. Argenta Bank- en Verzekeringsgroep nv

Belgiëlei 49-53
 B-2018 Antwerp (Belgium)
 Tel: +32 3 285 50 65
 Fax: +32 3 285 51 89
www.argenta.be
pers@argenta.be

18.2. 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 (Belgium)
 Tel: +32 3 285 56 45
 Fax: +32 3 285 55 28
klachtenbeheer@argenta.be



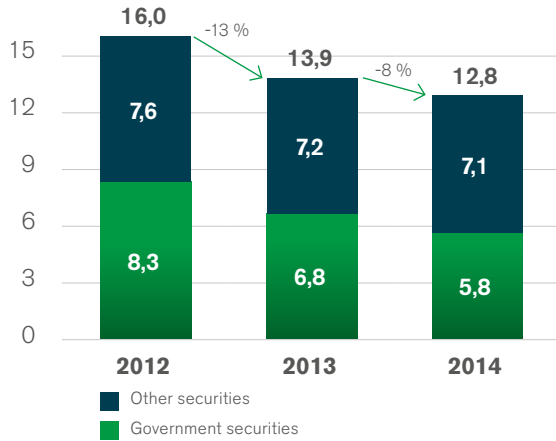
In line with Argenta's sustainability philosophy, this report is printed on Cocoon Silk (fully recycled paper). The used inks are made on the basis of vegetable oil and moreover, are solvent free.



Key financials: argenta bank- en verzekeringsgroep

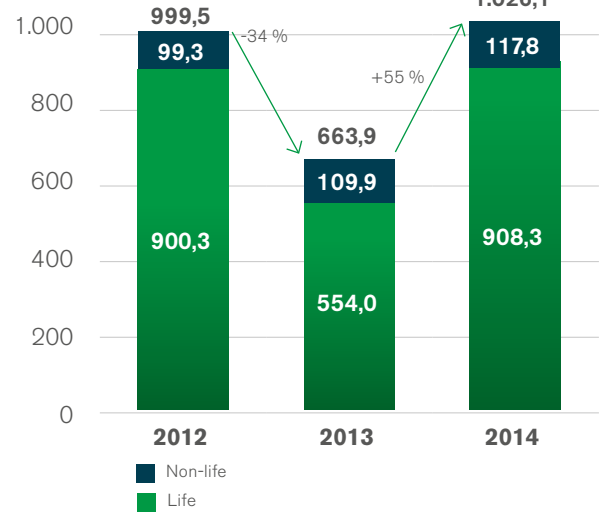
Bonds and fixed-income securities in investment portfolio

(Euro in millions)



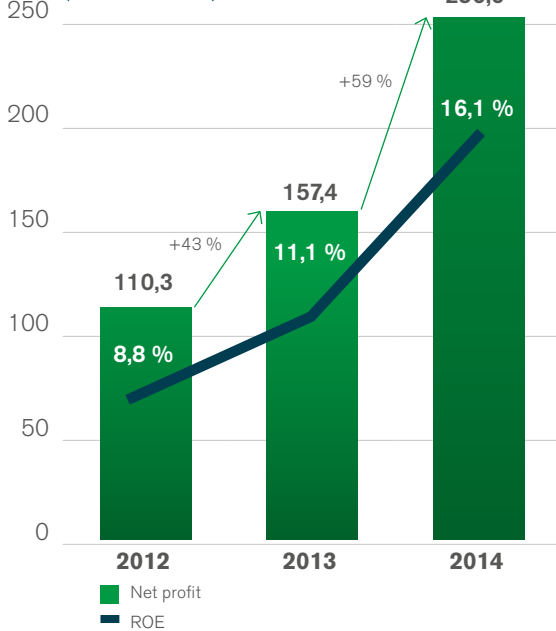
Insurance premium income

(Euro in millions)



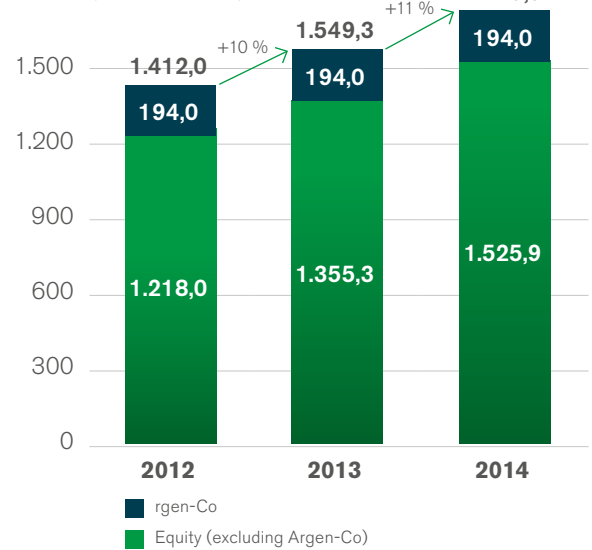
Net profit en ROE

(Euro in millions)



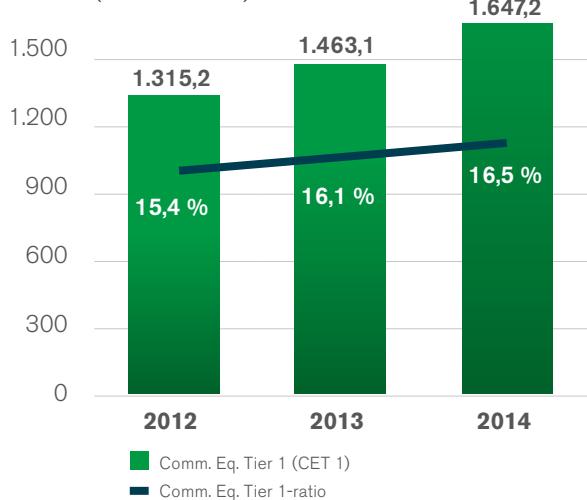
Balance sheet equity

(Euro in millions)



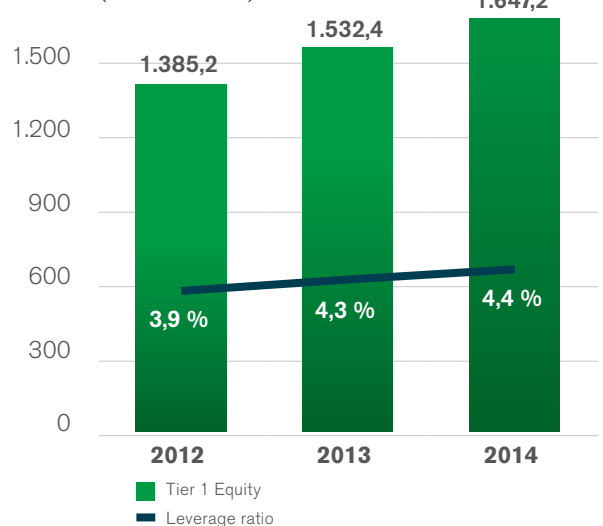
Core Tier 1 equity and ratio

(Euro in millions)



Tier 1 equity and leverage

(Euro in millions)





Argenta Bank- en Verzekeringsgroep nv

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