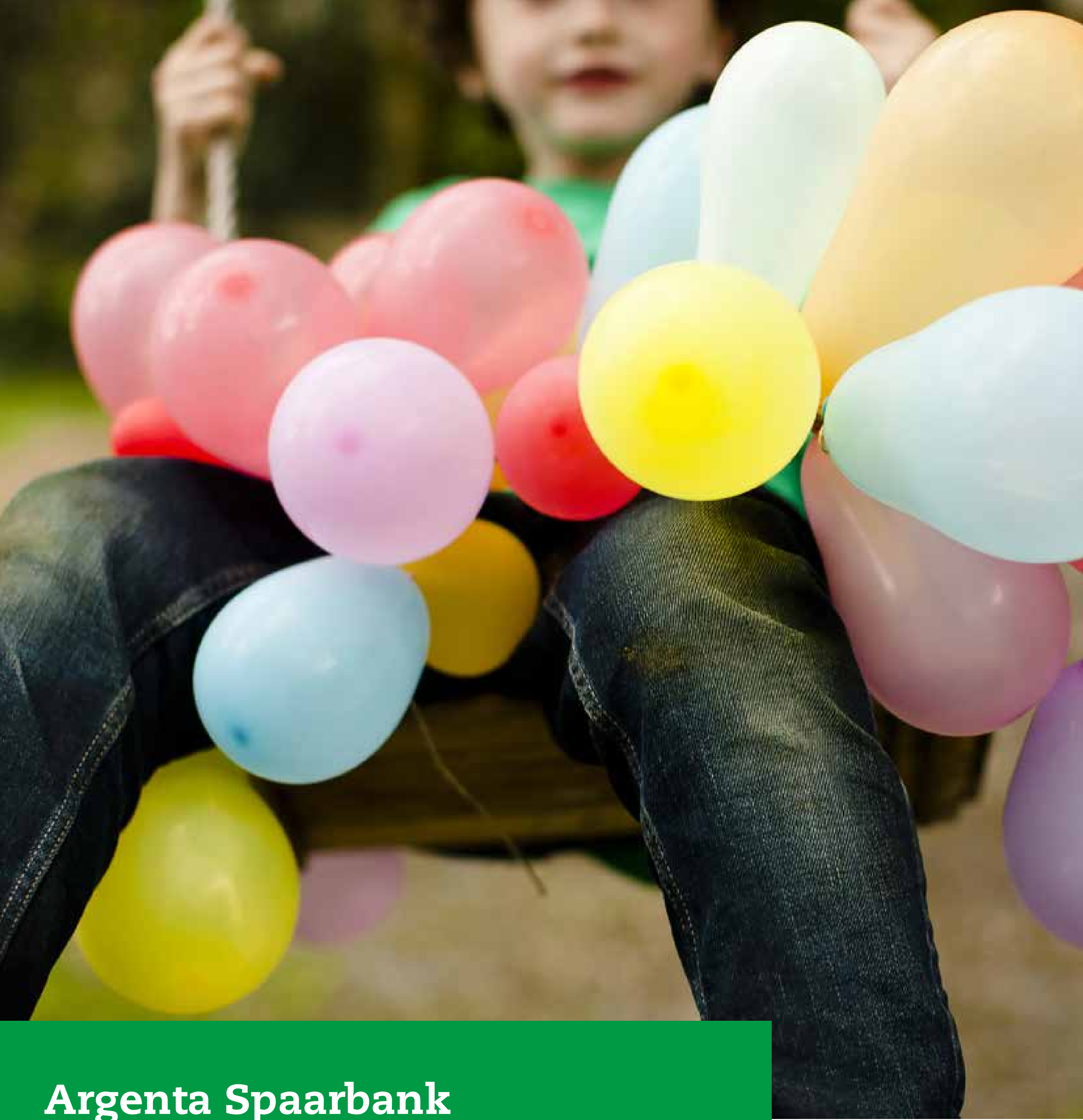


Argenta Spaarbank

IFRS Annual Statements 2015

Financial statements for the 2015 financial year
of Argenta Spaarbank nv, covering the period from 1 January 2015
to 31 December 2015, prepared in accordance with the
International Financial Reporting Standards (IFRS).

The IFRS financial statements and tables are always in
euro, unless otherwise explicitly stated
in the relevant tables.

Table of Contents

The Statutory Auditor's Report

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2015

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Argenta Spaarbank NV ("the company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

The consolidated statement of financial position shows total assets of 33,862,046 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 192,867 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements 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 financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. 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 financial statements. 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 financial statements of Argenta Spaarbank NV give a true and fair view of the group's net equity and financial position as of 31 December 2015, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements 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 financial statements.

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 financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 23 March 2016
The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Dirk Vlaminckx

Consolidated balance sheet (before profit appropriation)

Assets	Note	31/12/2014	31/12/2015
Cash and cash equivalents with central banks	11	149,377,455	512,327,845
Financial assets held for trading	12	26,134,211	28,792,623
Available-for-sale financial assets	13	8,352,382,746	8,004,524,288
Loans and receivables	14	23,527,689,459	24,323,502,971
Loans to and receivables from credit institutions		350,726,228	15,350,000
Loans to and receivables from other clients		23,176,963,231	24,308,152,971
Financial assets held to maturity	13	839,817,180	404,465,119
Derivatives, hedge accounting	15	0	6,078,917
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	15	398,422,686	304,086,209
Property, plant and equipment	16	34,250,829	37,032,746
Buildings, land, equipment		32,645,392	35,508,011
Investment properties		1,605,437	1,524,735
Goodwill and other intangible assets	17	45,133,248	50,011,324
Goodwill		0	0
Other intangible assets		45,133,248	50,011,324
Tax assets	18	110,527	4,917,451
Other assets	19	150,756,697	186,306,132
Total assets		**33,524,075,038**	**33,862,045,625**

Liabilities, equity and minority interest			
Deposits from central banks	11	0	0
Financial liabilities held for trading	12	11,364,769	10,317,361
Financial liabilities measured at amortised cost	20	30,998,478,859	31,405,282,167
Deposits from credit institutions		412,902,289	100,914,580
Deposits from other than credit institutions		28,461,986,606	29,529,673,674
Debt certificates, including bonds		1,610,203,276	1,372,724,660
Subordinated liabilities		513,386,688	401,969,253
Derivatives, hedge accounting	15	607,092,752	496,161,248
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	15	0	0
Provisions	21	13,708,037	10,406,788
Tax liabilities	18	79,246,094	74,941,227
Other liabilities	22	264,434,824	192,120,099
Total liabilities		**31,974,325,335**	**32,189,228,890**
Equity attributable to the shareholders	3	1,549,675,409	1,672,757,634
Equity attributable to the minority interests	4	74,294	59,101
Total equity and minority interest		**1,549,749,703**	**1,672,816,735**
Total liabilities, equity and minority interest		**33,524,075,038**	**33,862,045,625**

Consolidated income statement

	Note	31/12/2014	31/12/2015
Financial and operational income and expenses		**459,286,539**	**539,929,642**
Net interest income	25	540,330,008	558,504,345
Interest income		1,081,646,403	991,127,882
Interest expenses		-541,316,395	-432,623,537
Dividends	26	0	1125
Net income from commissions and fees	27	-59,714,545	-55,405,059
Income from commissions and fees		75,445,834	94,055,716
Expenses related to commissions and fees		-135,160,379	-149,460,775
Realised gains and losses on financial assets and liabilities not measured at fair value in the income statement	28	6,016,890	6,660,698
Gains and losses on financial assets and liabilities held for trading	29	-49,863,325	-6,289,693
Gains and losses from hedge accounting	30	1,961,952	6,381,081
Gains and losses on derecognition of assets other than held for sale	31	2,469	154,985
Othyer net operating income	32	20,553,090	29,922,160
Administration expenses	**33**	**-221,413,955**	**-265,692,632**
Employee expenses		-34,818,193	-49,861,708
General and administrative expenses		-186,595,762	-215,830,924
Depreciation		**-21,549,016**	**-24,000,370**
Property, plant and equipment	16	-5,783,227	-5,307,725
Investment properties	16	-30,073	-51,377
Intangible assets	17	-15,735,716	-18,641,268
Provisions	**21**	**-638,705**	**3,301,249**
Impairments	**34**	**-2,071,158**	**-392,969**
Available-for-sale financial assets		0	-1,935,920
Loans and receivables		-2,071,158	1,542,951
Goodwill		0	0
Total profit before taxes		**213,613,705**	**253,144,920**
Income tax expenses	35	-40,551,834	-60,270,405
Net profit or loss		**173,061,871**	**192,874,515**
Net profit or loss attributable to shareholders	4	173,058,525	192,866,907
Net profit or loss attributable to minority interests	4	3,346	7,608

Consolidated statement of comprehensive income

Other elements of the total result	Note	31/12/2014	31/12/2015
Net profit or loss		**173,061,871**	**192,874,515**
Attributable to minority interests		3,346	7,608
Attributable to shareholders		173,058,525	192,866,907
Other elements of comprehensive income that can be later reclassified to the income statement			
Revaluation at fair value		5,400,233	-43,888,993
Available-for-sale financial assets	3	8,183,894	-66,487,831
Deferred taxes		-2,783,661	22,598,838
Cash flow hedge		-7,092,755	-549,437
Fair value hedged item	24	-9,457,007	-732,583
Deferred taxes		2,364,252	183,146
Total other comprehensive income		**-1,692,522**	**-44,438,430**
Total profit or loss		**171,369,349**	**148,436,085**
Attributable to minority interests		171,366,003	148,428,477
Attributable to shareholders		3,346	7,608

Consolidated statement of changes in equity

	Paid-in share capital	Revaluation reserve of available-for-sale financial assets	Cash flow hedge reserves	Retained earnings	Profit of current year	Shareholders' equity	Minority interest	Total equity
Equity 31/12/2013	**518,246,650**	**132,452,018**	**-6,636,671**	**568,990,610**	**174,974,622**	**1,388,027,229**	**79,518**	**1,388,106,747**
- Capital increase	60,831,000	0	0	0	0	60,831,000	0	60,831,000
- Profit (loss)	0	0	0	0	173,058,525	173,058,525	3,346	173,061,871
- Declared dividends	0	0	0	-60,831,000	0	-60,831,000	0	-60,831,000
- Change in revaluation reserve for available-for-sale financial assets								
- Change in fair values	0	8,183,894	0	0	0	8,183,894	0	8,183,894
- Change in deferred taxes	0	-2,783,661	0	0	0	-2,783,661	0	-2,783,661
- Cash flow hedge	0	0	-7,092,755	0	0	-7,092,755	0	-7,092,755
- Reversal revaluation value buildings	0	0	0	-9,717,823	0	-9,717,823	0	-9,717,823
- Other changes	0	0	0	0	0	0	-8,570	-8,570
- Transfer to retained earnings	0	0	0	174,974,622	-174,974,622	0	0	0
Equity 31/12/2014	**579,077,650**	**137,852,251**	**-13,729,426**	**673,416,409**	**173,058,525**	**1,549,675,409**	**74,294**	**1,549,749,703**
- Capital increase	37,174,500	0	0	0	0	37,174,500	0	37,174,500
- Profit (loss)	0	0	0	0	192,866,907	192,866,907	7,608	192,874,515
- Declared dividends	0	0	0	-62,520,750	0	-62,520,750	0	-62,520,750
- Change in fair values	0	-66,487,831	0	0	0	-66,487,831	0	-66,487,831
- Change in deferred taxes	0	22,598,838	0	0	0	22,598,838	0	22,598,838
- Cash flow hedge	0	0	-549,437	0	0	-549,437	0	-549,437
- Other changes	0	0	0	0	0	0	-22,803	-22,803
- Transfer to retained earnings	0	0	0	173,058,525	-173,058,525	0	0	0
Equity 31/12/2015	**616,252,150**	**93,963,258**	**-14,278,863**	**783,954,184**	**192,866,907**	**1,672,757,636**	**59,099**	**1,672,816,735**

The change in fair value recognized on the "revaluation reserve in respect of financial assets available for sale" includes several aspects, including the transfer of part of this reserve to income as a result of sales, fair value hedge adjustments and amortization of a historical AFS reserve.

Notes 3 and 4 provide further information on all changes to the various equity positions in the above table.

Consolidated cash flow statement

	31/12/2014	31/12/2015
Cash and cash equivalents at the start of the period	**352,801,345**	**500,103,683**
Operating activities		
Net profit attributable to shareholders	173,058,526	192,866,907
Payable and deferred tax expenses, recognised in the income statement	40,551,834	60,270,405
Minority interests recognised in the group's income statement	3,346	7,608
Depreciations	21,549,015	24,000,370
Net provisions (reversals)	638,705	-3,301,249
Net income (loss) on the sale of investments	-2,469	-154,985
Impairment losses	2,071,158	392,969
Other adjustments (including interest expenses on financing activities)	-7,357,140	16,702,818
Cash flows from operating profits before changes in operating assets and liabilities	**230,512,975**	**290,784,843**
Changes in operating assets (except cash and cash equivalents)		
Changes in loans and receivables	-1,262,149,258	-1,129,646,789
Changes in available-for-sale assets	139,733,564	302,033,545
Changes in financial assets held for trading	96,763,953	-2,658,412
Changes in financial assets held to maturity	-78,369,059	435,352,061
Changes in assets – derivatives, used for hedging	0	-6,078,917
Changes in cumulative fluctuations in value of covered positions	-123,029,627	94,336,477
Changes in other assets	-9,050,287	-40,356,359
Changes in operating liabilities (except cash and cash equivalents)		
Changes in deposits from central banks	0	0
Changes in deposits from credit institutions	333,158,119	-311,987,709
Changes in deposits from other than credit institutions	1,429,592,731	1,067,687,068
Changes in debt certificates	-753,703,278	-237,478,616
Changes in financial liabilities held for trading	-50,355,478	-1,047,408
Changes in liabilities – derivatives used for hedging	195,425,364	-111,480,941
Changes in other liabilities	58,533,190	-86,827,263
Changes in working capital, net	-23,450,066	-28,153,263
Cash flow from operational activities	230,512,975	290,784,843
(Paid) Refunded income taxes	-47,612,088	-50,062,734
Net cash flow from operating activities	**159,450,821**	**212,568,846**
Investing activities		
(Cash payments to acquire property, plant and equipment)	-15,487,915	-9,207,429
Cash proceeds from disposal of property, plant and equipment	18,792,531	1,221,396
(Cash payments to acquire intangible assets)	-21,728,496	-23,519,345
Cash proceeds from disposal of intangible assets	638,949	0
Changes concerning consolidated companies	0	0
Net cash flow from investing activities	**-17,784,931**	**-31,505,378**
Financing activities		
(Paid dividends)	-60,831,000	-62,520,750
Cash proceeds from the issue of subordinated liabilities	12,841,249	0
(Cash repayments of subordinated liabilities)	-7,204,800	-128,143,056
Cash proceeds from a capital increase	60,831,000	37,174,500
Net cash flow from financing activities	**5,636,448**	**-153,489,306**
Cash and cash equivalents at the end of the period	**500,103,683**	**527,677,845**

Components of cash and cash equivalents:		
Cash in hand	28,932,421	34,791,854
Cash balances at agents	15,547,470	13,119,502
Cash balances with central banks	194	7
Central bank reserves	328,875,344	363,566,578
Cash balances with other financial institutions	104,897,370	100,849,904
Other advances	21,850,884	15,350,000
Total cash and cash equivalents at the end of the period	**500,103,683**	**527,677,845**
Cash flow from operating activities		
Received interest income	1,081,646,403	991,127,882
Dividends received	0	1,125
Paid interest expenses	-541,316,395	-432,623,537
Cash flow from financing activities:		
Interest paid	-18,393,572	-16,725,621

For the preparation of the consolidated cash flow statement above the indirect method is applied.

Components of cash and cash equivalents

The cash in hand, cash balances at authorised agents, and cash balances with central banks can be found under the balance sheet item 'cash and cash balances with central banks' (see Note 11).

The amount of 'loans and receivables' can be found under the balance sheet item 'loans to and receivables from credit institutions'. This concerns term accounts with other financial institutions and the associated pro rata interest amounts.

Cash flows from operating and financing activities

Further information can be found in Note 25 on interest amounts received and paid, and Note 26 on dividends received.

Notes

1. General information

Argenta Spaarbank nv (***hereinafter*** the Company, abbreviated to Aspa) is registered in Belgium under Belgian law. Its legal form is that of a public limited liability company that has made a public appeal to the savings system (statutory Belgian credit institution). The company has been established for an unlimited term. The Company's registered office is at Belgiëlei 49-53, 2018 Antwerp.

The Company has the status of a Belgian credit institution. The core activities of the Company consist of attracting funds, offering housing loans to individuals and providing means of payment.

In addition, the Company offers units of Argenta funds and of other local and foreign undertakings for collective investment and structured notes of third parties.

Argenta Bank- en Verzekeringsgroep nv (hereafter referred to as ***BVg***) is the holding company of the Argenta Group. Its operations consist of Internal Audit, Compliance & Integrity, Risk & Validation, Legal Affairs, and Organization & Talent. These activities are organized centrally for all Argenta Group companies.

BVg 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 management of its subsidiaries Argenta Spaarbank, a Belgian credit institution, and Argenta Assuranties, a Belgian insurance company. The Company and Argenta Assuranties have in turn various subsidiaries.

The Company has a subsidiary, Argenta Asset Management. This is a Luxembourg company that undertakes the management and central administration of the Argenta UCIs Argenta-Fund and Argenta Fund of Funds.

On 27 October 2015, Argenta Netherlands NV, a Dutch SPV for the issuance of debentures, was dissolved. The Company also has a branch in the Netherlands and together they constitute the Bank Pool.

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

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

The Bank Pool concentrates primarily on the following activities: attracting funds in the retail market in the form of savings and term accounts, current accounts, and bonds, and reinvesting these funds in mortgage loans.

Besides this, it continues to work on expanding its lending activities to local governments. This activity will help strengthen the local presence and make optimal use of existing knowledge and infrastructure.

A second core activity is offering units in collective investments (UCIs) undertakings and structured bonds ("structured notes").

The Insurance Pool, Bank Pool and BVg are hereinafter collectively referred to as the Argenta Group.

The subsidiaries of the Company

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

Argenta Netherlands, an issuance vehicle incorporated under Dutch law, being no longer active, was dissolved on 27 October 2015. The liquidation balance sheet was still included in the Company's consolidated balance sheet.

The Company's banking activities in the Netherlands are organized in a branch office rather than in a subsidiary. This has since April 2006 been responsible for mortgage production in the Netherlands. It offers mortgages through independent consultants of De Hypotheker Associatie, and the labels Adaxio (formerly Welke), DAK, VCN United Capital and Huismerk.

To increase the manageability of the mortgage portfolio and to make the IT infrastructure less complex, the two mortgage portfolios outsourced at Stater and Quion were in October 2015 successfully centralized at Quion.

Although the housing market is again on the rise, the Dutch market continues to require particular attention in order to present a competitive product offering, as the signals are that pension funds will continue to focus in the near future on the Dutch mortgage market.

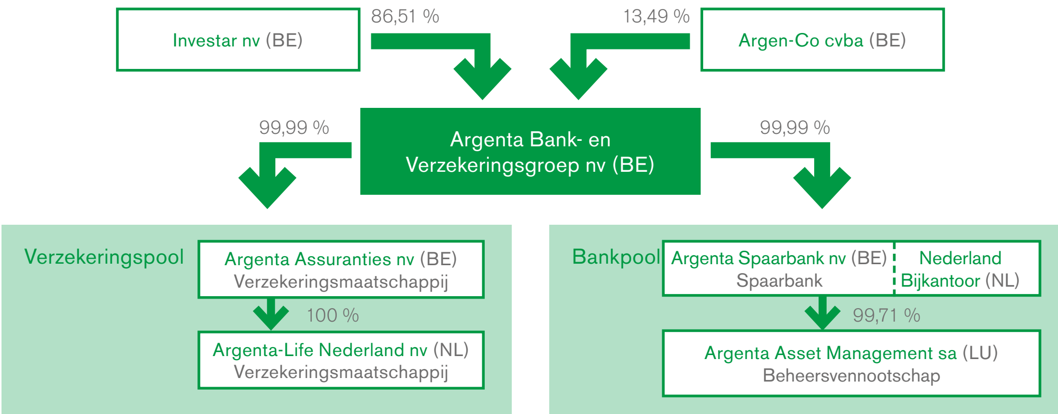
Midway through 2012, the Netherlands branch switched to a direct Internet channel ("Savings Direct"). In this way, savers could be Argenta customers in the Netherlands without any intervention of an intermediary. Since late 2015, Argenta Netherlands has offered savings products solely through this online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

In the past, two securitisation transactions were performed by which Dutch mortgage loans with an NHG (Nationale Hypotheek Garantie - national mortgage guarantee) were sold to an SPV (Special Purpose Vehicle) called Green Apple (hereafter SPV Green Apple). The 2008 transaction matured on 23 January 2014 and the 2007 transaction was liquidated on 25 January 2016.

Although there is no capital link with the Company, management decided that the SPV needs to be consolidated, as a result of which the transferred loans continue to be recognised on the balance sheet of the Bank Pool. At the end of 2015, the Green Apple 2007 transaction was therefore consolidated for the last time at Bank Pool level.

The presentation below gives an overview of the global structure of the Argenta Group and operational Bank Pool and Insurance Pool.

Structure of the Argenta Group on 31/12/2015:



In accordance with IFRS, the entities below are included in the consolidated Bank Pool.

	%	31/12/2014	31/12/2015
Argenta Spaarbank nv	-	consolidating entity	consolidating entity
Argenta Asset Management (AAM)	99.71 %	full consolidation	full consolidation
Argenta Nederland (ARNE)	100 %	full consolidation	full consolidation
Green Apple bv (SPV)	0 %	full consolidation	full consolidation

* ARNE was dissolved on 27 October 2015 but the liquidation balance sheet was still included in the end-2015 consolidation.

Note on the the number of personnel

In fiscal 2015, the average number of employees in the Bank Pool as a whole amounted to 688.20 (495.44 in 2014). There were an average of 669.20 employees (478.78 in 2014) and 19 senior management staff (16.66 in 2014).

The above figures for average staff numbers give a somewhat distorted picture because of the existence of a cost-sharing at group level.

The numbers of employees given are those who are effectively on the payrolls of the companies concerned.

A breakdown of personnel costs for the year can be found in Note 33.

Development of the Company in 2015

In a context of very low inflation and interest rates, limited economic growth and increasing regulatory pressure, the Company continued to present excellent results.

The consolidated result (excluding minority interests) for the year was EUR 192,866,907 for the 12 months to 31 December 2015 compared with EUR 173,058,525 for 2014.

With the Investment pillar remaining the primary focus, the balance sheet total grew by just 1% to EUR 33.68 billion. FUM (Funds Under Management) increased, however, by 5% to EUR 35.66 million.

With the increase in attracted funds the portfolio of retail savings certificates and term accounts continues to decline in favour of savings accounts. This transition is due to the very low interest rates that are discouraging customers from committing their money for longer terms.

Customer deposits (funds on the current, term and savings accounts) increased overall by 3.75% or 1 billion.

'Loans and receivables from other customers' (which includes mortgage loans) increased by a further 4.83%, reflecting controlled production. In addition, the (mortgage) loan portfolio remained of very good quality, with even a EUR 1.6 million net reversal of loan impairments.

Investments in available-for-sale assets and 'assets held to maturity' declined slightly. The Company maintains a cautious investment policy, and as part of this approach has in recent years also sought to lend to local and regional governments.

Following last year's excellent result, the bank's profit has remained solid, even rising by 11.42% despite substantial investments (reflected in the increase in 'general and administrative expenses' and in depreciation).

In December 2015, an interim dividend of EUR 62,520,750 (EUR 370 per share) was paid to shareholders. Subsequently, a capital increase of EUR 37,174,500 in the Company took place, subscribed by the two shareholders. In this way, the cash-out was very limited in 2015.

With the adding of the entire profit of the year to reserves, equity continues to rise. In this way, the Company amply meets all regulatory ratios.

2. Financial reporting principles

The Belgian Royal Decree of 5 December 2004, amending the Royal Decree of 23 September on the consolidated financial statements of credit institutions (hereinafter referred to as the ***Royal Decree of 5 December 2004***), introduced the requirement for credit institutions to prepare their consolidated financial statements in accordance with IFRS with effect from 1 January 2006.

General

In accordance with the stipulations of the Royal Decree, the Company's consolidated financial statements are prepared in accordance with the IFRS standards - including the *International Accounting Standards* (**IAS**) and interpretations - as of 31 December 2015, as accepted by the European Union.

Accounting principles that are not mentioned specifically in these financial statements, correspond with IFRS as accepted by the European Union.

Critical estimates and key sources of estimation uncertainty

The preparation of financial statements on the basis of IFRS requires a number of accounting estimates. Furthermore, management was asked to provide its assessment during the process of applying these accounting principles. Actual results may differ from these accounting estimates and assumptions.

Accounting estimates are made principally in the following areas:
- accounting estimate of the recoverable amount of impairments;
- assessment of the fair value of unlisted financial instruments;
- assessment of the expected useful life of tangible and intangible assets;
- accounting estimate of the existing liabilities resulting from past events in the recognition of provisions.

Assumptions are made principally in the following areas:
- classification of financial instruments;
- level of hierarchical attribution of financial instruments;
- existence of active markets for financial instruments;
- existence of loss events and impairment triggers;
- existence of obligations resulting from past events (provisions);
- existence of control over companies.

Management has also decided that the Green Apple SPV needs to be consolidated and that consequently, the transferred loans should remain on the Group's balance sheet.

2.1. Changes in accounting policies

The accounting policies used for preparing these 2015 consolidated financial statements are consistent with the policies applied as of 31 December 2014.

The following Standards and Interpretations applied in the 2015 financial year:
- Improvements to IFRS (2011-2013) (applicable for annual periods commencing on or after 1 January 2015)
- IFRIC 21 Levies (applicable for annual periods beginning on or after 17 June 2014)

The application of these new provisions had no material impact on the Company's results and equity or on the presentation of the financial statements.

Standards and Interpretations published but not yet effective for the annual period beginning on 1 January 2015:

- IFRS 9 *Financial Instruments* and subsequent amendments (effective for annual periods beginning on or after 1 January 2018, but not yet approved by the European Union)
- IFRS 14 *Regulatory Deferral Accounts* (effective for annual periods beginning on or after 1 January 2016, but not yet approved by the European Union)
- IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2017, but not yet approved by the European Union)
- IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019, but not yet approved by the European Union)
- Improvements to IFRS (2010-2012) (applicable for annual periods commencing on or after 01 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods commencing on or after 01 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 – *Investment Entities: Application of the Exemption of Consolidation* (effective for annual annual periods beginning on or after 1 January 2016, but not yet approved by the European Union)
- Amendments to IFRS 10 and IAS 28 - *Sale or Transfer of Assets between Investor and the Associated Participation or Joint Venture* (effective date postponed for an indefinite period, but not yet approved by the European Union)
- Amendments to IFRS 11 - *Joint Arrangements - Processing of acquisitions of interests in joint operations* (effective for annual periods beginning on or after 1 January 2016 but not yet approved by the European Union)
- Amendments to to IAS 1 – *Presentation of Financial Statements - Initiative on disclosures* (effective for annual periods beginning on or after January 2016)
- Amendments to IAS 16 and IAS 38 - *Property, Plant and Equipment and Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (effective for annual periods beginning on or after January 2016)
- Amendments to IAS 16 and IAS 41 - *Property, Plant and Equipment and Biological Assets - Bearer Plants* (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 *Employee Benefits - Employee contributions* (effective for annual periods beginning on 1 February 2015)
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2016).

The Company will implement all the aforementioned standards, amendments and interpretations when they come into force. With the exception of IFRS 16 and IFRS 9, it does not expect them to have a material impact.

IFRS 9 imposes new obligations for (a) the classification and measurement of financial instruments and (b) risk estimation and the creation of impairments and makes (c) adjustments in hedge accounting.

The most important change concerns the recognition of impairment losses. Each entity must set up impairment provisions for ECL (expected credit losses) based on a three-stage approach. The definition of the ECL depends partly on the size of the 'significant increase' of the credit risk since initial recognition.

In Q4 2015, an analysis and assessment was carried out in preparation for an IFRS 9 implementation project which has since got under way in early 2016.

2.2. Accounting policies – accounting rules

Consolidation principles

The consolidated financial statements include those of the Company and its subsidiaries (hereinafter: ***Subsidiaries***). Subsidiaries are those companies in which the Company, directly or indirectly, has the power to govern the entity's financial and operational policies in order to obtain benefits from these activities (hereinafter referred to as ***Control***).

Subsidiaries are consolidated from the date on which effective control is transferred to the Company and are no longer consolidated from the date on which that control ceases.

The Subsidiaries are consolidated using the full consolidation method.

This method implies the Subsidiary's shares held by the Company being replaced in the Company's balance sheet by this Subsidiary's assets and liabilities.

Intercompany transactions, balances and results on transactions between Argenta Group companies are eliminated.

Minority interests in the net assets and net results of consolidated Subsidiaries are shown separately in the balance sheet and income statement.

These minority interests are measured at the fair value of the net asset on the date of acquisition. Subsequent to the date of acquisition, minority interests comprise the amount calculated at the date of acquisition and the minority's share of changes in equity since the date of acquisition.

Before proceeding with the consolidation of the individual financial statements, the rules applying to the measurement of the assets and liabilities components were harmonized on the basis of the accounting rules applicable to the Company.

Because all companies recognised in the Company's consolidated financial statements close their financial years on 31 December of each calendar year, this date is also taken as the year-end closing date for the consolidation.

Operating segments

Operating segments are identified on the basis of existing reporting structures. This segmentation matches the internal reporting and the segmentation applied in the past.

Foreign currency

The consolidated financial statements are stated in euro, which is the functional currency of all Argenta Group entities. Foreign currency transactions are stated at the exchange rate applicable on the date of the transaction.

On the balance sheet date, outstanding balances in foreign currencies, are translated at the year-end closing exchange rates for monetary items.

Non-monetary items that are carried at historical cost, are translated using the historical exchange rate that applied at the date of the transaction.

Non-monetary items that are carried at fair value, are translated using the exchange rate on the date that the fair values were determined.

Transaction date and settlement date accounting

Financial assets and liabilities are recognised on the balance sheet at the time the Company becomes a party to the contractual provisions of the instruments.

Purchases and sales of financial assets settled by cash transactions according to standard market convention, are taken into the Company's balance sheet on the settlement date.

Netting

Financial assets and liabilities are netted and the net amount is recognised on the balance sheet when (a) there is a legally enforceable right to net the recognised amounts and (b) there is an intention to settle the obligation on a net basis, or realise the asset and settle the liability simultaneously.

Assets are recognised after deduction of accumulated impairment losses, if applicable.

Financial assets and liabilities

All financial assets and liabilities – including derivatives – are recognised according to the IFRS classification system. Each classification is subject to its own specific measurement rules.

The following classifications exist for financial assets: (a) loans and receivables, (b) held-to-maturity assets, (c) financial assets designated at fair value through profit or loss, and (d) available-for-sale assets.

(a) Loans and receivables: all non-derivative financial assets with fixed or determinable payments that are not listed on an active market.

These are measured on acquisition at fair value, including transaction costs, and subsequently measured at amortised cost using the effective interest method, with the regular amortisation recognised in the income statement.

Where necessary, impairment losses are charged.

(b) Held-to-maturity assets: all non-derivative financial assets with fixed maturities and fixed or determinable payments that the Company fully intends and is able to hold to maturity.

These are measured on acquisition at fair value, including transaction costs, and subsequently measured at amortised cost using the effective interest method, with the regular amortisation recognised in the income statement.

Where necessary, impairment losses are charged.

(c) Financial assets designated at fair value through profit or loss include:

- financial assets held for trading, including derivative instruments that are not designated as effective hedging instruments
- financial assets that are designated on acquisition or first-time adoption of IFRS as held at fair value through profit or loss.

These are measured on acquisition at fair value, excluding transaction costs, and subsequently at fair value, with all changes in value recognised in the income statement.

All derivatives with a positive fair value are considered by the Company as assets held for trading unless designated as effective hedging instruments.

(d) Available-for-sale financial assets: all non-derivative financial assets that are not classified as (a) loans and receivables, (b) held-to-maturity assets, or (c) financial assets designated at fair value through profit or loss.

These assets are measured at fair value, with all fair value changes being recognised on a separate line in equity until the assets are sold or until they are impaired. In this case, the cumulative fair value changes are transferred from equity to profit or loss for the financial year.

For the investments in instruments other than equity instruments, the difference between the acquisition price (including transaction costs) and the redemption value based on the effective interest method is taken into the income statement pro rata temporis over the securities' residual term to maturity as an component of the interest income from these securities.

The changes in fair value of these securities, which are recognised on a separate line in equity, are the result of calculating the changes between (a) their acquisition price (including transaction costs) plus or minus the portion of the difference mentioned above that is taken to the result, and (b) the fair value.

Financial liabilities are designated as (a) financial liabilities designated at fair value through profit or loss and (b) other financial liabilities.

This IFRS classification determines the measurement and recognition in the income statement as follows:

(a) financial liabilities designated at fair value through profit or loss include:

- financial liabilities held for trading, including derivative instruments that are not designated as effective hedging instruments;
- financial liabilities that are designated at initial recognition or first-time adoption of IFRS as held at fair value through profit or loss.

These are measured on acquisition at fair value, excluding transaction costs, and subsequently at fair value, with all changes in value recognised in the income statement.

All derivatives with a negative fair value are considered by the Company as liabilities held for trading, unless designated as effective hedging instruments.

(b) Other financial liabilities: these are all other non-derivative financial liabilities that do not fall under the previous category.

These are measured on acquisition at fair value, including transaction costs, and subsequently measured at amortised cost using the effective interest method, with the regular amortisation recognised in the income statement.

Income and expenses arising from financial instruments measured at amortized cost and from fixed-income securities classified in 'available-for-sale financial assets' are recognized in the income statement using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash flows (including paid and received commissions and fees that are an integral part of the effective interest rate, along with transaction costs and all other premiums or discounts) over the expected life of the debt instrument, or, if more appropriate, a shorter period, in order to arrive at the net carrying amount of the asset or liability in the balance sheet.

The method used to recognize service-related commission income and expenses depends on the nature of the service. Commissions which are treated as an additional component of interest are included in the effective interest rate and recognized under net interest income. Paid and received commissions for which the underlying transaction is completed, are recognized in the commission income and expenses.

Cash and cash equivalents

'Cash and cash equivalents', as used in the cash flow statement, include cash in hand, freely available balances at central banks and other non-derivative financial assets with a maturity of less than or equal to three months from the date of acquisition.

Property, plant and equipment

Property, plant and equipment

All property, plant and equipment is recognised at cost, which is the value at acquisition, including directly attributable acquisition costs, less accumulated depreciation and any impairments.

The rates of depreciation are determined on the basis of the anticipated useful life of the assets and are applied according to the straight-line method from the moment the assets are available for use.

When property, plant or equipment is sold, the realised gains or losses are recognised immediately in the income statement.

Investment property

Investment properties are those properties held to earn rental income or for capital appreciation or for both. The accounting rules outlined for property, plant and equipment apply also to investment property (application of the cost price model).

Specific accounting policies

Land and buildings

The purchase price and purchase costs of land are not depreciated, regardless of whether the site has been developed or not.
Upon purchase of a developed site, the values of the land and of the building are calculated, and the transaction costs divided on a pro rata basis between the land and the building.

The value of the building is depreciated over its estimated useful life, i.e. at a rate of 3% per annum on a monthly basis.

The purchase price and purchase costs of renovations are depreciated at 10% per annum on a monthly basis.

The purchase price and purchase costs of the interior finishings of rented buildings are depreciated over the term of the rental contract.

IT equipment

The purchase price and purchase costs of hardware are depreciated at 33.33% per annum on a monthly basis.

Other equipment (including vehicles)

The purchase price and purchase costs of furnishings and equipment are depreciated at 10% per annum on a pro rata basis.

The purchase price and purchase costs of vehicles are depreciated at 25% per annum on a pro rata basis.

Goodwill and intangible assets

Goodwill

Goodwill is defined as the portion of the cost of the acquisition of a business combination that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired, and is calculated as of the date of acquisition.

It is recognised as a non-current intangible asset and is carried at cost less any impairment. Goodwill is not amortised, but is tested at least once a year for impairment.

Intangible assets

An intangible asset is an identifiable non-monetary asset with no physical form. It is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably.

If the capitalisation criteria are met, acquired software is recognised at cost under intangible assets. The acquisition price and acquisition cost are amortised according to the straight-line method from the moment that the software is available for use.

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

Other intangible assets are amortised at 10% per year.

Impairment losses

The Company tests all its assets at each balance sheet date for impairment indications.

The carrying amount of an impaired asset is reduced to its estimated recoverable amount, and the amount of the change during the current reporting period is recognised in the income statement.

If, in a subsequent period, the amount of the impairment on assets other than goodwill or available-for-sale equity instruments is reduced owing to an event occurring after the write-down, the amount of the reduction is recognised in the income statement.

Financial assets

An impairment loss shall be recorded on an individual basis on any asset (or group of financial assets), if (1) there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset, and (2) that the loss event or events have an impact on the estimated future cash flows from the financial asset which can be reliably estimated.

Depending on the type of financial asset, the recoverable amount can be estimated as follows:

- the fair value using an observable market price;
- the present value of expected future cash flows discounted at the financial asset's original effective interest rate; or
- based on the fair value of the collateral obtained.

Investments in equity instruments

A significant or long-term fall in the fair value of an investment in an equity instrument below the cost price constitutes an objective indication for impairment.

This situation will be assessed individually in each case, but in the absence of additional assessment elements, the Company considers an unbroken period of 24 months as long-term, and a fall of at least 30% as significant.

Where one of the criteria is met, a quantitative and qualitative analysis of the relevant position shall be undertaken to judge whether an impairment exists.

Impairments recognised in the income statement on investments in equity instruments classified as available for sale cannot be reversed via the income statement.

Investments in non-equity instruments

Impairments are applied in cases of sustained capital loss or loss of value attributable to the financial difficulties of the debtor.

Assets go into 'default' status where the arrears (of interest and/or capital) have reached 90 days or repayment is unlikely.

Objective indicators used by the Company to consider setting up a provision include significant financial difficulties of the issuer/debtor, payment arrears, the likelihood that the issuer/debtor could be declared bankrupt or be subject to financial restructuring, renegotiation of the terms of the asset due to financial difficulties of the issuer/debtor including any concessions, the disappearance of an active market for a financial asset as a result of financial difficulties, changes in the credit rating, and observable data that will negatively affect the future cash flows of a financial asset.

Whenever the status of an assets changes to default, an assessment is made on a case-by-case basis on whether or not an impairment is to be recorded. An impairment loss will be considered if the objective data show that one or more events are likely to affect negatively the future cash flows of a financial asset.

Also taken into account, in addition to the above indicators, are other market information about the liquidity and solvency of the issuer/debtor, the trends for similar financial assets, and local economic trends and conditions.

- Available-for-sale financial assets

Where a fall in the fair value of an available-for-sale financial asset has been recognized directly in equity, and there are objective indications that the asset has suffered impairment, the accumulated loss that has been directly booked to equity is transferred to the income statement, even though the financial asset has not been removed from the balance sheet.

The amount of the cumulative loss that is reclassified from equity to the income statement is equal to the difference between the acquisition cost (net of any principal repayment and amortization) and its current fair value, less any impairment losses on that asset that have been previously taken into the income statement.

If the fair value of an available-for-sale debt certificate increases in a subsequent period, and the increase can be objectively related to an event that occurred after the impairment was recognised in the income statement, the impairment must be reversed, with the amount of the reversal recognised in the income statement.

- Loans and receivables - individual impairments

Specific measurement rules for mortgage loans, investment loans, instalment sales and loans

The asset is deemed to be in default if either the payment arrears are greater than the sum of three monthly instalments or, where another repayment frequency applies, when the payment arrears amount to more than three months, both in capital and in interest. This includes an outstanding claim on maturity exceeding EUR 25 or if available indicators show that the claim to be possibly wholly or partially irrecoverable ("unlikely to pay").

The list of mortgage loans, investment loans, sales and instalment loans in default status is produced monthly.

For all mortgage loans, investment loans, sales and instalment loans in default status, the necessary information is collected for measurement. The outstanding portion is reduced, in the case of mortgage loans, by the forced sale value of the mortgage property, and/or the forced sale value of the movable assets, including pledged securities, accounts, life insurance (Branch 23) and funds.

For mortgage loans granted in the Netherlands, the following elements are taken into account in calculating the valuation: the forced sale value of the mortgage property; the surrender value of life insurance; the value of the investment account; the total value at the end of the month of the building deposit; the total value at the end of the month of the savings deposit.

If a mortgage loan granted in the Netherlands has been concluded with an NHG guarantee, the calculation of the value for this loan takes into account the annuity decrease in the NHG guarantee. Where the measurement as described above leads to a residual debt, an impairment loss will be recognized to the extent of the remaining debt.

If, however, the mortgage loan granted in the Netherlands is covered by an NHG guarantee, the impairment will not exceed the amount of the annuity reduction in the guarantee amounts.

For all mortgage loans, investment loans, sales and instalment loans in default status, the monthly measurements take place fully automatically. This can give rise to an upward or downward value adjustment.

All imputed interest, penalties and costs are taken through the income statement, given that the individual value adjustment takes this into account.

Where it is determined that the mortgage loan, investment loan or instalment sale or loan is uncollectible, the impairment amount is applied against it.

A loan is uncollectible whenever the following conditions are met: (a) all possible procedures have been conducted and/or the necessary legal costs outweigh the possible recoverable benefits, all guarantees have been applied and/or legal costs of exercising the guarantee are disproportate to the potential benefits; (b) based on the available data, no further remedies exist against the borrowers and no recovery of any size is expected in the future, (c) after execution of guarantees, the incoming payments (both payment settlements and/or payments of salary or other attachments) do not guarantee the full repayment of the debt in the short term (<1 year).

The above rules do not have to be cumulatively fulfilled, but may each on its own be reason to deem the loan to be uncollectible.

Specific measurement rules for non-mortgage credit lines and overdrafts on giro, golden, internet and brokers' accounts.

Non-mortgage credit lines and giro, golden, internet and brokers' accounts are in default when scheduled (re) payments are more than 3 months in arrears or the account has been overdrawn continuously for more than 3 months or where other indicators point to an 'unlikely to pay' situation.

The indicators that can give rise to a default status are the same as for mortgage loans, investment loans, instalment sales and instalment loans.

The provisions relating to measurement, the charging of impairment losses, periodicity, taking through the income statement of interest, penalties and costs, and writing off are the same as for mortgage loans, investment loans, instalment sales and instalment loans.

- Loans and receivables - collective provisions

In addition to individual impairments, collective - portfolio-based - value adjustments are recorded in the form of an IBNR (incurred but not reported) provision.

An 'incurred but not reported' value adjustment on loans is recognized for mortgage receivables that are not in default and on which no impairment losses have been recorded on an individual basis (*performing loans*).

This collective evaluation of impairment losses includes the application of a 'loss confirmation period'.

This loss confirmation period represents a time interval (expressed in months) between the occurrence of the impairment-causing event (i.e. a 'loss event') and the time it is identified in the entity's credit system.

The application of the 'loss confirmation period' ensures that impairments that have already de facto occurred but have not yet been identified as such, are included in the provisions.

The 'loss confirmation period' is continuously evaluated and can be changed depending on market developments (including house prices, transactions, taxation), portfolio characteristics and macro-economic indicators (such as unemployment, GDP growth, debt, divorce rates).

The IBNR provision is calculated and set up for all retail credit portfolios based on adapted IRB models used to determine the minimum prudential capital requirements. These adjustments relate essentially to the introduction of the above-mentioned loss confirmation period and an economic adjustment that reflects the actual losses on the portfolio in place of the average historical losses. The loss confirmation period amounts here to at least 3 months for the different risk categories.

In addition to the IBNR provision, an impairment is also recognized for collectively assessed financial assets. This portfolio-based impairment is recorded solely for an mortgage-backed securities (MBS) portfolio classified under loans and receivables.

Other assets

For non-financial assets, the recoverable amount is defined as the higher of fair value less cost to sell and value in use.

The fair value less cost to sell is the amount obtainable from the sale of an asset in an at arm's-length transaction between knowledgeable, willing parties, after deducting the costs of the sale.

The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Annual goodwill impairment test

Goodwill is tested at least annually for impairment. Impairment losses are recognized if the carrying amount of the cash generating unit to which the goodwill belongs exceeds its realizable value. Impairment losses on goodwill cannot be reversed.

Derivatives

Derivatives are financial instruments such as swaps, forward contracts and options. Such financial instruments have values that change in response to changes in various underlying variables, require little or no net initial investment, and are settled at a future date. They are classified as held-for-trading derivatives, unless designated as effective hedging instruments.

The Company applies hedge accounting (effective hedging instruments) if all the required conditions have been met (according to the requirements of hedging transactions of IAS 39 as approved by the EU).

These conditions are: the hedge relationship must be formally documented at the inception of the hedge; the expectation that the hedge will be effective; the ability to measure reliably the effectiveness of the hedge; and continuous measurement during the reporting period in which the hedge can be considered as effective.

For **fair value hedges**, the derivatives hedging the risks are measured at fair value, the hedged positions are adapted for changes in the fair value of the hedged item, with all these fluctuations in fair value recognized in the income statement. The pro-rated interest of interest rate swaps is included in the interest income or expense of the hedged positions. Hedge accounting is discontinued once the hedge accounting requirements are no longer met or if the hedging instrument expires or is sold.

In this case, the revaluation gain or less on the hedged position (for fixed-income financial instruments) will be taken to the profit or loss of the financial year until final maturity, based on the effective interest rate at the time of disposal of the hedged position.

Fair value hedges **covering the interest rate risk of a portfolio** are applied by the Company in order to hedge the interest rate risk of a portfolio of loans by means of interest rate swaps. The interest rate swaps are measured at fair value, with fluctuations in the fair value recognised in the income statement. The changes in the fair value of the hedged amount are presented as a separate assets line on the balance sheet.

The Company applies the carve-out version of IAS 39. In this way, no ineffectiveness arises owing to unexpected levels of prepayments, as long as under-hedging exists. In case of hedge ineffectiveness, the cumulative fluctuation in the fair value of the hedged amount will be amortised through profit or loss over the remaining lifetime of the hedged assets or immediately removed from the balance sheet if the ineffectiveness is due to the derecognition of the corresponding loans.

For **cash flow hedges**, the derivatives hedging the risks are measured at fair value, with the fluctuations in fair value attributable to the effective part of the hedge being recognised in a separate equity item. The pro-rated interest of interest rate swaps is included in the interest income or expenses of the hedged positions. The ineffective portion of the hedge is recognised in income for the financial year. Hedge accounting is discontinued once the hedge accounting criteria are no longer met. In this case, the derivatives are treated as held-for-trading derivatives and measured accordingly.

Held-for-trading derivatives are recognised on the balance sheet at fair value on the transaction date. Subsequently, they are measured at fair value, with fluctuations in the fair value recognised in the profit or loss for the financial year.

Held-for-trading derivatives with a positive fair value are recorded on the asset side of the balance sheet, and those with a negative fair value on the liabilities side.

Embedded derivatives

Financial assets or liabilities can include derivatives embedded in a contract. Such contracts are referred to as 'hybrid instruments'.

If (1) the host contract of the hybrid financial instrument is not carried at fair value with changes in value taken through profit or loss, and (2) the characteristics and risks of the embedded derivative are not closely related to those of the host contract, the embedded derivative should be separated from the host contract and measured at fair value as a separate derivative.

Fair value changes are recognised in the income statement. The host contract is accounted for and measured by applying the rules of the relevant category of the financial instrument.

If (1) the host contract is carried at fair value through profit or loss, or if (2) the characteristics and risks of the embedded derivative are closely related to those of the host contract, the embedded derivative is not separated from the host contract and the hybrid instrument is measured at fair value as a single derivative.

Fair value of financial instruments

The fair value is the price that would be received/paid on the sale of an asset or transfer of a liability in an 'orderly' transaction between market participants at the reporting date.

The Company uses the following hierarchy of tests in determining the fair value of financial instruments: first, the quoted price in an active market and then valuation techniques.

The fair value of a financial instrument is measured on the basis of quoted prices in active markets. Where there is no active market available for the financial instrument, the fair value is measured using valuation techniques.

These valuation techniques make maximum possible use of market inputs, but are affected by the assumptions used, such as risk spreads and accounting estimates of future cash flows.

The fair value of the loans and receivables in particular are obtained using the discounted value technique, in which the future cash flows are discounted at the swap curve, plus a spread, which is systematically re-examined.

In the rare case where it is not possible to determine the fair value of an unlisted equity instrument, it is recognised at cost.

On initial recognition, the fair value of a financial instrument is the transaction price, unless the fair value is evidenced by recent market transactions in the same instrument, the variable elements of which consist only of data from observable markets.

Lease contracts

The Company enters into operating leases only for the rental of equipment and buildings. Payments made under such leases are recognised in the income statement on a straight-line basis over the period of the lease.

Repurchase agreements

Securities subject to a repurchase agreement (repo) remain on the balance sheet. The liability arising from the obligation to repurchase the asset is recognised in amounts payable to banks or to clients, depending on the counterparty.

Securitisation

Securitisations can take the form of a sale of the assets involved to a special purpose vehicle (SPV), or a transfer of the credit risk by means of credit derivatives. An SPV issues tranches of securities to fund the purchase of the assets.

The financial assets involved in a securitisation are no longer (fully or partially) accounted in the financial statements whenever the Company transfers virtually all the risks and income from the assets (or parts thereof).

Employee benefits

Pension obligations

The Company only has pension obligations based on defined contribution schemes. The Company's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

Employee entitlements

Employee entitlements to annual leave and long-service leave are accounted for in the year on which these days are based.

Provisions

Provisions are recognised on the balance sheet if (1) an obligation exists on the balance sheet date that is based on a past event, and (2) it is probable that an outflow of funds will be required to settle the obligation, and (3) if the amount of the obligation can be estimated reliably.

The amount of the provision is the best possible accounting estimate at balance sheet date of the outflow of funds that will be required to settle the existing obligation, taking into account the probability of the event occurring and its possible result.

Income taxes

Income taxes on the result of the financial year include both the current and deferred taxes. These taxes are calculated in accordance with the tax laws that apply in each country where the Group operates.

Current taxes consist of those that are payable on the taxable income of the year, on the basis of the applicable tax rates at balance sheet date, as well as each revision of the taxes payable or refundable for previous years.

Deferred taxes are calculated for all taxable temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the financial statements.

These taxes are measured using the tax rates expected to be in effect at the time of the realisation of the assets or settlement of the liabilities to which they relate.

Deferred tax assets are only recognised to the extent that it is probable that sufficient future taxable profit will be available from which the temporary differences can be deducted.

Deferred tax assets and liabilities are compensated and presented netted solely and exclusively if they are taxes levied by the same tax authorities on the same taxable entity.

Equity attributable to the shareholders

Share capital

No shares have been repurchased by the Company.

Compound financial instruments

Components of compound financial instruments (liability and equity portions) are recognised in their respective classifications on the balance sheet.

Other equity components

Other elements recognised in shareholders' equity include those related to the available-for-sale assets.

3. Equity attributable to the shareholders

The Company is the consolidating company and 99.99% of its shares are owned by BVg (the holding company of the Argenta Group).

The IFRS equity attributable to the shareholders as of 31 December 2015 is EUR 1,672,757,634, compared to EUR 1,549,675,409 as of 31 December 2014. The increase in equity is the combined result of several factors.

Overview IFRS equity	31/12/2014	31/12/2015
Share capital	579,077,650	616,252,150
Revaluation reserves available-for-sale financial assets	137,852,251	93,963,258
Retained earnings	673,416,410	783,954,182
Profit current year	173,058,525	192,866,907
Cash flow hedge reserves	-13,729,427	-14,278,863
Equity attributable to shareholders	**1,549,675,409**	**1,672,757,634**
Minority interests	74,294	59,101
	1,549,749,703	**1,672,816,735**

There is an increase in equity as a result of, inter alia, the addition of the profit for the year of EUR 192,866, 907, a limited decline due to a cash out of EUR 25,346,250 by way of interim dividend and a decrease in the 'revaluation surplus on available-for-sale assets'. The elements of the IFRS equity are further discussed in the text below.

Paid-in capital

The fully paid-in capital, represented by 168,975 no par shares, is EUR 616,252,150 (EUR 579,077,650 as of 31 December 2014).

The increase is the result of a capital increase of EUR 37,174,500, which took place on 21 December 2015. This capital increase took place with no issue of new shares and was subscribed by existing shareholders.

In 2014, there was a capital increase of EUR 59,151,250.

Revaluation surplus on available-for-sale assets

Available-for-sale (AFS) financial assets are measured at fair value, with all fluctuations in fair value recognised on a separate line in equity until the assets are sold or until an impairment occurs.

The reported fluctuations in fair value are found in shareholders' equity under 'revaluation reserve for available-for-sale financial assets'. This reserve evolved from EUR 137,852,251 as of 31 December 2014 to EUR 93,963,258 as of 31 December 2015.

Reconciliation of revaluation reserve	31/12/2014	31/12/2015
Unrealized capital gains and losses on fixed-income securities	320,864,966	236,941,126
of which used in micro hedges	-102,391,411	-86,873,644
Total latent taxes on fixed income securities	-74,259,161	-51,007,938
Unrealized capital gains and losses on non-fixed income securities	479	-625
Unrealized capital loss on reclassified assets	-9,638,876	-7,719,530
Latent taxes on reclassified assets	3,276,254	2,623,868
Total revaluation reserve	**137,852,251**	**93,963,258**

A total result of EUR 6,016,890 was realized in 2014 on the latent values of the 'available-for-sale assets'. In fiscal 2015, EUR 6,660,698 was realized (more details on this income can be found in Note 28).

There was a fair value hedge adjustment of EUR 15,517,767 (see line 'latent value recognized in the context of micro hedges') and an amortization of a historical AFS reserve of EUR 1,266,960 (after tax).

The total revaluation reserve consists in this way of a "revaluation reserve in respect of available-for-sale assets" and a so-called "frozen revaluation reserve for a limited MBS portfolio" that in 2011 was reclassified to the loans and receivables portfolio.

Composition of revaluation reserve	31/12/2014	31/12/2015
Revaluation reserve, available-for-sale financial assets	144,214,873	99,058,920
Frozen revaluation reserve, reclassified assets (loans and receivables)	-6,362,622	-5,095,662

Note 14.3 contains further information on the 'latent capital loss on reclassified assets' and the frozen AFS reserve.

Note 15 gives further information on the processing of the latent value recognized on the *micro hedges*. These are the cumulative value adjustments in connection with fair value hedges.

Cash flow hedging

The Company has concluded an interest rate swap in the context of hedge accounting, which is treated as a cash flow hedge. In this way, the effective portion of the changes in market value of the swap (net of tax) is shown in a separate line in equity. This cash flow hedge is described in greater detail in Note 24.

Reserves

The reserves position of EUR 783,954,182 as of 31 December 2015 contains the statutory reserves of the parent company of the Bank Pool, i.e. the Company.

Profit from the current year

The consolidated result (excluding minority interests) for the year ending on 31 December 2015 was EUR 192,866,907, compared with EUR 173,058,525 for the year ending on 31 December 2014.

Dividend proposal for the financial year

In October 2014, an interim dividend of EUR 60,831,000 (EUR 360 per share) was paid to shareholders. Subsequently a capital increase in the same amount in the Company took place, subscribed by the two shareholders.

In December 2015, an interim dividend of EUR 62,520,750 (EUR 370 per share) was paid to shareholders. Subsequently a capital increase of EUR 37,174,500 in the Company took place, subscribed by the two shareholders.

The Company's Board of Directors will propose to the general meeting of shareholders not to distribute any further dividend in respect of the 2015 financial year.

4. Minority interests

The Company's minority interests relate to those shares of its subsidiary AAM that are not held by the Company.

These shares are held directly by the coordinating holding company of BVg.

The minority interests also include the entire capital (EUR 18,000) of the Green Apple SPV. Even though there is no capital link with the Company, this company is nonetheless consolidated on the basis of the IFRS rules (SIC 12).

In 2015, there was a profit attributable to the minority interests of EUR 7,608 compared to EUR 3,346 in 2014.

The revaluation surplus on available-for-sale assets attributable to minority interests amounted to EUR 0 at the end of 2015, as the Company's subsidiaries no longer had their own securities portfolios.

There are therefore no minority interests in the 'other elements of the total result', as AAM no longer has a securities portfolio and has no derivative instruments.

5. Risk management

Professional, comprehensive risk management is an essential prerequisite for achieving sustainable, profitable growth. The Argenta Group recognises this and considers risk management as one of its core competencies.

The risk management framework is constantly being updated and adapted to reflect new regulations, daily experiences and changes in Argenta's activities. Demonstrating that adequate risk management procedures are in place is a key prerequisite for gaining and retaining the confidence of all stakeholders: customers, investors, branch managers, regulators and rating agencies, but also directors, management and employees.

The strategy and long-term policy of all entities within the Argenta Group is determined by the Executive Committee and Board of the parent company BVg. The two main subsidiaries, the Company and its sister entity Argenta Assuranties nv, are responsible for operational management within their powers as laid down in the Memorandum of Internal Governance.

Risk management at the Company

General

The executive committees of the Company, Argenta Assuranties and BVg are integrated, with a number of members in common: the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Risk Officer (CRO).

This unity of management highlights the importance of a commercial, risk and financial strategy that is harmonised group-wide, with the emphasis on the long-term relationship with both customers and self-employed branch managers.

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

The Risk Appetite Framework (RAF) is 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 relationship exists between the RAF risk indicators and i) the ICAAP for the Bank Pool and ii) their further translation into operational risk limits via the policy documents. This has resulted in the daily embedding of risk awareness in first line management and in better and leaner risk management processes.

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

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

The following quantitative Risk Appetite Framework indicators were added:

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

The following RAF qualitative indicators were added:

- Net Promotor Score ('NPS') staff
- Operational Risk Management (ORM) Key Risk Indicator

The Net Promoter Score (NPS) is a simple but powerful tool for measuring customer satisfaction, in this case staff satisfaction. The ORM indicator was introduced as part of the monitoring and integration of operational risk across all lines of the organization.

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

ICAAP / SREP

The results of the ICAAP (Internal Capital Adequacy Assessment Process), being the internal assessment of the risks and required capital, were compared with the SREP (Supervisory Review and Evaluation Process), which is the assessment of the risk and capital requirement by the NBB/JST according to their own internal methodology.

RRP (Recovery and Resolution Plan)

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

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

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

In 2015, the Company submitted an updated recovery plan in 2015 to the regulatory authorities. This recovery plan gives an accurate picture of the robustness and resilience of the financial position of the Argenta Group in a financial crisis.

The new recovery plan provides a number of new and additional insights compared with the previous recovery plan:

- insight into the (limited) changes in the Argenta Group's risk profile by comparing the impact of a crisis on its financial ratios in the the two recovery plans (2014 versus 2015) in unchanged crisis scenarios;
- insight into the dynamics of a crisis scenario at both Company and at Argenta Group level, by also taking account of the Argenta Group in the updated recovery plan;
- insight into a number of new ratios added to the analysis, such as the Leverage Ratio and Asset Encumbrance Ratio.

The updated recovery plan demonstrates that the Argenta Group continues to have a very strong capital and liquidity position, enabling it to withstand severe crises. The recovery thresholds were reached and activated only in very extreme scenarios.

Moreover, the Company has a wide range of effective capital and liquidity options available to it for regaining its capital and liquidity position in the event of a crisis. Analysis shows that the Company 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 Argenta Group's 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 at group level with sister entity Argenta Assuranties.

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

Further steps have since been taking for establishing a transitional resolution plan. A transitional resolution plan is a high-level plan that among other things defines the various resolution options, assesses these and defines a plan for ensuring operational and business continuity. The recovery plan is the starting point for drafting the settlement plan.

Single Supervisory Mechanism (SSM below)

At the end of November 2014, the ECB took over prudential supervision of the Argenta Group from the NBB. With the setting up a SSM, whereby supervision of financial institutions is transferred to the ECB, a step has been taken towards establishing a fully-fledged banking union in Europe. The intention is for the SSM to help ensure financial stability within the eurozone and facilitate cross-border banking.

Since the beginning of 2015, this monitoring has been effectively carried out by the ECB'sso-called Joint Supervisory Team (which also includes NBB employees). This supervision is exercised by means of inspections, workshops, interviews, and the requesting of various reports. One target of this new supervision has been the Argenta Group's Risk department.

Governance

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

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

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

In 2015, the independent Credit Risk Policy (CRP) department, the knowledge centre for modelling and analysis of retail credit risk, was expanded. The vision was also defined, whereby CRP evolves from a product and regulatory focus to a customer and Argenta model. This knowledge centre plays a fundamental role in Argenta Group's risk management by providing specifically retail credit portfolio-focused information and advice, among other things via the Retail Credit Risk Committee (Kreco).

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

The Risk & Validation Department:

- provides the independent second-line control;
- has as its basic principle: 'identify, measure, report and mitigate' for all material risk factors, which are then integrated into the ICAAP for the Bank Pool. In the process, it also controls the (economic) capital management;
- has a 'radar' function of pro-active identification of not yet fully identified risks;
- plays an important policy definition and validation role in risk modelling;
- undertakes the necessary formal risk checks, and in this capacity plays an active role in, among others, the Group Risk Committee (GRC) and Asset & Liability Committee;
- provides the Executive Committees, Boards of Directors and Risk Committees with independent advice on the risk management process at Argenta.

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

The monthly umbrella GRC has an alternating agenda consisting of in one month ICAAP (Argenta Spaarbank)/ ORSA (Argenta Assuranties), i.e. economic capital topics, and in the following month credit risk topics (Kreco – Retail Credit Risk Committee) and after that operational risk (Orco – Operational Risk Committee).

Validation

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

The activities of the Validation Unit included, in 2015:

- validation (conceptual, numerical and implementation) of the update of the corporate model;
- validation (conceptual and numerical) of the new PD and LGD models for the Dutch mortgage portfolio;
- validation of the review, backtesting and recalibration of the credit risk models of the mortgage portfolios of Argenta Spaarbank, CBHK and the Netherlands;
- validation of the review, backtesting and recalibration of the investment portfolio credit risk (in particular exposure to financial institutions, enterprises, covered bonds, and central, regional and local governments);
- validation of the sensitivity analysis of the PD model of the Argenta Spaarbank mortgage portfolio;
- validation of the fair value calculations on the sales of mortgages from the Company to Argenta Assurances;

- contributing to the control (Risk Check) on post factum Asset Quality Review (AQR) projects.

In addition, preparations were made to extend the validations to opinions on the interest rate risk of the banking book models such as prepayment models and the replicating model.

The Company's risk profile

This annual report discusses the activities of the Bank Pool and, in compliance with the provisions of Article 119.5 of the Belgian Companies Code, a summary is provided below of the objectives and the policy concerning the management of the banking risks.

The Company's policy and the organisational structure with regard to risk management are designed to ensure that the known risks are always properly identified, analysed, measured, monitored and managed.

Through its activities, the Company is exposed to various risks. The Company's risk management distinguishes, inter alia, between the following risk categories: market risk (primarily the interest rate risk), liquidity risk, credit risk (including concentration and sovereign risk), operational risk and other risks.

Failing to maintain control over these risks can negatively affect the financial performance and reputation of the Argenta Group.

These risks are managed in a uniform way across the Argenta Group, using the above-mentioned Risk Appetite Framework (RAF), the policies and the established procedures.

5.1. Market risk

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, the following 4 risks are relevant: 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;
- Similarly the level of the credit spread or its volatility – not necessarily caused by a change in the issuer's creditworthiness – is a key factor for the return and economic value of the investment and loan portfolio;
- The performance of the financial markets can also cause the value of the investment portfolio to fluctuate.

It should be noted that the Bank Pool operates only in the Benelux countries and does not make investments in currencies other than the euro, as a result of which it is not exposed to any currency risk. Nor is there any intention to invest in non-euro currencies.

Interest rate risk

The single largest market risk to which the activities of the Bank Pool and thus particularly Argenta Spaarbank are exposed is interest rate risk. This is caused primarily by changes in market prices, unexpected changes in investment returns and changes in the correlation of interest rates between different financial instruments.

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

The Company's results and capital position 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 and term deposits from retail customers - and reinvesting these via various forms of loans and investments. As the term of these reinvestments does not necessarily match that of the funds raised, a maturity mismatch occurs. Via the interest rate differentials between the various maturities, this gives rise to a transformation result.

The gross value of the business (the difference between the investments measured at market value and the cost of financing them) is affected by the fluctuations in these interest rates. The intensity of these is determined by the size of the tolerated market value sensitivity. This parameter serves as a benchmark for the interest mismatch, through which the interest rate sensitivity can to a large extent be adjusted.

This market value sensitivity is therefore one of the main instruments used by the Company to steer - based on its views as to future interest rate developments - its operating results, and also to take into account the potential impact of interest rate development on the gross value of the company as a guide to defining its required capital position.

Market value sensitivity can be adjusted flexibly in the short term by means of financial instruments. It can also be adjusted in the longer term by considering fundamental changes in the positioning of certain activities:

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

(ii) The second series of measures relate to endogenous adjustments whereby, based on the pricing policy for deposits and term accounts, the margins applied and the acceptance policy for loans in various maturity segments, the interest rate sensitivity of the portfolio can be structurally adjusted. This type of adjustment is obviously focused on the fundamental strategic positioning of the Company, 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.

In its risk management procedures, the Company pays much attention to having a consistent internal structure, enabling it to perform these activities judiciously, objectively and efficiently and to provide the competent management bodies with timely, comprehensive reporting. First among these is the Asset and Liability Committee (hereinafter "ALCO"). This carries specific responsibilities for monitoring the daily management of the financial position, on which it reports to the Executive Committee. ALCO has the ongoing mission of maintaining both the income sensitivity of the net interest income and the market value sensitivity of equity within prescribed limits.

In its risk measurement and management, ALCO takes into account the various components of the interest rate risk contained in the balance sheet of the Argenta Group. These include the repricing risk (risk from interest rate mismatch between assets and liabilities), the yield curve risk (risk from non-parallel movement of the yield curve), the option risk (risk from the implicit and explicit options on the balance sheet) and the basic risk.

The latter risk arises, inter alia, from the use of various reference indices as a basis for repricing asset and liabilities products, for example Belgian mortgages on the basis of the OLO reference index. Within the ALM, these risks are monitored and managed using scenario analysis.

As with any other risk, the interest rate risk requires a risk buffer in the form of equity capital. Although neither European nor Belgian legislators nor regulatory authorities have to date laid down precise capital requirements for the interest rate within Pillar 1, the Company specifies a certain volume of required own capital in its Internal Capital Adequacy Assessment Process (ICAAP).

The ongoing development of its activity as a traditional savings bank and hence, among other things, as a 'transformation bank' (i.e. a bank whose activity consists of converting (transforming) short-term deposits into long-term investments) naturally requires a continuous monitoring of the required capital and, whenever necessary, capital increases.

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

The Company's earnings quality remained high in 2015 thanks to an efficient ALM policy and wise commercial policy. The current European interest rate environment, the refinancing of a portion of the mortgage portfolio and the sharp fall in bond yields are exercising negative pressure on the interest margin.

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).

In order to keep market sensitivity within the risk appetite approved by the Company's Board of Directors and not to exceed the NBB's warning light levels, additional interest rate swaps and caps were concluded in 2015. These instruments complement the portfolio of derivative instruments (caps and swaps) that were used in the past to hedge interest rate risk. This exogenous hedge serves to supplement the permanent aim of a maximally endogenous management of the balance sheet.

Using a capped interest rate hedge, price-setting for savings accounts can partially keep step with a potential future interest rate increase, whereas without a hedge this would be difficult to do because of the less frequent repricing of assets.

On the other hand, it has to be possible to give the long-term fixed-rate assets a floating character when interest rates are rising. Using an interest rate hedge, the projected long-term fixed-interest mortgage business can be given a floating rate character in the event of any future rise in interest rates. This provides protection in terms of both income and value.

Under IFRS, strict regulations are applicable to the financial processing of hedging, and not every economic hedge that is used to hedge the interest rate risk is regarded as a hedge under IFRS, potentially adding a degree of volatility to the IFRS result.

Further information on the applied fair value hedges for covering the interest rate risk of a portfolio and on the other hedges can be found in Notes 12, 15 and 24.

Sensitivity analysis – interest rate risk in the banking book

The structural interest rate risk of the balance sheet is monitored through various risk management tools including economic value and net interest income-based risk benchmarks. The norm is based on the maximum acceptable loss in the event of a 1% (100 basis points) change in interest rates.

The following table shows, at 31 December 2015, the interest rate sensitivity of the results over 12 months and the equity of the Company in the event of a a parallel interest rate shock of 100bp, comparing this with a similar simulation as of the end of 2014. The interest rate shock is assumed to take place in four stages of 25bp: immediately, after 3 months, after 6 months, and after 9 months.

(in 000 euro)	31/12/2014		31/12/2015	
	+100bp	-100bp	+100bp	-100bp
Impact on income over 12 months	19,623,294	42,852,548	16,732,927	34,786,161
	3.89 %	*8.50 %*	*3.35 %*	*6.96 %*
Impact on economic value	25,418,162	10,164,982	-109,469,718	155,218,044
	1.24 %	*0.50 %*	*-7.30 %*	*10.35 %*

The calculations are done by the ALM Department. Calculations are performed using a standard hypothesis, assuming a static balance sheet, with the outstanding positions and balance sheet mix at 31 December being held constant.

In the simulations, the following elements are taken into account:
- loan prepayments (impact of interest rates on the expected Constant Prepayment Rate and the reinvestment fee to be received);
- expected draw-downs of approved, but not yet fully drawn down credit facilities at position date;
- interest rate caps and floors on loans with revisable interest rates;
- call options in the securities portfolio (weighted average life);
- value variations of interest rate derivatives to which hedge accounting does not apply (fair value through P & L)
- a floor of 0% or the current interest rate if it is negative.

The interest rate sensitivity of the 12 months results to an interest rate movement of 100bp lies, in both absolute and relative terms, at a similar level as last year.

The interest rate sensitivity of equity to an interest rate increase of 100bp rose in 2015 owing to:
- higher mortgage production with longer, fixed-rate maturities;

- the steepened yield curve, whereby the modelled and expected prepayment behaviour reduced and the embedded cap risk increased in the Belgian variable mortgage portfolio.

These risks were mitigated, however, by additional hedges (caps and payer swaps), keeping interest rate sensitivity within the green zone of the RAF limits.

Spread widening risk

The return on the investment portfolio is largely determined by the credit spread earned on the investments made. The evolution and fluctuations of the credit spread are often market driven and determined by factors other than those relating to the creditworthiness of the issuer.

These market risk factors induce spread widening risk. Alongside the pure interest rate, they are the main driver of asset returns and the economic value of the investment portfolio. In addition, the market value of the investment portfolio is included in the calculation of the bank's prudential capital base (CRD IV). For the latter, a phasing-in period exists as well as a certain amount of national discretion in determining the extent to which unrealized gains and losses on the AFS portfolio affect the capital base.

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

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

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

Equities risk

The Bank Pool decided in 2015 to build up a limited exposure to real estate and PPP (Public Private Partnership)-related equities with a view to developing a wider diversification of the investment portfolio, and to complement the existing bond portfolio.

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

As of 31 December 2014, the Company had a portfolio of EUR 28,676 of participations and end 2015, a limited position was taken in a single property share bringing the total portfolio up to EUR 261,527 at the end of 2015.

Property risk

The evolution of real estate prices has an influence on lending to individuals and also influences the credit risk through the giving of property as collateral. The Company has here a concentration in lending to private individuals in Belgium and the Netherlands, more particularly in the form of retail mortgage lending. This makes the company dependent on developments in the housing market.

The possibility exists in the Company since 2015 to develop a limited portfolio of indirect real estate investments. This is allowed only under strict conditions, both with regard to the type of investments and in terms of the concentration risks.

The Company has here a limited investment space, which can include (indirect) real estate investment under strict conditions, in terms of both investment type and concentration risks. Within this limit, a number of loans were made to real estate counterparties.

5.2. Liquidity risk

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

- an unexpected prolongation of the outstanding receivables, e.g. default of a loan;
- the risk, in the Bank Pool, of more credit lines being drawn down or more savings deposits being withdrawn;
- the risk that the necessary financing transactions cannot be executed (or only at disadvantageous conditions);
- the risk that assets can be liquidated only at a severe mark-down, owing to a shortage of interested counterparties on the market.

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

The inability of a financial institution to anticipate and take into account unforeseen falls or changes in its sources of financing can affect its ability to fulfil its obligations when they fall due.

The Asset and Liability Committee monitors the liquidity ratios permanently. The management framework is clearly defined and detailed in the Treasury & ALM policy.

For measuring, monitoring, checking and reporting on the liquidity risk, the Company has a specially adapted management information system (MIS), including 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 is central to global bank management and bank supervision. The integration of specific liquidity standards within the new capital regulations endorses the importance of robust liquidity management in the banking sector. The Bank Pool therefore takes liquidity policy very seriously.

The liquidity risk appetite is managed in the Bank Pool's RAF via 'flashing light' levels on three risk indicators, the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the Asset Encumbrance Ratio (AER).

- The LCR sets the liquidity buffer here against a defined outflow of financial liabilities over a 1 month period.
- The NSFR sets the available liquidity in the light of the required liquidity over a period of one year.

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

- The AER compares the amount of unencumbered assets with the volume of protected deposits.

In 2015, the NBB established minimum thresholds, the height of which is a function of the importance of protected deposits within a bank's overall funding structure. As a category 3 bank, the Company is required to respect a minimum threshold of 80% (recovery plan) and 85% (flashing light) within the strict application of the AER.

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

Daily reports on the funding situation are distributed amongst a broad target audience within Argenta Group, including all members of the Executive Committee. In other words, senior management is involved in liquidity management on a continuous basis.

For the SSM, a dossier is compiled on the Internal Liquidity Assessment Process (ILAAP). This dossier has both a qualitative and a quantitative section and is part of the Supervisory Review and Evaluation Process (SREP).

The qualitative section consists essentially of a self-assessment template in which activities should be scored on the basis of the 13 ‘sound principles of liquidity risk management’ as published by the BCBS. This has also to be supported by a variety of back-up documentation (including policies, contingency plans, business plans, RAF) which give the SSM an insight into the liquidity risk (management).

In addition, there is a quantitative part aimed primarily at quantifying the liquidity situation and risks. This is achieved by adding all sorts of attachments to this dossier, for example the liquidity stress tests and results of other measures.

The Company’s liquidity model can be summarized as follows:
- a sizeable base of customer deposits;
- total funding independence from the interbank market;
- a low loan to deposit ratio;
- a liquid securities portfolio;

In this way, the Company does not have to go to the interbank and professional market to fund itself. It has, however, developed the capabilities to do this, if either i) yield considerations make it appropriate to do so, or ii) new legal requirements are imposed in the future to have certain types of debts on the balance sheet.

Repurchase agreements are concluded from time to time as part of liquidity management or to take advantage of investment opportunities in the financial market. More information on repos can be found in Notes 13.1 and 20.1.

Sources of funding

Funding policy is directed at obtaining funding from individual customers through the issue of current and savings accounts and term deposits and securities. Customer deposits constitute the most important primary funding source of the Bank Pool’s banking activities.

These deposits can be considered as both sources of liquidity and sources of liquidity risk. Amounts held in private individuals’ current and savings accounts can be withdrawn on demand or at short notice, but nevertheless provide an important contribution to the stability of the long-term funding base. This stability therefore depends on maintaining the account holders’ confidence in the Company’s solvency, profitability and risk management.

Sources of funding	2014	2015
Deposits from credit institutions	1.29 %	0.31 %
Retail customer deposits	89.05 %	91.74 %
Bank savings certificates sold to retail customers	5.04 %	4.26 %
Subordinated liabilities	1.61 %	1.25 %
Other liabilities	3.01 %	2.44 %
Total liabilities	100.00 %	100.00 %
Total liabilities in EUR	**31,974,325,335**	**32,189,228,890**

The decline in the volume of retail savings certificates is because the Company no longer offers such certificates. These have the same characteristics as term accounts, as a result of which the Company currently promotes only term accounts instead of retail savings certificates. These term accounts (with different fixed terms) are included under customer deposits.

Maturity analysis

Notes 13 and 14 give further details of the residual maturity of the available-for-sale financial assets and loans and receivables. The table below shows a maturity analysis for the financial liabilities held for trading, the financial liabilities measured at amortised cost, derivatives used for hedging purposes and other liabilities.

2014 financial year	< 3 months	< 12 months	2-5 years	> 5 years
Deposits from central banks	0	0	0	0
Financial liabilities held for trading	0	0	0	0
Financial liabilities measured at amortised cost				
Deposits from credit institutions	412,902,289	0	0	0
Retail funding - deposits with no fixed term	26,013,924,980	0	0	0
Retail funding - deposits with fixed maturity	352,591,820	193,175,101	1,647,938,080	254,356,625
Retail funding - savings certificates	121,577,744	141,793,126	1,266,403,767	80,428,638
Debt certificates - bonds	0	0	0	0
Subordinated loans	23,030,698	88,243,445	379,811,890	22,300,655
Derivatives for hedging purposes	30,502,250	91,506,750	316,590,167	134,479,489
Other liabilities	66,108,706	198,326,118	0	0
Total	**27,020,638,488**	**713,044,539**	**3,610,743,904**	**491,565,407**

2015 financial year	< 3 months	< 12 months	2-5 years	> 5 years
Deposits from central banks	0	0	0	0
Financial liabilities held for trading	0	0	0	0
Financial liabilities measured at amortised cost				
Deposits from credit institutions	100,914,580	0	0	0
Retail funding - deposits with no fixed term	26,995,007,072	0	0	0
Retail funding - deposits with fixed maturity	128,024,145	290,497,197	1,859,232,418	256,912,842
Retail funding - savings certificates	44,780,323	105,403,056	1,222,541,281	0
Debt certificates - bonds	0	0	0	0
Subordinated loans	103,847,704	144,916,024	153,205,525	0
Derivatives for hedging purposes	34,857,363	104,572,089	376,036,469	245,864,286
Other liabilities	48,030,025	144,090,074	0	0
Total	**27,455,461,210**	**789,478,439**	**3,611,015,694**	**502,777,128**

The interest results of the swaps posted under the category ‘financial liabilities held for trading’, and ‘derivatives for hedging purposes’ are included in the totals. The fixed and variable rates as of 31 December 2015 are used in calculating this interest for the respective fixed and variable parts of the interest rate swaps concerned.

For this table, deposits (available on demand, special deposits and regulated savings deposits) have been classified in the < 3 months bracket.

The ‘subordinated liabilities’ category still contains as of 31 December 2015 a nominal EUR 68.8 million of the Tier 1 loan issued by the Company in 2006. The subordinated certificates purchased by retail customers are also recorded here.

Reporting to the supervisory authority

The table below shows the liquidity ratios and liquid financial assets of the Bank Pool as reported to the supervisory authority.

	31/12/2014	31/12/2015
LCR	182%	180%
NSFR	145%	143%
Breakdown of liquid financial assets		
Cash and cash equivalents with central banks	373,355,235	512,327,845
ECB eligible securities	8,542,188,495	8,784,054,827
Securities that can be liquidated through sale	874,097,375	751,355,153
Balance sheet total	33,524,075,038	33,862,045,625

5.3. Credit risk

General

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

Risks from changes in the credit quality and recoverability of loans and amounts due from counterparties are indissolubly linked to a large part of the Argenta Group's activities.

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

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

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

Governance is also supported by the work of a number of (consultation) committees like the Rating Consultation, the Investment Consultation, the Credit Risk Committee, the Group Risk Committee and the Asset and Liability Committee.

Concentration of credit risk

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

The Company has a concentration in lending to private individuals in Belgium and the Netherlands, more particularly in the form of housing loans. This makes it highly dependent on developments in the housing market and the repayment capacity of private borrowers in Belgium and the Netherlands.

The Bank Pool generally endeavours to maintain a low risk profile in its lending. This strategic option is confirmed in, among other things, the Company's credit acceptance conditions and procedures, of which the provision of security (mainly mortgage registrations on buildings) is one of the basic conditions, together with the strategic focus on lending to retail customers.

In addition, the Argenta Group has a diversified and high quality investment portfolio with a concentration in debt instruments of the Belgian government. It is also building up a portfolio of loans to local and regional authorities.

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

Evolution of credit risk management in 2015

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

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

The risk appetite applied appears in the RAF. For monitoring the credit risk of both the retail credit and investment portfolios, the RAF contains risk indicators linked to portfolio quality and concentration risk.

Within the scope of the investment portfolio, with RAF was expanded in 2015 with an indicator for monitoring loans to public entities. In 2015, prudent investment policy was again a permanent focus. Such an approach is still considered to be the most efficient first line of defence par excellence.

In the past year, the Treasury and ALM policy was updated to include the possibility of diversifying into well-defined indirect property investments.

The investment framework remains focused on strong counterparty quality. As in 2014, so too in the course of 2015, in part as a reaction to the low interest rate environment, the Company further diversified selectively into investments in companies, and also, since last year, into indirect real estate investments. Investing in securities of or loans to local authorities was also extended.

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

In the context of an appropriate and prudent risk management, all banking and corporate counterparties were subjected during 2015 to primary analysis over a one-year time span.

This is part of the governance story linked to Argenta Group's FIRB status. These analyses are all subject to a systematic risk check as part of an annually recurring process. Before inclusion in the portfolio, every bank and corporate is assigned an internal rating, in accordance with the FIRB framework that has been ratified and implemented in the Argenta Group, and is reviewed at least annually.

The results of these rating reviews are discussed in the monthly Rating Consultation, that reports to ALCO. This consultation ratifies proposed ratings or decides on the assignment of internal ratings, following a well-defined governance framework and with two separate decision levels.

Internal ratings or rating indications are also assigned to counterparties catalogued as local and regional authorities. These ratings are also relevant in the acceptance context and are also used for monitoring and management purposes and in Pillar II capital calculations.

For regulatory capital calculations, Argenta Group continues, as agreed with the regulatory authority, to apply the standardized approach to governments. For bank and corporate counterparties, it uses the FIRB approach.

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

Further attention was paid to the development and progress of the economic capital calculations for credit risk. In 2015, the Company focused on refining the health check on the obtained Pillar II results and on the monitoring of the breakdown between migration risk and the spread widening risk.

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

This analysis forms the basis of regular reporting to, and discussion within, ALCO, the Executive Committee and the Supervisory Board.

Credit risk and the Basel Capital Accord

The Bank Pool has many years' experience in granting and managing mortgage loans to retail customers, resulting in a history of low loan losses.

Retail customers include private individuals and self-employed professionals having their customary place of residence in Belgium (the Belgian activities) or the Netherlands (the Dutch activities) and that use the Company for their normal non-professional credit needs.

On the basis of this policy option and its above-mentioned long experience, the Bank Pool has therefore opted to perform its mortgage lending under the Basel Capital Accord, on the basis of internal ratings and to calculate the capital adequacy requirements according to the FIRB method, subject to exceptions that are not material. This means that a rating is assigned to each loan when granted. To this end, the Company has, where applicable, developed one or more models itself.

A distinction is made between models for PD (probability of default) and LGD (loss given default). For the retail credit portfolios, for which an internal rating based system has been selected, both a PD model and an LGD model have been developed. Every month, the PD and LGD models are applied to the total mortgage loan portfolio in order to calculate the capital requirement for unforeseen losses.

Impairment losses

Certain impairments for loan losses can be recognised on an individual basis when a loan is considered as being in default, i.e. that there are objective indications that the Company will not be able to collect all due and payable amounts in accordance with the contractual conditions. The amount of the impairment is the difference between the carrying amount and the recoverable amount.

Specifically, a loan is considered as being in default when one of the following events has occurred:

- The Company considers it unlikely that the debtor will be able to fully honour its loan commitments without the Company having to resort to actions such as sale of collateral.
- The debtor is more than 90 days in arrears with meeting a material loan commitment.

Loans deemed to be in default are consequently reviewed (including taking the collateral into account) to see whether impairment should be recognised.

Besides the impairments determined on an individual basis, collective - portfolio-based - impairments are also recognised. These collective impairments are created only for the 'loans and receivables' portfolio.

For the retail mortgage portfolio, these take the form of IBNR (incurred but not reported) provision. An 'incurred but not reported' impairment on loans is justified for receivables that are not yet considered as in default and are thus not subject to individual impairment testing.

Loans and receivables in arrears and amounts in arrears

The Company constantly reviews its portfolio for payment arrears. The table below summarizes the financial assets in the 'loans to and receivables from other customers' heading on which payment arrears have been ascertained but for which no impairments have been recognised on an individual basis.

The figures here relate to the total amount of outstanding loans (total exposure) rather than the total amount of arrears.

These amounts also include loans which are only one or two days in arrears or which are temporarily in arrears due to the possible delayed operational processing of instalment payments (including by direct debit).

As of 31/12/2014	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Consumer loans	6,951,111	431,744	101,613	9,671
Mortgage loans	1,101,209,469	40,650,223	20,798,021	32,800,853
Long term loans	17,144,005	4,095,566	324,503	479,801
Advances/overdrafts	2,893,461	62,152	110,398	3,370,090
Other loan receivables	0	0	0	0
	1,128,198,046	**45,239,685**	**21,334,535**	**36,660,415**

As of 31/12/2015	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Consumer loans	5,589,853	270,057	76,271	25,444
Mortgage loans	918,915,810	41,059,189	23,086,941	25,739,956
Long term loans	17,183,240	713,516	8,908	282,586
Advances/overdrafts	2,656,151	58,013	49,873	1,823,647
Other loan receivables	0	0	0	0
	944,345,054	**42,100,775**	**23,221,993**	**27,871,633**

The above loans and receivables were either not yet considered as in default or there were sufficient guarantees that no impairments needed to be recognised on an individual basis.

Effective arrears (principal and interest)

The tables below summarize the effective arrears (principal and interest), in other words, which arrears are effective (i.e. without mentioning the total amount of the loan in question).

The 'advances/overdrafts' category consists primarily of overdraft facilities for which the entire amount becomes in arrears if the credit line is exceeded.

As of 31/12/2014	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Consumer loans	344,204	26,392	642	690
Mortgage loans	11,283,443	680,320	351,157	972,815
Long term loans	207,997	22,487	8,779	2,565
Advances/overdrafts	2,893,461	62,152	110,398	3,370,090
Other loan receivables	0	0	0	0
	14,729,105	**791,351**	**470,976**	**4,346,160**

As of 31/12/2015	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Consumer loans	285,111	17,754	3,583	699
Mortgage loans	7,546,833	813,142	621,966	1,654,904
Long term loans	192,646	6,781	873	10,081
Advances/overdrafts	2,656,151	58,013	49,873	1,823,647
Other loan receivables				
	10,680,741	**895,690**	**676,295**	**3,489,331**

There are no arrears in any other categories of financial assets or the sub-categories distinguished within them.

Impairments determined on an individual basis

The following table shows the amounts in the various financial asset categories and sub-categories, on which impairments have been recognised on an individual basis.

	Gross carrying value of the impaired assets	Impairments assessed on an individual basis in 2014	Gross carrying value of impaired assets	Impairments assets assessed on an individual basis 2015
Available-for-sale assets	0	0	6,189,450	1,935,920
Loans and receivables				
Consumer loans	3,392,963	3,468,991	2,547,519	2,613,224
Mortgage loans	129,937,970	33,446,959	179,527,924	24,930,739
Long term loans	1,321,669	1,068,149	3,793,525	339,962
Advances/overdrafts	5,871,354	2,869,065	1,602,296	1,277,134
Other loan receivables	105,415	105,415	899	899
Total loans and receivables	**140,629,371**	**40,958,579**	**187,472,163**	**29,161,958**

At the end of 2014, EUR 40,958,579 of value adjustments had been recorded on individual items in the loans and receivables portfolio.

At the end of 2015, there were EUR 29,161,958 of impairments assessed on an individual basis for the loans and receivables portfolio. There was also an individual impairment of EUR 1,935,920 for one counterparty in the AFS portfolio.

The following tables show the changes to the individual impairments for the 2014 and 2015 financial years. Further details on the overall earnings impact (including direct write-downs and recoveries) are to be found in Note 34.

As of 31/12/2014	Opening balance 31/12/2013	Increase via P&L	Decrease via P&L	Closing balance 31/12/2014
Loans and receivables				
Consumer loans	4,039,789	1,056,957	-1,627,755	3,468,991
Mortgage loans	29,996,128	27,128,340	-23,677,508	33,446,959
Long term loans	663,598	600,910	-196,358	1,068,149
Advances/overdrafts	4,096,967	327,442	-1,555,345	2,869,065
Other loan receivables	229,195	267,744	-391,524	105,415
Total loans and receivables	**39,025,677**	**29,381,392**	**-27,448,490**	**40,958,579**

As of 31/12/2015	Opening balance 31/12/2014	Increase via P&L	Decrease via P&L	Closing balance 31/12/2015
Loans and receivables				
Consumer loans	3,468,991	717,161	-1,572,928	2,613,224
Mortgage loans	33,446,959	20,999,048	-29,515,268	24,930,739
Long term loans	1,068,149	89,081	-817,268	339,962
Advances/overdrafts	2,869,065	-1,462,432	-129,499	1,277,134
Other loan receivables	105,415	0	-104,516	899
Total loans and receivables	**40,958,579**	**20,342,858**	**-32,139,479**	**29,161,958**

Impairments determined on a portfolio basis

Collective IBNR impairments are calculated and recognized for all retail credit portfolios for which Basel credit risk models have been developed.

This 'incurred but not reported' impairment on loans is recognized for mortgage receivables that are not in default and on which no impairment losses have been recorded on an individual basis ('performing loans').

This collective evaluation of impairments includes the application of a 12-month 'loss confirmation period'. This period represents a time interval (expressed in months) between the occurrence of the impairment-causing event (i.e. a 'loss event') and the time it is identified in the entity's credit system.

The application of the 'loss confirmation period' ensures that impairments that have already de facto occurred but have not yet been identified as such are included in the provisions.

Based on a point in time PD (probability of default), the portfolios are divided into risk categories. For each risk category, the probability is then assessed of a credit in this category going into default within a defined period.

The table below gives an overview of the EAD (exposure at default) and the collective impairments (IBRN) recognised at year-end.

Portfolio		31/12/2014		31/12/2015
	EAD	IBNR	EAD	IBNR
Port. Aspa Belgium	8,091,991,693	567,756	8,714,321,534	1,258,535
Port. Aspa Netherlands	12,487,023,625	4,985,238	13,380,730,800	4,875,207
Green Apple	1,220,982,339	450,144	1,113,369,721	346,487
Port. CBHK	486,988,812	616,047	367,349,714	395,471
Total		**6,619,185**		**6,875,700**

The IBNR losses have risen slightly from EUR 6,619,185 as of 31 December 2014 to EUR 6,875,700 due, reflecting the higher mortgage loan portfolio.

In addition to the IBNR provision, an impairment is also recognized, where necessary, for collectively assessed financial assets. This portfolio-based impairment has been recognized solely for an MBS portfolio classified under 'loans and receivables'.

As of 31 December 2014, this collective impairment amounted to EUR 259,458; as of 31 December 2015, it no longer existed.

Finally, a provision of EUR 2.5 million was set up in 2014, reflecting a best estimate of the additional impairments to be recognized on loans as a result of further refinements to the internal processes for determining impairments to ensure full compliance with the EBA regulation here. As of 31 December 2015, this provision was reduced to EUR 860,000.

Collateral

Security in the form of personal guarantees or material collateral is always requested when granting mortgage loans. The lower a borrower's creditworthiness, the more the security required from the customer. Under the foreclosure policy, it may occasionally occur that certain collateral is acquired and recognised on the balance sheet.

For such collateral (here, the properties on which a mortgage or mortgage mandate is registered), new individual estimates are made whenever loans to which the collateral is attached are deemed in default (see the definition of default in the above description of impairments). All material collateral is reviewed periodically using a statistical method.

Foreclosure policy
Where all other means of obtaining financial settlement for a loan in default have been exhausted, the Company will, when property is available, proceed to a private or public sale.

There were 342 private and public sales in 2015 (compared with 152 in 2014), including sales relating to loans with an NHG guarantee in the Netherlands, with the sale proceeds not covering the full amounts receivable. The total remaining debt amounted here to EUR 3,854,757 (compared with EUR 3,079,193 in 2014).

Thanks to the conservative loan policy and the strict monitoring strategy, loan losses in the Company's various fields of activity have been low in recent years.

Forbearance
In 2014, based on the EBA definition of forbearance, the necessary policy documents were developed and adjustments made to the internal credit systems for better recording of the files concerned. This relates to refinancings and extensions in response to arrears situations.

The table below shows the figures reported to the regulatory authority. This is a snapshot of the situations as of 31 December 2014 and 31 December 2015.

	2014	**2015**
Total exposures with forbearance measures	4,096,225	15,981,879
Performing exposures with forbearance measures	1,722,095	9,060,992
Non-performing exposures with forbearance measures	2,374,130	6,920,887
Accumulated impairment and provisions for the non-performing exposures	-337,210	-677,922
Collateral received on exposures with forbearance measures	6,200,684	14,121,224

The increase is due mainly to the more accurate recording of forbearance in the credit systems. As can be deduced from impairments and write-offs, the credit risk actually reduced in 2015.

The forbearance files designated as non-performing are always subject to 'individual assessment'.

This table includes, for all forbearance files, the amount of collateral received. This demonstrates the existence here of significant collateral back-up.

Credit exposure
The total credit risk exposure comprises the carrying value of financial assets on the balance sheet (the major part of the asset side of the balance sheet), the calculated exposure to financial derivatives, and specific off-balance-sheet items (including financial guarantees and loan commitments) as specified in the equity legislation (Basel).

Total credit exposure	**31/12/2014**	**31/12/2015**
Total on balance	32,521,923,372	33,764,584,249
Total off-balance	1,324,532,303	2,071,892,201
Total derivatives	123,956,316	167,530,969
	33,970,411,991	**36,004,007,419**

Further information on off-balance- sheet items can be found in Note 37. A more detailed explanation on the outstanding credit risk can be found in the Basel Pillar 3 disclosures that are placed annually on the company website (www.argenta.be).

Concentration of credit risk

This concentration can - as indicated - have various components, including a concentration of lending to an individual counterparty or group of inter-related counterparties (single name concentration or counterparty concentration). Concentration of lending can also arise through an uneven distribution among sectors or countries/regions (sector concentration).

The latter risk may arise due to significant exposure to groups of counterparties where the probability of default is due to common underlying factors.

The credit risk management policy includes limits for concentration risk. These limits are systematically monitored and reported on. One of these limits relates to the maximum exposure per counterparty in retail lending, and stipulates that this maximum exposure to a single retail counterparty may never exceed EUR 1 million.

Larger credit amounts are granted only by explicit decision of the Credit Committee and the Executive Committee.

The table below shows the percentage distribution of the different types of loans and receivables within the 'loans and receivables from other clients' heading. The 'other loan receivables' contains a limited MBS portfolio.

		2014		2015
	Carrying values	Percentage distribution	Carrying values	Percentage distribution
Consumer loans	115,573,362	0.50%	97,424,542	0.40%
Mortgage loans	22,732,250,658	98.08%	23,842,271,932	98.08%
Long term loans	288,011,865	1.24%	335,622,758	1.38%
Advances/overdrafts	5,991,028	0.03%	5,808,705	0.02%
Other loan receivables	35,136,318	0.15%	27,025,034	0.11%
	23,176,963,231	**100%**	**24,308,152,971**	**100.00%**

Potential concentration risks resulting from being present on just two mortgage markets (Belgium and the Netherlands) are mitigated by a limitation of the credit risk per individual dossier, as well as a strict monitoring of developments on the Dutch and Belgian mortgage and residential real estate markets.

In addition, the risk is diversified by granting a large number of loans of limited amounts, spread across Belgium and the Netherlands (also regionally). The spreading of the providing of credit over time (credit facilities are granted every week/month) has the effect of tempering risks in that loans are granted in both strong and weak economic times.

The basis for the quantitative assessment of the concentration risk is the analysis of the composition of the portfolio (balance) by economic sectors (governments - public authorities, credit institutions, other loans including corporate bonds, mortgage lending and other retail lending) and countries.

The Company classifies most of the investment portfolio as 'available-for-sale financial assets'. The main part of this portion of the investment portfolio consisted at 31 December 2015 (estimated based on the A-classification of the Belgian statutory scheme which is applied at the unconsolidated level) of bonds of 'public authorities' (45.12% in 2015 versus 43.57% in 2014) . The 'credit institutions' category represents 22.98% at 31 December 2015. The 'securities – other counterparties' category has risen from 26.38% to 31.90%.

	2014		2015	
	Carrying values	**Percentage distribution**	**Carrying values**	**Percentage distribution**
Fixed-income securities				
- public authorities	3,640,233,539	43.57%	3,611,365,958	45.12%
- credit institutions	2,509,014,554	30.04%	1,839,635,416	22.98%
- securities other counterparties	2,203,105,977	26.38%	2,553,261,386	31.90%
Variable-yield securities				
- binvestment funds/equities	28,676	0.01%	261,528	0.00%
	8,352,382,746	**100.00%**	**8,004,524,288**	**100.00%**

The following table shows the geographic breakdown (%) of the government bonds classified as 'available-for-sale'. The table below documents a large (but declining) exposure to Belgium (Company head office location).

	31/12/2014	31/12/2015
Belgium	73,40%	57,27%
Ireland	7,60%	8,55%
Spain	2%	5,27%
Poland	1%	3,97%
Italy	3,90%	3,77%
Austria	1,70%	2,81%
Netherlands	0%	2,81%
Slovakia	6%	2,75%
Slovenia	2%	2,44%
Latvia	0%	2,37%

	31/12/2014	31/12/2015
Lithuania	0%	1,95%
Czech Republic	0%	1,75%
Iceland	0,60%	1,46%
Germany	1,40%	1,40%
Sweden	0%	0,69%
Romania	0%	0,32%
Bulgaria	0,20%	0,21%
Mexico	0%	0,20%
Total	**100 %**	**100 %**

The table below shows the rating level of the entire 'available-for-sale assets' portfolio. More than 98.87% of the portfolio has an 'investment grade' rating. Additional information on this portfolio can be found in Note 13.

	31/12/2014	31/12/2015
Investment grade	99,56%	98,87%
Below investment grade	0,34%	1,12%
Not rated	0,10%	0,01%
Total	**100,00%**	**100,00%**

The 'held-to-maturity assets' item contains securities amounting to EUR 404,465,119 (EUR 839,817,180 at 31 December 2014) issued mainly by the Belgian federal and regional authorities. The large decrease from 2014 is due to one security reaching maturity.

The Treasury and ALM policy referred to above establishes which bonds and which ratings may be considered for investment. The ratings of all fixed-income securities are then systematically monitored. If (after purchase) a bond's rating drops below the set minimum rating requirement, the bonds concerned will be discussed again by Alco and the Rating Consultation (RC). Alco, and thereafter the Company' s Executive Committee, must then make an explicit decision whether or not to maintain the position. The positions maintained are also reported to the Board of Directors.

Note on encumbered assets

By circular 2015/03, the Belgian regulator brought into effect in the Belgian prudential framework the guidelines of the European Banking Authority (EBA) of 27 June 2014 on the disclosure of encumbered and unencumbered assets. This disclosure is not about the Company's credit risk from its debtors, but a general disclosure of its encumbered assets.

The institutions are required, on an advancing basis, to disclose basic information on the previous twelve months based on median values of at least quarterly data. For the disclosure of information about the first reporting period, the institutions may, however, opt to use the data as of 31 December 2014.

Below is an overview of the encumbered assets at the Company as reported as of 31 December 2014 and 2015, together with the average for 2015.

	31/12/2014	31/12/2014	31/12/2015	31/12/2015	average 2015	average 2015
	nominal value	market value	nominal value	market value	nominal value	market value
Collateral for derivatives instruments	489,285,000	583,343,619	419,032,000	485,653,196	438,850,250	517,264,729
Collateral for repo transactions	367,000,000	410,538,477	85,594,000	99,876,707	92,020,000	100,957,997
Collateral for Bank Card Company	31,000,000	31,403,792	35,000,000	35,123,886	34,000,000	34,215,713
Total given collateral	**887,285,000**	**1,025,285,888**	**539,626,000**	**620,653,789**	**564,870,250**	**652,438,439**
Cash paid (derivatives)		21,850,884		15,350,000		12,192,500
Cash received (repo transactions)		5,272,000		0		0
Collateral NBB credit line	250,000,000	278,370,256	250,000,000	272,322,206	250,000,000	272,801,898

In this way, at the end of 2104, a nominal EUR 856,285,000 were encumbered in the context of derivatives and repos and a nominal EUR 31 million in connection with the use of credit cards by the Company's customers. Cash amounts of EUR 21,850,884 were paid in the framework of the collateral management of derivatives. Another EUR 5,272,000 of cash was received in the respect of executed repo transactions.

For 2015, an average nominal EUR 534,870,250 was encumbered in respect of derivatives and repos and a nominal EUR 34 million in connection with the use of credit cards by the Company's customers. In addition, an average of EUR 12,192,500 million in cash was paid in collateral management.

The Company has not issued covered bonds and loans that were previously securitized are, as already explained, back in the Bank Pool balance sheet. The Company has a line of credit with the NBB of EUR 250 million, for which securities will be encumbered if and when this credit line is used.

The above-mentioned cash and encumbered assets are included in the balance sheet and are explained under the respective balance sheet items.

5.4. Operational risk

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

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

The Company has a fairly limited number of products and services. This allows the operational risks to be kept limited. Although the Company has taken measures to control the risks and limit any losses, as well as earmarking substantial funds for the development of efficient procedures and staff training, it is impossible to implement procedures that enable Argenta to exclude these operational risks in a completely effective manner. However, within the framework of the overall risk appetite, operational risks too are managed in a structured way.

Meeting quarterly as part of the GRC (Group Risk Committee), the Orco (Operational Risk Committee) focuses on the key risk indicators, the RCSAs (Risk & Control Self Assessments) and operational losses.

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

It is generally assumed that operational risks in enterprises are growing steadily. Regulatory authorities too are focusing increasingly on this form of risk, due among other things to the rapidly changing technological environment, the expanding corpus of regulations, the increasing complexity and proliferation of products and also the general trend towards outsourcing of non-core activities.

Argenta is of course aware of this development and in 2015 took decisions to further increase the focus on operational risk within Argenta. This has taken the form of, among other things:

- Increased structural attention of Argenta's Audit and Risk Committee to operational risks.
- The creation of a specific department (Operational Risk Management & ECB Office) with specific focus on operational risks.
- Following an external audit undertaken in 2015, which resulted in a number of observations and suggestions for improvement, a short- and medium-term action plan was drawn up.
- Continuous improvement in 2015 of operational risk management, including training and sensitizing first line management in and to their specific duties in the framework of Operational Risk Management (ORM) and increasing the number of Risk & Control Self Assessments.
- The Business Impact Analysis (BIA) process was optimized in 2015. In this process, a BIA was facilitated in each department by the ORM team, during which all critical processes, applications, functions and interactions were redefined.
- The further explicitation of the Argenta Group's risk appetite by adapting the specific sub-limits for the scenarios depending on the perspective (99.9%, 95% and 80%).
- The recruitment of an ORM manager who, in addition to operational risk management, will also specifically fill the role of Information Security Officer in the Argenta Group and as such be responsible for the data security policy.

The operational risk policy in 2015

In 2015, a thorough analysis of the Argenta Group's Operational Risk Management (ORM) framework was performed by an external party.

Its observations and proposals were processed into a short and long term action plan. A new specific ORM department (ORM & ECB Office) was created, with both a director and an ORM manager added to the ORM team. A large-scale awareness campaign was also undertaken by ORM, which visited each department to provide it with further training and intensive support in its ORM tasks.

In addition to daily monitoring and support tasks (such as facilitating RCSAs (Risk & Control Self Assessments), producing the annual internal control report, and monitoring business continuity plans and disaster recovery tests, the new department is also working on knowledge management (by establishing procedures and manuals and by providing individual and group training), developing a new RCSA methodology, reviewing the sub-limits of the ORM risk appetite, reworking the Annual Internal Audit Report compilation process, further developing the KRI (Key Risk Indicators) dashboard, and including an umbrella KRI in the qualitative RAF (Risk Appetite Framework).

In the area of BCM (Business Continuity Management), the full cycle of Business Impact Analysis (BIA), Business Continuity Plan (BCP) and disaster recovery testing are being examined. Additionally, a crisis simulation was organized outside business hours with the CMT (Crisis Management Team). The ORM team also took part in the Market Wide Exercise conducted in 2015 by the NBB. In cooperation with the Availability and Continuity Manager a presentation on the BCM material was also given during the ICT personnel meeting.

In the context of data security, the annexes to the Data Security code of behaviour were updated. Risk scoring in the audit universe is done on parameters, including the maturity of the internal control and the presence or absence of RSCAs.

5.5. Other risks

Without attempting to be exhaustive, this section mentions certain other risks. In 2015, Argenta continued to invest in a renewed group-wide risk assessment of all identifiable risks and in the economic capital models of the ICAAP, in particular in developing an integrated risk cartography, and stress, scenario and forward-looking testing.

Along with the economic capital calculations (complemented 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.

5.5.1. Strategic risk

The strategic risk to which the Company is exposed is the risk of the effect on current and future earnings and capital of poor policy decisions, poor implementation of decisions or a lack of responsiveness to changing market conditions (both commercial and financial).

In order to attain the strategic objectives as defined in the business strategy, the Argenta Group makes resources available (including communication channels, systems, human resources, networks, and managerial time and capacities). The strategic goals are defined by the Executive Committee, approved by the Board of Directors and monitored on a regular basis.

The ultimate achievement of the business strategy depends on the adequacy of the resources made available and on the way they are used.

5.5.2. Business Risk

The business risk is the risk that the current and future earnings and capital will be affected by changes in business volumes or by changes in margins and costs, both caused by changing external market conditions or the organization's inability to turn these changes to its advantage. This risk also includes a poor diversification of earnings or the inability to maintain a reasonable level of profitability. The income sensitivity indicator in the RAF already incorporates the business risk of the non-maturity deposits by calculating an additional risk premium.

In order to cushion optimally the business risk that the Argenta Group faces, the company has taken the strategic option of selling fee-generating products in addition to its traditional activities. Alongside the other lines - Insurance, Lending, and Savings & Payments - this fourth business line - Investments - should give rise to a greater diversification of generated earnings. Another important factor in this regard is the attention given to cross-selling, in order to attract as many customers as possible to several business lines concurrently.

Funds transfer pricing on an economic basis is used for determining the profit contribution of individual Bank Pool products.

5.5.3. Reputational risk

Argenta Group runs the permanent risk of damage (loss) through a deterioration of its reputation or standing caused by a negative perception of the organization'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, i.e. a risk that runs through all other risks. By monitoring and managing the other risks, reputational risk is also kept under control.

5.5.4. External service providers

The Company is exposed to the risk of termination of major contracts with key external service providers. Such termination could result in interruption to or delays in important business processes. The Argenta Group safeguards against these risks as much as possible through an appropriate business continuity policy and through transitional provisions in the agreements concerned.

In 2015, the Argenta Group further improved its business continuity policy, as demonstrated, among other things, in the new Sourcing policy. The policy gives the vision, the rules and the framework for outsourcing. The policy also spells out in greater detail the responsibilities and relationships with existing (critical) suppliers. This permits the improved monitoring of all external service providers.

5.5.5. Regulatory risk

Regulatory risk is that of changes in legislation and regulations. Everywhere the Company operates, it is subject to the laws, regulations, administrative measures and regulations governing the provision of 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 situation and future changes in regulations, fiscal policy and other policy areas can be unpredictable and are beyond the Group's control.

European legislation and regulations have required much much additional attention in recent years and will continue to do so, given in particular the European Commission's strong preference for maximum harmonization of European legislation. By contributing to a level playing field for all market players, maximum harmonization of legislation and regulations is in the interest of the financial sector.

As regards taxation, the Argenta Group's structure ensures that that deposits (including with 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 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, it pays attention to the broad-based 'Customer First' focus promoted by the AFM (Financial Markets Authority).

National and international rules on tax topics continue to change periodically as a consequence of local or international economic factors. In Belgium, an amendment has been approved, from fiscal year 2015, to the notional interest deduction system for financial institutions. Right now, consultations are also still under way for a tax ruling with the Netherlands in the field of corporation tax.

The capital requirements of credit institutions, the so-called Capital Requirements Regulation and the Capital Requirements Directive (together 'CRD IV package'), are still the subject of legislative developments and therefore have an impact on the Argenta Group. The implementation of new IFRS standards and of IFRS 9 in particular will also have a significant (operational) impact.

In 2015, the Company consulted regularly with the applicable supervisory authorities, discussing with them the SREP (Supervisory Review and Evaluation Process) and the update of the Recovery Plan.

A number of meetings were also held to discuss the transfer of supervisory powers from the National Bank of Belgium to the ECB, with the thematic review of risk governance and risk appetite, ICAAP (Internal Capital Adequacy Assessment Process), IRRB (Interest Rate Risk in the Banking Book) and ICT outsourcing in particular.

6. Solvency and capital management

6.1. Capital management

The dynamic growth of the financial markets and the increasing use of more complex banking products have brought about major changes in the Company's business environment. These challenges require appropriate personnel, processes and systems for the limitation and targeted control of the Company's risk position.

Apart from describing methods for calculating the regulatory capital requirements (quantitative requirements), the Basel accord places increased stress on risk management and integrated group-wide management (qualitative requirements). The Company is obliged to implement adequate procedures and systems to guarantee its long-term capital adequacy, while taking into account all material risks.

Internationally, these procedures are referred to as the Internal Capital Adequacy Assessment Process (ICAAP), which we have mentioned already. The goal of the Company's risk management is to achieve the best possible capital structure and risk control, on a par with that of the major market players, while continuing to meet the statutory capital requirements.

Implementing the business plan, with the attendant need to ensure that sufficient capital is available at all times to pursue the group's growth plans, is a key focus here.

The Company has always pursued a policy of self-financing. To retain a level of capital that provides sufficient scope for growth and to be able to carry the financial and operational risks, the Company aims to meet the potential capital requirements by (a) retained earnings, (b) capital increases and (c) subordinated loans.

Additional measures can include shrinking the balance sheet through securitisation of part of the retail loans portfolio.

The table below shows the eligible own funds at year-end.

Composition regulated (= eligible) own funds	31/12/2014	31/12/2015
Tier 1 capital	1,391,404,904	1,560,986,822
Tier 2 capital	74,161,762	24,713,388
Total eligible own funds	**1,465,566,666**	**1,585,700,210**

The Basel Pillar 3 guidelines discuss in considerable detail the concepts of own funds for accounting purposes, eligible own funds and the reconciliation of the two, along with the regulatory requirements.

The table below shows the reconciliation of the IFRS accounting own funds with the eligible Tier 1 own funds.

Composition regulated own funds	31/12/2014	31/12/2015
- Equity attributable to the shareholders	1,549,675,409	1,672,757,634
- Minority interests (non-controlling)	74,294	59,101
Total equity	1,549,749,703	1,672,816,735
Prudential filters		
- Intangible assets	-29,792,457	-33,052,784
- Revaluation reserves	-137,852,251	-93,963,258
- Cash flow hedge	13,729,427	14,278,863
Deduction in the context of 'prudent valuation'	-131,860	-4,127,637
Deduction in the context of 'own credit risk' (DVA)	-2,586,358	-1,749,789
Inclusion of latent values	-1,637,006	6,843,793
Non-inclusion of minority interests minderheidsbelangen	-74,294	-59,101
Total regulated (= eligible) funds sensu stricto	**1,391,404,904**	**1,560,986,822**

In this way, the Company's financial risk policy takes into account, in addition to its own management decisions, also the prudential ICAAP.

ICAAP and economic capital

The risks to which the Company is exposed require a risk buffer in the form of equity. The ongoing development of its business as a conventional savings bank, and hence as a bank involved in transformation (i.e. converting funds deposited short-term into longer-term investments) means that this required equity must be permanently monitored, and supplemented when necessary.

ICAAP incorporates all the bank's procedures and calculations used to ensure:

- the correct identification and measuring of risks;
- the maintaining of adequate capital in line with the bank's risk profile;
- the use, and continuous development of risk management systems.

This means that in all circumstances (stress scenarios), the equity requirements of the Bank Pool and all its component parts are met with an adequate degree of certainty. This is expressed in the form of the economic capital, in which the various risks are taken into account.

The calculations according to the Basel rules (Pillar 1) for capital management are reported to the supervisory authority and used internally, but the so-called 80% floor for the required regulatory capital remains the legal basis even after 2011. In its ICAAP under Pillar 2, Argenta calculates the required economic capital based on Basel IRB risk parameters. This is lower than the minimum 80% floor.

In addition, all material risk factors are modelled in ICAAP so that the total ICAAP provides a more comprehensive picture of capital requirements. In 2015, regular consultations were held with the supervisory authority as part of the Supervisory Review and Evaluation Process (SREP).

6.2. Regulations and solvency

As a financial institution, the Company is subject to prudential supervision. In Belgium, the Company is supervised by the NBB/ECB. The branch in the Netherlands is subject to the supervision of both the ECB/NBB and Dutch central bank (DNB).

All Bank Pool entities are required to comply with the guidelines of the various supervisory authorities in the countries where they operate. These guidelines require financial institutions to maintain minimum equity relative to their credit commitments, both on and off the balance sheet.

The total regulated eligible own funds rose from EUR 1,465,566,667 at end-2014 to EUR 1,585,700,210 at end-2015.

The Company calculates its capital ratios in accordance with the prevailing Basel rules, consisting of three pillars. Information on pillar 1 (minimum capital requirements) and pillar 2 (SREP process, including details of interest rate, liquidity and concentration risk) is included in these financial statements.

The pillar 3 disclosures supplement the first two pillars and are intended to provide market operators with the opportunity to assess the capital adequacy of a financial institution through access to more extensive information. These pillar 3 disclosures are published separately on the company's website. They include some of the information contained in these financial statements.

The following table shows the most important capital requirements, calculated according to the applicable Basel (pillar 1) rules.

Composition of the regulatory equity	31/12/2014	31/12/2015
Total regulatory capital	1,465,566,667	1,585,700,210
Application of IRB floor for transition period	80 % rule	80 % rule
Total required after applying Basel I floor	633,858,176	670,037,143
Core Tier 1 ratio	17,56 %	18,64%

The calculations as of 31 December 2015 take into account the specific Basel rules for calculating weighted risks for which the Company has obtained approval. The Company uses the (F)-IRB method for the retail mortgage portfolios, the MBS portfolio and the 'corporates and institutions' portfolio, and the standard STA method for the remaining exposure.

As a result of the Basel rules applicable to the transition from the STA to the IRB method, the eligible own funds need to be at least be 80% of the required capital, calculated according to Basel I principles. In this way, the required capital as of 31 December 2015 is EUR 670,037,143, compared with EUR 633,858,176 as of 31 December 2014.

The Tier 1 ratio of 18.64% as of 31 December 2015 is obtained by dividing the own funds sensu stricto - Tier 1 own funds by the weighted risk volume (EUR 8,376,546,288 as of 31 December 2011).

Since there is as of 31 December 2014 only core Tier 1 own funds and no additional Tier 1 own funds, the core Tier 1 ratio is also 18.64%.

In 2014 and 2015, the total regulatory eligible own funds was at all times greater than the requirements, so that the Company complied fully with all capital requirements.

7. Remuneration of directors

The composition of the Boards of Directors and the remuneration of their members are given below.

7.1. Composition of the Boards

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, hereinafter the 'non-executive directors').

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

Members of the board of directors are exclusively natural persons. Up until the General Meeting of 29 April 2016, a limited number of directors continue to participate in the board through corporate entities.

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

The following age limits apply to directors:
- executive directors automatically resign on reaching the age of 65;
- non-executive directors automatically resign on reaching the age of 70;
- directors reaching the age limits 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 (the directors representing the shareholders, independent directors and directors who are members of the Executive Committee) is in the majority. However, non-executive directors are always in the majority in the Board of 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.

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

The governance rules concerning independent directors seek 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.
With a view to the appropriate representation of Argen-Co, the cooperative company owned by Argenta branch managers and customers, which holds a 13.49% capital participation in the Argenta Group, Mrs Cynthia Van Hulle was appointed on 14 October 2015 as a director of the Company, Argenta Group and Argenta Spaarbank. Mrs Van Hulle has sat since 23 June 2015 as an independent director on the board of Argen-Co.

The division of tasks between the Boards of Directors and the interaction with the various committees are documented in the Internal Governance Memorandum.

The 'Suitability of Key Executives' charter, produced for the Argenta Group, including foreign subsidiaries ALN and AAM, describes the governance and structured framework 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 effective senior managers of financial institutions.

'Key executives' are directors or statutory auditors, executive committee members, effective senior managers, and heads of internal 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 on the basis of the above eligibility criteria, the Board also periodically evaluates its operation, its performance and the performance of the individual directors.

In the course of 2015, a comprehensive and externally facilitated evaluation of the functioning of the Executive Committee was undertaken. A new and comprehensive evaluation of the functioning and performance of the entire board will take place in 2016, following on the one performed in 2013.

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, also covering 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.

The table below gives the composition of the Boards of Directors of the Bank Pool companies.

Board of Directors AAM: Chair: J. Heller and members: S. Duchateau and G. Ferrant.

Board of Directors ASPA: Chair: J. Cerfontaine and members: Advaro bvba (1), G. Ameloot, A. Coppens, C. Henriksen, Raco bvba (2), W. Van Pottelberge, D. Van Dessel, C. Van Hulle, R. Vanderstichele, E. Walkiers and G. Wauters.

(1) with D. Van Rompuy as its permanent representative
(2) with B. Van Rompuy as its permanent representative

7.2. Remuneration of executive 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 the non-executive directors

The remuneration of the non-executive members of the Board of Directors of the Argenta Group companies consist solely of a 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 Committee and Remuneration

Committee). This fee is the same for all members of such a committee. The chair of this committee receives a higher fee.

The chair of the respective boards of directors is a director representing the family shareholder. He has a fixed remuneration which differs from that of the other non-executive directors.

Remuneration of executive directors

Executive directors receive a fixed annual remuneration. They do not receive variable remuneration of any kind. In this way, their pay does not contain elements that could encourage the pursuit of short-term objectives inconsistent with the Argenta Group's long-term objectives.

The remuneration meets the provisions of the CBFA Regulation of 8 February 2011 concerning the remuneration policies of financial institutions, as well as the provisions of the Banking Act. The remuneration is the same for all members of the Executive Committees, except for the chair.

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

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

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

In 2015, Johan Heller (CEO of the Argenta Group and chairman of the Executive Committees of the Company, Argenta Spaarbank and Argenta Assuranties) received a base salary of EUR 449,200 (EUR 398,400 in 2014), including a leased car. The contribution for group supplementary pension and disability benefits policies in respect of Johan Heller was EUR 71,904 (55,875 in 2014).

In 2015, the total direct remuneration of the executive directors/Executive Committee members of the Argenta Group (excluding that of the CEO), amounted to EUR 1,505,684 (EUR 1,768,800 in 2014).

Contributions to the group supplementary pension and disability policies in respect of the Executive Committee members, excluding those of the CEO, amounted to EUR 241,532 (EUR 140,799 in 2014).

The median base salary in the Company in 2015 amounted to EUR 50,396. The median salary increase compared to 2014 is 2.3%.

In 2015 severance payments totalling EUR 474,525 were made to Executive Committee members (EUR 935,840 in 2014).

Executive directors are entitled to a severance payment which, except for revocation of their mandates 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.

8. Remuneration of the statutory auditor

The audit of the Company's financial position and of the financial statements is assigned to the statutory auditor, Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA represented by Mr Dirk Vlaminckx.

The remuneration received by Deloitte (excluding VAT) for 2014 and 2015 breaks down (in accordance with Article 134 of the Belgian Companies Code) into:

- fees for audit assignments: this includes the fees for the auditing of the statutory (unconsolidated) and consolidated financial statements and other reporting assignments: (EUR 299,790 in 2015 and EUR 345,790 in 2014).

- fees for other assignments:

  EUR 460,860 in 2015 in respect of additional auditing activities, tax-related work and smaller ad hoc assignments

  EUR 158,490 in 2014 in respect of additional auditing activities, tax-related work and smaller ad hoc assignments

The fees of the statutory auditor and of entities related to the statutory auditor are monitored at consolidated level by the audit committee. Additional audit and consultancy assignments are approved by the Audit Committee in accordance with Article 133 § 6 of the Companies Act when these exceed the total audit mandate compensation.

9. Related party transactions

The Company regularly conducts transactions with related parties as part of its operations. These transactions relate primarily to loans, deposits and insurance contracts. They are in all cases carried out at arm's length.

The tables below provide a summary of the financial scope of the activities conducted with the related parties. The relationships between the parent and its subsidiaries are described in Note 1 (general information).

2014 balance sheet	Parent companies	Managers in key positions	Other related parties
Assets: loans and advances			
Demand deposits	0	0	0
Instalment loans	0	0	14,057,054
Consumer loans	0	0	345,755
Mortgage loans	0	170,787	80,488
Other receivables	0	0	3,058,623
Total assets	**0**	**170,787**	**17,516,827**
Liabilities: financial liabilities measured at amortised cost			
Deposits	46,718,236	572,613	340,392,631
Debt certificates	0	0	13,956,600
Subordinated liabilities	0	0	0
Other liabilities	1,733,397	0	2,836,256
Total liabilities	**48,451,633**	**572,613**	**357,185,487**
Guarantees issued by the group	0	0	0
Guarantees received by the group	47,100	0	0

2015 balance sheet	Parent companies	Managers in key positions	Other related parties
Assets: loans and advances			
Demand deposits	0	0	0
Instalment loans	0	0	0
Consumer loans	0	0	299,014
Mortgage loans	0	151,883	0
Other receivables	62,869	0	3,792,250
Total assets	**62,869**	**151,883**	**4,091,264**
Liabilities: financial liabilities measured at amortised cost			
Deposits	75,698,871	669,972	391,303,111
Debt certificates	0	0	6,851,500
Subordinated liabilities	0	0	0
Other liabilities	462,892	0	0
Total liabilities	**76,161,763**	**669,972**	**398,154,611**
Guarantees issued by the group	0	0	0
Guarantees received by the group	47,100	0	0

As already explained, holding company BVg is the Company's parent company. Above, it is the family holding Investar. The 'parent company(-ies)' column contains the data of both holding companies.

The 'managers in key positions' column includes details of executive and non-executive directors (Note 7) and the close relatives of directors who are natural persons.

Close relatives of a natural person are those who could be expected to be able to exert influence on the natural person (these include the natural person's partner and children residing in his/her household).

'Other related parties' includes details of the Company's sister companies, i.e. the aforementioned Insurance Pool.

2014 income statement	Parent companies	Managers in key positions	Other related parties
Expenses			
Interest expenses	527,591	4,093	1,259,750
Fees and commissions	0	0	3,196,000
Insurance premiums	0	0	5,860
Rendering services	0	0	8,317,829
Other	19,416,901	0	863,761
Total expenses	19,944,492	4,093	12,383,451
Income			
Interest income	1,294	3,407	2,257,385
Fees and commissions	0	0	0
Other	706,172	0	23,161,757
Total income	**707,466**	**3,407**	**25,419,142**

2015 income statement	Parent companies	Managers in key positions	Other related parties
Expenses			
Interest expenses	348,164	3,778	147,388
Fees and commissions	0	0	5,260,354
Insurance premiums	0	0	31,735
Rendering services	0	0	7,259,089
Other	16,214,211	0	6,969,568
Total expenses	16,562,375	3,778	19,668,134
Income			
Interest income	3,387	3,054	2,135,865
Fees and commissions	0	0	0
Other	598,459	0	23,181,647
Total income	**601,846**	**3,054**	**25,317,512**

No impairment losses were recognized in 2014 and 2015 on balance sheet items involving related parties.

Note on asset sale from the Company to its sister entity Aras

This is covered by a framework agreement, and a RACI (Responsible – Accountable – Consulted – Informed) has been established. Based on this RACI, the transfers are coordinated and all relevant parties are systematically involved so that transactions take place at arm's length.

In this way, the Company grants Dutch loans through the branch which are sold to Aras. The definitively transferred credits involved and the attendant settlement of transaction costs are not included in the above tables.

Note on guarantees received and given

At the end of 2014 and 2015, there was just one remaining guarantee given for EUR 47,100.

Note on compensation – executive directors

The remuneration of the executive directors has already been described in Note 7. The table below gives the remuneration of the executive directors. No remuneration has been paid following departure.

Remuneration of the executive directors	2014	2015
Severance remuneration	467,741	474,525
Salaries and directors' fees	1,610,400	1,937,556
Total	**2,078,141**	**2,412,081**

10. Operational segments

The Company is required to provide information on operational segments to enable users of its financial statements to assess the nature and financial consequences of the business activities it undertakes and the economic environment in which it operates.

An operational segment is a component of the Company that performs business activities that may generate income or expenses, and of which, among other things, the business results or services rendered are assessed separately at regular intervals by management and for which separate financial information is available.

Note 1 (General Information) explains the structure of the Company (with a branch office in the Netherlands that is incorporated into the structure of Argenta Spaarbank nv).

The operational segmentation in the IFRS financial statements is based on geographical areas where the Bank Pool is active. This is systematically further reflected in the organization through the existence of Argenta Spaarbank nv in Belgium, a branch office in the Netherlands (part of Argenta Spaarbank nv) and a subsidiary Argenta Asset Management (AAM) in Luxembourg. The ultimate chief operating decision maker (CODM) is the Executive Committee of the Company.

The Bank Pool delivers services under the heading of 'retail banking'. Until further notice, this is treated in the internal reporting as a single operational segment. In 2015, further steps were taken in lending to local and regional authorities (but these loans were considered in 2015 as an additional investment (asset) category. In 2016, steps will be taken to provide a global service to this customer group.

Under the IFRS 9 standard (to come into effect from 1 January 2018), the business models are a factor in 'classification and measurement'. The breakdown by geographical areas listed below provides no insight into the business models applied.

Information on geographical regions

The operational segmentation based on geographic regions reflects the Company's focus on the Benelux countries. The geographical segmentation given below is specifically based on the location of the services provided, and provides an indication of the breakdown by geographical region.

2014 consolidated balance sheet	Belgium	Netherlands	Luxembourg	Consolidation eliminations	31/12/2014
Assets					
Cash and cash balances with central banks	48,780,041	99,049,607	1,547,808	0	149,377,456
Financial assets held for trading	13,555,879	12,578,332	0	0	26,134,211
Available-for-sale financial assets	8,352,382,746	0	0	0	8,352,382,746
Loans and receivables	10,934,878,432	12,577,385,320	15,425,707	0	23,527,689,459
Derivatives, hedge accounting	0	0	0	0	0
Financial assets held to maturity	839,817,180	0	0	0	839,817,180
Fair value changes of the hedged items	398,422,686	0	0	0	398,422,686
Buildings, land, equipment	32,275,458	336,623	33,311	0	32,645,392
Investment properties	1,534,359	71,078	0	0	1,605,437
Goodwill and other intangible assets	43,961,091	1,142,123	30,034	0	45,133,248
Tax assets	28,903	0	81,624	0	110,527
Other assets	88,747,746	73,807,915	4,282,377	-16,081,341	150,756,697
Total assets	**20,754,384,521**	**12,764,370,998**	**21,400,861**	**-16,081,341**	**33,524,075,038**

2014 consolidated balance sheet	Belgium	Netherlands	Luxembourg	Consolidation eliminations	31/12/2014
Total liabilities, minority interests and equity					
Deposits from central banks	0	0	0	0	0
Financial liabilities held for trading	280,948	11,083,821	0	0	11,364,769
Financial liabilities measured at amortised cost	28,607,040,881	3,658,212,361	0	-1,266,774,383	30,998,478,859
Derivatives, hedge accounting	607,092,752	0	0	0	0
Fair value changes of the hedged items					
Provisions	10,527,883	3,180,153	0	0	13,708,037
Tax liabilities	45,917,240	33,328,854	0	0	79,246,094
Other liabilities	246,839,395	15,864,824	1,730,605	0	264,434,824
Total liabilities	**29,517,699,099**	**3,721,670,013**	**1,730,605**	**-1,266,774,383**	**31,974,325,335**
Shareholders' equity	1,057,702,838	351,242,354	19,670,254	0	1,549,675,409
Minority interests	0	18,000	56,294	0	74,294
Total liabilities, minority interests and equity	**30,575,401,936**	**4,072,930,367**	**21,457,152**	**-1,266,774,383**	**33,524,075,038**

2015 consolidated balance sheet	Belgium	Netherlands	Luxembourg	Consolidation eliminations	31/12/2015
Assets					
Cash and cash balances with central banks	394,771,365	115,841,799	1,714,681	0	512,327,845
Financial assets held for trading	18,324,423	10,468,200	0	0	28,792,623
Available-for-sale financial assets	8,004,524,288	0	0	0	8,004,524,288
Loans and receivables	10,830,574,053	13,483,256,144	9,672,774	0	24,323,502,971
Derivatives, hedge accounting	6,078,917	0	0	0	6,078,917
Financial assets held to maturity	404,465,119	0	0	0	404,465,119
Fair value changes of the hedged items	304,086,209	0	0	0	304,086,209
Buildings, land, equipment	34,707,597	755,806	44,608	0	35,508,011
Investment properties	1,524,735	0	0	0	1,524,735
Goodwill and other intangible assets	49,478,540	333,098	199,686	0	50,011,324
Tax assets	4,888,549	28,903	0	0	4,917,452
Other assets	113,380,923	82,368,972	5,431,232	-14,874,996	186,306,131
Total assets	**20,166,804,718**	**13,693,052,922**	**17,062,981**	**-14,874,996**	**33,862,045,625**

2015 consolidated balance sheet	Belgium	Netherlands	Luxembourg	Consolidation eliminations	31/12/2015
Total liabilities, minority interests and equity					
Deposits from central banks	0	0	0	0	0
Financial liabilities held for trading	9,128	10,308,233	0	0	10,317,361
Financial liabilities measured at amortised cost	28,711,734,247	3,845,489,585	0	-1,151,941,665	31,405,282,167
Derivatives, hedge accounting	496,161,248	0	0	0	496,161,248
Fair value changes of the hedged items	0	0	0	0	0
Provisions	10,406,788	0	0	0	10,406,788
Tax liabilities	50,155,731	24,348,087	437,409	0	74,941,227
Other liabilities	132,529,747	57,317,798	2,272,554	0	192,120,099
Total liabilities	**29,400,996,889**	**3,937,463,703**	**2,709,963**	**-1,151,941,665**	**32,189,228,890**
Shareholders' equity	1,010,369,140	648,076,577	14,311,917	0	1,672,757,634
Minority interests	0	18,000	41,101	0	59,101
Total liabilities, minority interests and equity	**30,411,366,029**	**4,585,558,280**	**17,062,981**	**-1,151,941,665**	**33,862,045,625**

The 'eliminations' occur on both the asset and liabilities sides of the balance sheet. These eliminations involve for example securities issued by one group entity (on the liabilities side of the balance sheet of the SPV Green Apple) that are purchased by another entity (found on the asset side of the Company).

These items are eliminated in the consolidation, but in order to obtain a clear overview of each segment, both items are again de-netted in the segment presentations.

2014 income statement	Belgium	Netherlands	Luxem-bourg	Consolida-tion elimi-nations	31/12/2014
Financial and operating income and expenses					
Net interest income	335,058,087	204,897,741	374,180	0	540,330,008
Dividends	0	0	0	0	0
Net income from commissions and fees	-62,865,012	64,439	3,086,028	0	-59,714,545
Realised gains and losses on financial assets and liabilities that are not measured at fair value in the income statement	5,966,982	10,457	39,451	0	6,016,890
Gains and losses on financial assets and liabilities held for trading	-35,395,725	-14,467,600	0	0	-49,863,325
Gains and losses from hedge accounting	1,961,952	0	0	0	1,961,952
Gains and losses on derecognition of assets other than held for sale	2,469	0	0	0	2,469
Other net operating income	19,364,046	198,665	990,379	0	20,553,090
Administrative expenses	-193,202,000	-25,483,760	-2,728,195	0	-221,413,955
Depreciation	-20,467,617	-1,024,360	-57,038	0	-21,549,015
Provisions	-583,834	-54,871	0	0	-638,705
Impairments	-3,322,607	1,254,449	0	0	-2,071,158
Total profit before taxes and minority interests	**46,516,741**	**165,392,160**	**1,704,805**	**0**	**213,613,706**
Tax on profits	-3,640,318	-36,297,153	-614,363	0	-40,551,834
Total profit after taxes and before minority interests	**42,876,423**	**129,095,007**	**1,090,442**	**0**	**173,061,872**

2015 income statement	Belgium	Netherlands	Luxem-bourg	Consolida-tion elimi-nations	31/12/2015
Financial and operating income and expenses					
Net interest income	273,156,986	285,346,937	422	0	558,504,345
Dividends	1,125	0	0	0	1,125
Net income from commissions and fees	-62,894,093	157,204	7,331,830	0	-55,405,059
Realised gains and losses on financial assets and liabilities that are not measured at fair value in the income statement	6,660,698	0	0	0	6,660,698
Gains and losses on financial assets and liabilities held for trading	14,649,426	-20,939,119	0	0	-6,289,693
Gains and losses from hedge accounting	6,381,081	0	0	0	6,381,081
Gains and losses on derecognition of assets other than held for sale	154,985	0	0	0	154,985
Other net operating income	29,444,073	444,536	33,551	0	29,922,160
Administrative expenses	-226,644,918	-37,150,920	-1,896,794	0	-265,692,632
Depreciation	-22,899,461	-1,067,900	-33,009	0	-24,000,370
Provisions	3,301,249	0	0	0	3,301,249
Impairments	-1,280,324	887,355	0	0	-392,969
Total profit before taxes and minority interests	**20,030,827**	**227,678,093**	**5,436,000**	**0**	**253,144,920**
Tax on profits	-8,078,694	-51,112,233	-1,079,478	0	-60,270,405
Total profit after taxes and before minority interests	**11,952,133**	**176,565,860**	**4,356,522**	**0**	**192,874,515**

All transactions between segments are at arm's length. The largest earnings-related transaction between operational segments consists of the charging on of a funding cost by the Company (Belgium) to the branch (the Netherlands) for capital made available (to enable loans to be granted in the Netherlands).

Information about products and services

The present IFRS consolidated statements cover only the Bank Pool, which falls entirely under the heading of retail banking, and is considered as a single operational segment for the purposes of the consolidated internal reporting.

Retail banking provides financial services to individuals, self-employed persons and small and medium-sized enterprises. In the Benelux, it provides advice on daily banking, saving, lending and investment.

Information about important clients

Where the income from transactions with a single external customer accounts for at least 10% of the Company's income, this must be disclosed.

With the various policies the Company applies to limit the concentration of the credit risk (and as such, the concentration of income), this 10% limit would never be reached under the present guidelines.

Notes to the consolidated balance sheet

11. Cash and cash balances and deposits with central and other banks

Cash and cash balances with central and other banks (asset side)

This category includes all cash and current account balances with central and other banks.

	31/12/2014	31/12/2015
Cash	44,479,891	47,911,356
Cash balances with central banks	194	363,566,585
Cash balances with other financial institutions	104,897,370	100,849,904
Total	**149,377,455**	**512,327,845**
of which cash and cash equivalents	149,377,455	512,327,845

As of 31 December 2014, 'current accounts at other financial institutions' were still recorded under 'loans and receivables' from credit institutions. These amounted to EUR 328,875,344, which means that in 2015, there is a similar amount with central banks as in 2014.

In 2014 and 2015, there were no deposits from central banks.

12. Financial assets and liabilities held for trading

The financial assets held for trading are composed as follows:

(Unlisted) financial assets	no.	notional	31/12/2014	no.	notional	31/12/2015
Interest rate options – caps	21	5,000,000,000	12,793,951	31	7,850,000,000	16,338,018
Swap securitisation transactions	2	1,221,994,770	11,072,496	1	1,115,591,100	10,312,762
values based on measurement techniques			23,866,447			26,650,780
Secundary bonds	7	2,067,000	2,267,764	4	2,002,000	2,141,843
Total financial assets			**26,134,211**			**28,792,623**

A number of cap contracts are cylinder caps (combined contracts) with both bought and sold parts. In this presentation, they are presented separately until further notice (splitting of the purchased and sold part).

The financial liabilities held for trading are composed as follows:

(Unlisted) financial liabilities	no.	notional	31/12/2014	no.	notional	31/12/2015
Interest rate options - caps	12	3,500,000,000	280,948	3	1,000,000,000	9,128
Swap securitisation transactions	2	1,221,994,770	11,083,821	1	1,115,591,100	10,308,233
Values based on measurement techniques			11,364,769			10,317,361

Not listed (OTC) - caps

Financial assets held for trading include those interest rate options (caps) as they have a positive fair value. Financial liabilities include interest rate options (caps) with a negative fair value.

These interest rate options, purchased over-the-counter (OTC) from other financial institutions, are always entered into in the framework of economic hedges, but to which hedge accounting is not applied. Note 24 contains further information on the cylinder caps.

The options serve as protection against the interest rate risk and are options whereby the seller commits to pay the buyer an interest rate difference in exchange for a premium paid by the buyer.

Not listed (OTC) - swaps

Under this heading come the swaps (on the asset side those with a positive fair value and on the liabilities side those with a negative market value) that, although concluded within the framework of ALM, are not accounted for using hedge accounting principles.

Not listed (OTC) - swaps securitisation transaction

Swaps were concluded in the context of the securitization transaction. The difference between the market value of the swaps is recognized in the income statement.

Secondary market bonds

Alongside primary bond issues (at the time of first issue), the Company also offers already listed bonds that are traded on the secondary market.

This limited portfolio is considered by IFRS as a portfolio held for trading purposes so as to be able to offer its content continuously to the Company's customers.

13. Available-for-sale financial assets and held-to-maturity assets

13.1. Available-for-sale financial assets

Most of the Company's securities portfolio (equities and bonds) is recorded under this heading.

	31/12/2014	31/12/2015
Total	**8,352,382,746**	**8,004,524,288**
Of which hedged via micro-hedges	855,991,300	955,569,300
Geographical breakdown		
Belgium	3,084,189,468	2,781,299,674
Other EMU countries	3,368,100,664	3,673,334,675
Rest of the world	1,900,092,614	1,549,889,939
Breakdown by interest rate type (fixed or variable)		
Variable	3,181,265,948	3,108,146,041
Fixed	5,171,088,122	4,896,116,721
Undefined	28,676	261,527
Breakdown by residual term		
By maturity date		
Up to 1 year	1,569,932,319	1,135,200,381
Between 1 and 2 years	1,090,425,241	1,214,203,919
Between 2 and 3 years	1,377,680,330	932,925,081
Between 3 and 4 years	597,059,686	1,235,943,703
Between 4 and 5 years	1,127,594,627	1,265,714,169
More than 5 years	2,589,661,867	2,220,275,508
Undefined	28,676	261,527
By earliest interest revision or maturity date		
Up to 1 year	4,714,096,360	3,806,812,687
Between 1 and 2 years	649,386,678	1,024,156,256
Between 2 and 3 years	893,761,650	695,516,306
Between 3 and 4 years	331,411,557	657,538,040
Between 4 and 5 years	420,148,738	975,689,198
More than 5 years	1,343,549,087	844,550,274
Undefined	28,676	261,527
Impairments	0	-1,935,920
Effective interest rate on portfolio as of 31 December	1.85%	1.58%
Used as collateral (notional amount)	887,285,000	539,626,000
Encumbrance in the event of utilization of the NBB credit line	250,000,000	250,000,000

A nominal EUR 539,626,000 of securities were encumbered as part of the collateral management of derivative instruments and of repos and as surety for the credit cards issuer. The Company also has a EUR 250 million credit line with the NBB, for which securities are encumbered as and when this credit line is used.

In 2011, a limited MBS (mortgage backed securities) portfolio was reclassified from 'available-for-sale financial assets' to 'loans and receivables'. Further details on this reclassification are given in Note 14.3.

The fair value and amortized cost and the related unrealized gains or losses on the 'available-for-sale' assets at 31 December 2014 and 31 December 2015 are as follows:

2014 financial year	Amortized cost price without pro rata interest	Pro rata interest	Unrealized results	Impair-ments	Fair values
Fixed-income securities					
- public authorities	3,343,342,993	51,820,361	245,070,183	0	3,640,233,538
- credit institutions	2,442,955,117	19,523,745	46,535,692	0	2,509,014,554
- securities other counterparties	2,159,449,719	14,397,167	29,259,091	0	2,203,105,977
Variable securities					
- investment funds/other	28,198	0	479	0	28,676
	7,945,776,027	**85,741,273**	**320,865,445**	**0**	**8,352,382,746**

2015 financial year	Amortized cost price without pro rata interest	Pro rata interest	Unrealized results	Impair-ments	Fair values
Fixed-income securities					
- public authorities	3,364,384,101	46,312,695	200,669,162	0	3,611,365,958
- credit institutions	1,807,202,910	11,408,299	21,024,207	0	1,839,635,416
- securities other counterparties	2,528,655,055	11,294,493	15,247,758	-1,935,920	2,553,261,386
Variable securities					
- shares	199,655	0	-1,163	0	198,492
- investment funds/other	62,498	0	538	0	63,036
	7,700,504,219	**69,015,487**	**236,940,502**	**-1,935,920**	**8,004,524,288**

The breakdown into public authorities, credit institutions and 'securities other counterparties' or 'other debt securities' is that of prudential reporting at bank-only level.

Further information on the hierarchy level of the external fair values used is given in Note 23.

13.2. Held-to-maturity assets

	31/12/2014	31/12/2015
Total	**839,817,180**	**404,465,119**
Geographical breakdown		
Belgium	816,676,688	381,332,922
Other EMU countries	23,140,492	23,132,197
Breakdown by fixed/variable interest rate		
variable	573,945,723	101,364,041
fixed	265,871,458	303,101,078
Breakdown by residual term		
by maturity date		
Up to 1 year	500,592,500	0
Between 1 and 2 years	0	0
Between 2 and 3 years	0	217,100,810
Between 3 and 4 years	217,091,628	26,337,220
Between 4 and 5 years	26,337,459	22,550,398
More than 5 years	95,795,593	138,476,691
By earliest interest revision or maturity date		
Up to 1 year	573,945,722	101,364,042
Between 1 and 2 years	0	0
Between 2 and 3 years	0	217,100,810
Between 3 and 4 years	217,091,629	26,337,220
Between 4 and 5 years	26,337,459	11,049,478
More than 5 years	22,442,370	48,613,569
Total public and regional authorities (sovereign)	828,178,147	392,833,843
Total other sectors (other MBS)	11,639,033	11,631,276
Impairments	0	0
Effective interest rate of the portfolio at 31/12	1.04%	2.35%

14. Loans and receivables

14.1 Loans to and receivables from credit institutions

The loans to and receivables from credit institutions are composed as follows:

	31/12/2014	31/12/2015
Total loans to and receivables from credit institutions	**350,726,228**	**15,350,000**
Geographical breakdown		
Belgium	332,396,228	0
Other EMU countries	18,330,000	15,350,000
Rest of world	0	0
Breakdown by residual term: up to 3 months	332,396,228	15,350,000
Breakdown by type		
Reserves with central banks	328,875,344	0
Collateral received from financial institutions	21,850,884	15,350,000
of which cash and cash equivalents	350,726,228	15,350,000
Impairments	0	0
Effective interest rate on portfolio as of 31 December	0.00%	-0.16%

As of 31 December 2015, there is just one remaining amount received in connection with the collateral management under this heading.

14.2 Loans to and receivables from other clients

The loans to and receivables from other clients are composed as follows:

	31/12/2014	31/12/2015
Total	**23,176,963,231**	**24,308,152,971**
Breakdown by residual term		
Up to 1 year	716,143,527	803,236,362
Between 1 and 5 years	2,620,255,189	2,966,564,024
5 years	19,840,564,516	20,538,352,586
Impairments	40,958,579	36,897,658
Breakdown by loan type		
Consumer loans	115,573,362	97,424,542
Mortgage loans	22,732,255,662	23,842,271,932
Instalment loans	288,006,861	335,622,758
Overdrafts	5,991,028	5,808,705
Other loan receivables – MBS portfolio	35,136,318	27,025,034
Effective interest rate on portfolio as of 31 December	3.69%	3. 32%

The mortgage loan portfolio has grown further with the additional lending to the Company's retail customers, both in Belgium and the Netherlands.

14.3. Note on reclassification of MBS portfolio

In 1 October 2011, an MBS portfolio with a carrying value of EUR 72,886,764 was reclassified from 'available-for-sale assets' to 'loans and receivables' (under 'other loan receivables'). The reason for this reclassification lay in the absence of an active market.

The securities were reclassified at their fair value. At the time of the reclassification, after calculation of the potential tax liability, there was a EUR 15,953,789 negative revaluation reserve in equity.

As of 31 December 2015, a negative revaluation reserve amounting to EUR 5,095,662 remained in equity (other elements of comprehensive income). Without reclassification, this would have amounted to EUR 1,216,859. In the IFRS balance sheet, these securities are carried under 'loans and receivables' in an amount of EUR 27,025,034.

As of 31 December 2014, a negative revaluation reserve amounting to EUR 6,362,622 remained in equity (other elements of comprehensive income). Without reclassification, this would have amounted to EUR 773,534. In the IFRS balance sheet, these securities are carried under 'loans and receivables' in an amount of EUR 35,136,318.

Note 23.1 gives information on the current market value of this portfolio (under 'other credit receivables - MBS portfolio').

In 2015, EUR 73,861 of interest income was received from the securities in question (EUR 238,665 in 2014). There were no indications for proceeding to record impairments on individual items.

The decrease in this portfolio is due mainly to the maturing of securities and/or partial redemptions of the securities in question.

15. Derivatives used for hedging

This section contains, inter alia, additional information on the balance sheet headings 'derivatives used for hedging' and 'cumulative fluctuations in the value of the hedged positions when hedging the interest risk'.

General explanation

Hedge accounting (accounting treatment of hedging transactions in IFRS) can be used for derivatives that are intended to be used in this way, subject to meeting certain criteria. These criteria for the accounting treatment of a derivative as a hedging instrument include:

- the hedging instrument, the hedged position and the purpose and strategy of the hedging and the party involved must be officially documented before hedge accounting is applied.
- the hedge must be documented, substantiating that it is expected to be highly effective (within a range of 80% to 125%) in offsetting changes in the fair value (or cash flows) related to the hedged risk during the entire reporting period; and
- the hedge is effective from the start and is continuously assessed.

Note on macro hedges

First and foremost, the Company applies IAS 39, which has been authorised by the EU, because it reflects best the way in which the Company manages its activities.

Hedging relationships are intended to limit the interest rate risk ensuing from the selected category of assets (or liabilities) falling within the definition of qualifying hedged positions.

The Company performs an overall analysis of the interest rate risk and selects assets (and/or liabilities) that must be included in the hedging of the interest rate risk of the portfolio. At the outset, it defines the risk position to be hedged, the duration, the way in which the tests are conducted and the frequency thereof.

The Company has opted to hedge a portfolio of mortgage loans with a fixed interest rate, and selects within that portfolio the hedged positions as a function of the interest rate risk management strategy. The assessment of the effectiveness consists of checking whether the object of the hedge, i.e. limiting the interest rate risk, has been achieved.

With hedge accounting, the changes in the fair value of the fixed rate legs of these swaps are offset by opposite changes in the fair value of the hedged positions. The fluctuations in the fair value of the floating rate components of the swaps have a net impact on the results.

What we have here is a fair value hedge, whereby the hedged risk consists of the benchmark (euribor), which is the interest rate component of the fixed-rate mortgage loans. The gains or losses of the hedged positions as a result of the hedged risk, and the gains or losses on the hedging instruments are recognised in the income statement (see Note 30).

The changes in fair value of the hedged positions (in this case, a hedged portfolio of mortgage loans) can be found under the heading 'cumulative fluctuations in the value of the hedged positions when hedging the interest risk' and amount to EUR 304,086,209 as of 31 December 2015 (EUR 398,422,686 as of 31 December 2014). What we have here, is macro fair value hedges of the interest rate risk on a hedged mortgage portfolio.

Note on micro hedges

The Company also concludes swaps to hedge the interest rate risk on individual instruments (so-called 'micro-hedges').

For the time being, this category consists of swaps concluded in order to hedge securities that are all classified as available-for-sale assets (AFS micro hedge). The changes in the fair value of the fixed rate legs of these swaps are offset by opposite changes in the fair value of the hedged positions.

In this way, part of the change in fair value of the 'available-for-sale' securities in question is not recognised on a separate line in equity, but is treated in the income statement in the context of hedge accounting. As of 31 December 2014, this involved an amount of EUR 102,391,411 and as of 31 December 2015, an amount of EUR 84,873,644.

In addition, a swap concluded in 2011 was recognized in IFRS as a cash flow hedge (CFH). This involved a forward starting swap (start date 31 May 2016 and end date 31 May 2021) for a notional amount of EUR 100 million to hedge the interest rate risk on a future portfolio of term products.

In the case of this EUR 100 million swap, there was no ineffectiveness in 2014 and 2015. This swap had a negative market value of EUR 19,038,484 as of 31 December 2015 (EUR 18,305,903 as of 31 December 2014).

Note on the fair value hedges

The table below summarizes the swaps used for hedging and processed as fair value hedges. The swap stated as a 'cash flow hedge' is not included in this table, but all the details were discussed in the previous paragraph.

Macro hedge - fair value hedging	number	notional	31/12/2014	number	notional	31/12/2015
Change in the fair value of hedged positions (L&R)			398,422,686			304,086,209
Derivatives with negative fair value	14	3,500,000,000	-409,001,385	27	3,350,000,000	-314,952,280
Derivatives with positive fair value	0	0	0	8	1,000,000,000	6,309,906

Micro-hedge - fair value hedging	number	notional	31/12/2014	number	notional	31/12/2015
Change in the fair value of hedged positions (AFS)			102,391,411			86,873,644
Derivatives with negative fair value	5	855,991,300	-102,901,193	7	955,569,300	-87,024,878

The 'number' in the above table refers to the number of contracts, and 'notional' to the notional amounts of the concluded swaps. Columns 4 and 7 give the clean price of the derivatives involved and the change in the hedged positions.

Note on totals of derivatives used for hedging

The table below shows the derivative instruments as recognized in the balance sheet, giving additionally the total market value recognized under the applicable IFRS hedge accounting rules.

Market values (dirty price) of derivates used for hedging		31/12/2014		31/12/2015
Derivatives used for hedging (assets side)		0		6,078,917
Derivatives used for hedging (liabilities side)		607,092,752		496,161,248
Fair value macro hedges	476,439,534		373,563,403	
Fair value micro hedges	112,347,315		97,480,444	
Cash flow hedge	18,305,903		19,038,484	

16. Property, plant and equipment

The property, plant and equipment (measured using the cost price model) as of 31 December 2014 and 31 December 2015 were as follows:

	31/12/2014	31/12/2015
Buildings, land, equipment	32,645,392	35,508,011
Investment properties	1,605,437	1,524,735
Total	**34,250,829**	**37,032,746**
Fair value of investment properties	1,997,985	1,930,527

The portfolio of real estate investments changed owing mainly to the purchasing of properties under the mortgage lending foreclosure policy. The real estate investments also include a number of car parks.

The fair value of the real estate investments is based on the individual assessment reports of the respective investments.

2014	Land Buildings	IT	Other	Total	Investment property
Opening balance as of 1/1/2014	25,222,708	3,522,011	6,347,382	35,092,101	919,503
- Investments	8,178,279	2,717,507	3,881,876	14,777,662	710,253
- Disposals	-17,917,245	0	-875,286	-18,792,531	0
- Depreciation	-1,052,720	-2,357,348	-2,373,159	-5,783,227	-30,072
- Transfers	8,024,284	0	0	8,024,284	5,753
- Other changes	0	-107,542	-565,355	- 672,897	0
Closing balance as of 31/12/2014	**22,455,306**	**3,774,628**	**6,415,458**	**32,645,392**	**1,605,437**
2015	**Land Buildings**	**IT**	**Other**	**Total**	**Investment property**
Opening balance as of 1/1/2015	**22,455,306**	**3,774,628**	**6,415,458**	**32,645,392**	**1,605,437**
- Investments	636,729	3,483,169	4,719,569	8,839,467	367,962
- Disposals	-21,260	0	-647,864	-669,124	-397,287
- Depreciation	-1,149,161	-2,495,865	-1,662,698	-5,307,724	-51,377
- Transfers	0	0	0	0	0
- Other changes	0	0	0	0	0
Closing balance as of 31/12/2015	**21,921,614**	**4,761,932**	**8,824,465**	**35,508,011**	**1,524,735**

17. Goodwill and other intangible assets

Goodwill is defined as the portion of the cost of the acquisition of a business combination that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired, as determined as of the date of acquisition.

As of 31 December 2015, the other intangible assets (capitalized using the cost model) were:

	Acquired software	Other intangible assets	goodwill	Total
Opening balance as of 1/1/2014	38,914,791	864,626	0	39,779,417
- Separately acquired additions	19,487,565	2,240,931	0	21,728,496
- Retirement & disposal	-638,949	0	0	-638,949
- Amortisation recognised	-15,706,357	-29,359	0	-15,735,716
- Impairments	0	0	0	0
Closing balance as of 31/12/2014	**42,057,050**	**3,076,198**		**45,133,248**
- Separately acquired additions	21,631,945	1,887,400	0	23,519,345
- Retirement & disposal	0	0	0	0
- Amortisation recognised	-17,490,333	-1,150,935	0	-18,641,268
- Impairments	0	0	0	0
- Other changes	-333,514	333,513	0	0
Closing balance as of 31/12/2015	**45,865,148**	**4,146,176**	**0**	**50,011,324**

In the case of the acquired software, this relates to the purchased software and the capitalized cost of intangible assets.

The amount of EUR 18,641,268 for 2015 can be found in the income statement under the amortization of the assets concerned.

The acquisition price and acquisition costs of acquired software and the capitalized cost of intangible assets are amortized at 20% a year. Other intangible assets are amortised at 10% per year.

18. Tax assets and liabilities

The tax position can be summarised as follows:

	31/12/2014	31/12/2015
Current tax assets	110,527	4,917,451
Deferred tax assets	0	0
Total tax assets	**110,527**	**4,917,451**
Current tax liabilities	19,337,446	29,545,117
Deferred tax liabilities	59,908,648	45,396,110
Total tax liabilities	**79,246,094**	**74,941,227**

Under deferred tax liabilities, the most important item at the end of 2014 is the deferred tax on the positive delta market value of the ‘available-for-sale assets’ (EUR 74,259,161). In addition, there are further tax amounts of EUR -3,276,254 (L&R reclassification), EUR -4,576,476 (cash flow hedge), EUR -25,045,448 (in respect of the impact of the market value of the swaps and caps) and EUR 23,741,286 (related to the amortization of transaction costs).

In 2015, there is a deferred tax amount of EUR 51,007,938 on the positive delta market value of available-for-sale assets, a negative item of EUR -2,623,868 relating to the L&R reclassification and EUR -4,759,621 in connection with the cash flow hedge.

Note 35 provides further information of the impact of corporate taxes on the Company's result.

19. Other assets

The other assets are composed as follows:

	31/12/2014	31/12/2015
Prepaid costs	3,338,681	14,343,574
Amounts still to be collected	0	0
Payment card advance	0	0
Notary suspense account	44,945,272	67,445,555
Prepaid retail savings certificates	0	0
Other suspense accounts	102,472,744	104,517,003
Total	**150,756,697**	**186,306,132**

'Other suspense accounts' contains amounts awaiting definitive allocation.

20. Financial liabilities measured at amortised cost

20.1 Deposits from credit institutions

The deposits from credit institutions are composed as follows:

	31/12/2014	31/12/2015
Deposits from credit institutions	412,902,289	100,914,580
Geographical breakdown		
Belgium	163,222,089	908,234
Other EMU countries	249,680,200	100,006,346
Rest of the world	0	0
Breakdown by residual term		
Up to 1 year	412,902,289	100,914,580
Breakdown by type		
Deposits repayable on demand	2,270,842	928,443
Repos	405,359,447	99,986,137
Collateral with financial institutions	5,272,000	0
Effective interest rate on portfolio as of 31 December	0.04%	-0.20%

At end 2014, the Company had two repos in its balance sheet which were contracted in November with a final maturity in March 2015. For these repos, a nominal EUR 367 million of OLOs were given as collateral. These securities had a market value of EUR 410,538,477, as a result of which at end 2014 cash collateral of EUR 5,272,000 was received in respect of these repos.

At end 2015, there was one repo amounting to EUR 99,986,137 in the IFRS balance sheet. On this repo - which expired on January 14 2016 - a negative interest rate was obtained.

20.2 Retail funding – deposits

Deposits from institutions other than credit institutions - essentially deposits by retail customers in the Company - break down as follows:

	31/12/2014	31/12/2015
Deposits from institutions other than credit institutions	28,461,986,606	29,529,673,674
Breakdown by type		
Retail deposits repayable on demand	2,616,175,265	2,801,613,286
Fixed-term retail deposits	2,448,061,626	2,534,666,602
Regulated retail saving deposits	21,080,433,409	21,825,332,441
Mortgage-linked retail deposits	524,657,406	404,852,910
Deposit guarantee scheme	0	0
Other retail deposits	1,792,658,900	1,963,208,435
Breakdown of fixed-term retail deposits by residual term		
Up to 1 year	545,766,921	418,521,342
Between 1 and 5 years	1,647,938,080	1,859,232,418
More than 5 years	254,356,625	256,912,842
Effective interest rate on portfolio as of 31 December	0.95%	0.66%

The portfolio of regulated savings deposits is rising gradually. Deposits linked to mortgage loans include, among other things, the undrawn amounts of mortgage loans and 'savings' linked to Dutch mortgage loans.

The latter item involves the placement of the savings - built in group entity ALN - by that entity with the Company.

The 'other deposits' consist mainly of the savings deposits in the Netherlands branch.

20.3 Retail funding - debts certificates - retail savings certificates

The debt certificates break down as follows:

	31/12/2014	31/12/2015
Debt certificates – retail savings certificates	1,610,203,276	1,372,724,660
Breakdown by residual term		
Up to 1 year	263,370,870	150,183,379
Between 1 and 5 years	1,266,403,767	1,222,541,281
More than 5 years	80,428,639	0
Effective interest rate on portfolio as of 31 December	2.63%	2.54%

The downward trend of recent years in this portfolio continues as a result of the low interest rates on this type of funding, but also because the Company has decided to stop promoting retail savings certificates and to shift to term accounts that de facto present the same characteristics.

20.4. Debts certificates – bonds

This heading used to contain the bonds and notes issued by ABL (now AAM) and ARNE. As all securities issued have reached maturity, no additional explanation is needed.

20.5. Subordinated liabilities

The normal subordinated liabilities are placed by the Company with the retail public. The perpetual (so-called Tier 1) loan was offered to institutional investors.

The subordinated liabilities are composed as follows:

	31/12/2014	31/12/2015
Subordinated liabilities	513,386,688	401,969,253
Breakdown by residual term		
Up to 1 year	111,274,143	248,763,728
Between 1 and 5 years	379,811,890	153,205,525
More than 5 years	22,300,655	0
Breakdown by type		
Subordinated loans (retail funding)	444,074,568	332,485,004
Tier 1 loan (corporate funding)	69,312,120	69,484,249
Effective interest rate on portfolio as of 31 December	3.56%	3.55%

In October 2006, the Company issued a Tier 1 undated deeply subordinated non-cumulative note in a nominal amount of EUR 100 million with a coupon of 5.855% until 31 October 2016, and thereafter a variable interest coupon of 3-month Euribor + 275 basis points (ISIN-code BE0932117444). The Company has the right (call option) to prepay the loan with effect from 31 October 2016.

Early in 2014, an additional repurchase of EUR 500,000 was made, leaving EUR 68,800,000 still open on the balance sheet in respect of this issue.

Since 2014, no subordinated certificates have been offered any more to retail customers. The current portfolio will therefore decrease systematically as the securities arrive at maturity.

21. Provisions

The changes in the provisions during the year are:

	Current legal disputes	Other provisions	Total
Opening balance as per 1/1/2014	1,017,832	12,051,500	13,069,332
Additions	0	638,705	638,705
Amounts used	0	0	0
Closing balance 31/12/2014	1,017,832	12,690,205	13,708,037
Additions	0	639,098	639,098
Amounts used	-488,478	-3,451,869	-3,940,347
Closing balance 31/12/2015	529,354	9,877,434	10,406,788

The provisions for current tax and legal disputes are based on the best possible accounting estimates available at year-end, taking account of the opinions of legal and tax advisers. These involve litigation with branch managers with whom cooperation has been discontinued.

The ‘other provisions’ item relates mainly to provisions for VAT. Consultations are under way with the suppliers to which the provisions relate in order to settle the matters in question. For disputed issues, a provision is systematically set up, so that there will never be a negative impact but only a positive one if the legal decision or settlement is positive for the Company.

The timing of the cash outflows that correspond with these provisions is by definition uncertain, considering the unpredictability of the outcome of, and the time associated with, the settlement of disputes.

Note on group insurance

The Company has financed a defined contribution pension plan by means of group insurance where the insurer guarantees a minimum return. The contributions are entirely borne by Argenta. Under Article 24 of the Law of 28.04.2003 on Supplementary Pensions (the ‘WAP/LPC’), the employer is required to guarantee a minimum average return for such plans.
For defined contribution pension commitments, the return guaranteed by the employer on the employee contributions amounted until 31 December 2015 to 3.25%. The guaranteed return was recently amended by the Act of 18 December 2015 (BS/MB of 24 December 2015): for contributions paid from 1 January 2016 onwards, a variable guaranteed return applies, linked to the return on 10 year OLOs, with a minimum of 1.75% and a maximum of 3.75%. However, the contributions accrued up to 31 December 2015 remain subject to the 3.25% minimum return guarantee until participants leave the Company’s employ.

Taking into account the probabilities of participants leaving its employ, based on the Company’s experience, a difference was estimated, per participant, between the minimal capital amount to be guaranteed by the Company based on the WAP/LPC and the already insured capital guaranteed by the insurer as of 31 December 2015. Since the current value of the positive differences was lower than in the assets in the financing funds, no additional costs and liabilities were recorded. The underlying discount rate used for the calculation was 2.25% taking into account the duration of the liabilities.

It can also be noted that, based on the intrinsic value method as of 31 December 2014 (i.e. before the change in the legislation), there was also no shortfall as of 31 December 2015. The mathematical reserve amounted as of 31 December 2015 to EUR 18,477,539 (EUR 13,292,916 as of 31 December 2014).

22. Other liabilities

The other liabilities are composed as follows:

	31/12/2014	31/12/2015
Social security charges	3,683,021	5,262,210
Accrued charges	851,639	6,485
Supplier accounts	34,041,015	30,898,351
Debts – other group companies	15,741,883	22,820,752
Debts – agents	29,624,590	29,229,173
Credit items in suspense	64,999,896	16,346,324
Other	115,492,780	87,556,804
Total other liabilities	264,434,824	192,120,099

The other suspense accounts contain primarily amounts that stay on these accounts for a few days (until definitively allocated).

23. Fair value of financial instruments

23.1. Financial instruments not recognised at fair value

The information given below should be interpreted with due caution.

The fair values shown are value estimates based on internal calculations. However, these can fluctuate on a daily basis due to the parameters used, such as interest rates and counterparty creditworthiness. Nor is there an intention to realize the fair value immediately. As a result, this value does not represent the substantial value to the Company on a going concern basis.

Estimating the fair value of financial instruments valued at historical cost requires the use of techniques, models, hypotheses and assumptions that differ from institution to institution.

The fair value is the price that would be received/paid on the sale of an asset or transfer of a liability in an 'orderly' transaction between market participants at the reporting date.

The Company uses the following hierarchy of tests in determining the fair value of financial instruments: first, the quoted price in an active market and then using valuation techniques.

The fair value shown is the full fair value including accrued interest, since this is also recognized under the respective items.

The calculation of the fair value of financial instruments, the fair values of which are not obtained externally, can be summarised as follows

(1) for short-term debt instruments or those repayable on demand, including current accounts and savings accounts, the fair value approximates to the carrying value; and

(2) for other instruments, the Discounted Cash Flow (DCF) method is used, with the discount rate based on a reference rate plus a margin standard for the market.

This DCF method includes, among other things, a cost of capital and a cost of credit. The interest rate curves are analogous to those used in the sensitivity analysis of interest rate risk (see risk section 5.1).

The resulting market values should always be displayed according to the fair value hierarchy of IFRS 13. The level of the fair value depends on the type of input used to measure the financial instruments.

Level 1 involves quoted (unadjusted) prices in active markets (externally available, observable fair values of financial instruments on liquid markets).

Level 2 includes all fair values that can be obtained directly or indirectly using models, starting from observable parameters (or non-observable parameters (input) of which the impact is insignificant).

Finally, level 3 relates to fair values calculated on the basis of non-observable parameters (input) and having significant impact.

The following table presents the carrying amounts and fair values of financial assets and financial liabilities that, in the consolidated balance sheet, are not stated at their fair value. It does not include the fair value of 'assets held to maturity' and of non-financial instruments such as tangible fixed assets and other intangible assets that were briefly discussed in the respective notes.

		31/12/2014		31/12/2015
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash balances with central banks	149,377,455	149,377,455	512,327,845	512,327,845
Loans and receivables	23,527,689,459	26,555,475,617	24,323,502,971	27,110,558,348
Loans to and receivables from credit institutions	350,726,228	350,726,228	15,350,000	15,350,000
- Current accounts	0	0	0	0
- Term deposits	0	0	0	0
- Reserves with central banks	328,875,334	328,875,334	0	0
- Collateral with financial institutions	21,850,884	21,850,884	15,350,000	15,350,000
Loans to and receivables from other customers	23,176,963,231	26,204,749,389	24,308,152,971	27,095,208,348
- Consumer loans	115,573,362	123,830,849	97,424,542	103,548,159
- Mortgage loans	22,732,250,658	25,730,438,769	23,842,271,932	26,614,464,533
- Instalment loans	288,011,865	300,899,040	335,622,758	338,485,834
- Amounts repayable on demand/advances	5,991,028	5,991,028	5,808,705	5,808,705
- Other loan receivables – MBS portfolio	35,136,318	43,589,703	27,025,034	32,901,117
Total financial assets	**23,677,066,914**	**26,704,853,072**	**24,835,830,816**	**27,622,886,193**
Financial liabilities measured at amortised cost	30,998,478,859	31,343,381,885	31,405,282,167	31,665,338,539
Deposits from central banks	412,902,289	412,902,289	100,914,580	100,914,580
Deposits from other than credit institutions	28,461,986,606	28,649,547,814	29,529,673,674	29,685,930,737
Demand deposits	2,616,175,265	2,616,175,265	2,801,613,286	2,801,613,286
Fixed-term deposits	2,448,061,626	2,606,917,674	2,534,666,602	2,690,923,665
Deposits of a special nature	1,792,658,900	1,792,636,152	1,963,208,435	1,963,208,435
Regulated saving deposits	21,080,433,409	21,080,433,409	21,825,332,441	21,825,332,441
Mortgage-linked deposits	524,657,406	524,657,406	404,852,910	404,852,910
Deposit guarantee scheme	0	0	0	0
Debt certificates, including retail savings certificates	1,610,203,276	1,729,513,325	1,372,724,660	1,454,953,761
Retail savings certificates	1,610,203,276	1,729,513,325	1,372,724,660	1,454,953,761
Bonds	0	0	0	0
Subordinated debts	513,386,688	551,418,457	401,969,253	423,539,461
Subordinated loans	444,074,568	474,361,010	332,485,004	349,947,848
Tier 1 loan	69,312,120	77,057,447	69,484,249	73,591,612
Total liabilities	**30,998,478,859**	**31,343,381,885**	**31,405,282,167**	**31,665,338,539**

IFRS 13 requires a level to be allocated to all market values. The table below shows the fair values of the listed IFRS classifications schematically by hierarchy level.

A Level 2 is assigned by the Company to the very short term financial instruments - with the carrying value used as market value -, while a Level 3 is assigned to all other calculated market values.

Data as of 31/12/2014	Fair value	Level 1	Level 2	Level 3
Cash and cash balances and deposits with (central) banks	149,377,455	0	149,377,455	0
Loans and receivables	26,555,475,617	0	384,419,694	26,171,055,923
Financial assets held till maturity	867,766,129	227,821,021	581,435,237	58,509,871
Financial liabilities measured at amortized cost	31,343,381,885	0	26,426,827,269	4,916,554,616

Data as of 31/12/2015	Fair value	Level 1	Level 2	Level 3
Cash and cash balances and deposits with (central) banks	512,327,845	0	512,327,845	0
Loans and receivables	27,110,558,348	0	42,155,420	27,068,402,928
Financial assets held till maturity	425,123,089	223,499,621	115,266,325	86,357,142
Financial liabilities measured at amortized cost	31,665,338,539	0	27,095,921,652	4,569,416,887

23.2. Financial instruments recognised at fair value

The following tables show the fair values of the financial instruments that are stated in the balance sheet at their fair value.

The fair values of the ‘available-for-sale’ assets come from the same external sources as in previous years, that is Bloomberg and Euroclear (the Company’s largest clearing and custody counterparty). To support the level attributions, the Company has itself calculated market values where necessary.

The fair values of derivative instruments are calculated internally using a FINCAD application, with the market values calculated daily, in the context, among others, of the European Market Infrastructure Regulation (EMIR).

Collateral management (margin calls) takes place, depending on agreements, on a daily or weekly basis. The external market values obtained with the margin calls are systematically compared with the internally calculated fair values.

Vanilla derivatives (vanilla IRSs and caps) are measured on the basis of the interest rate curves and implicit volatilities that are observable in the market (Level 2 inputs). The fair value of these transactions is therefore considered as Level 2.

For the valuation of the CMS swap/caps and the Green Apple swaps, non-unobservable data (Level 3 input) are also used. Based on the sensitivity of these non-observable parameters it was decided to assign these values a Level 3 valuation starting in 2013.

The table below provides an overview of the level hierarchy of financial assets and liabilities recognized at fair value.

Data as of 31/12/2014	Level 1	Level 2	Level 3
Financial assets recognised at fair value			
Assets held for trading	2,267,765	1,745,870	22,120,576
Available-for-sale assets	6,585,094,615	1,688,151,587	79,136,543
Liabilities recognised at fair value			
Liabilities held for trading	0	204,496	11,160,273
Derivatives used for hedging	0	588,786,849	18,305,903
Data as of 31/12/2015	**Level 1**	**Level 2**	**Level 3**
Financial assets recognised at fair value			
Assets held for trading	2,141,843	9,647,762	17,003,018
Available-for-sale assets	6,118,613,500	1,838,552,388	47,358,400
Derivatives used for hedging	0	6,078,917	0
Liabilities recognised at fair value			
Liabilities held for trading	0	5,896	10,311,465
Derivatives used for hedging	0	477,122,764	19,038,484

In the 'available-for-sale' portfolio we encounter sporadic changes between Level 1 and Level 2 as a result of changes (e.g. more providers) in market values. Such changes in level are individually documented, are required to conform to policies, and are reported quarterly to the Alco.

The following table provides a reconciliation of Level 3 fair values between January 2014 and 31 December 2015. It refers to the derivative instruments (under 'assets and liabilities held for trading' and under 'derivatives used for hedging') and to the securities held under 'available-for-sale assets'.

	Derivatives, asset side	Derivatives, liabilities side	AFS portfolio – fixed-income securities	AFS portfolio shares
Opening total as of 1 January 2014	112,657,973	-69,934,928	146,575,467	27,152
Purchases/new contracts	0	0	5,230,460	0
Matured insturments	-8,804,959	9,009,130	-40,473,081	0
Repayments (partial)	0	0	-8,692,473	0
Changes to other levels	0	0	0	0
Changes from other levels	0	0	0	0
Other changes (including value changes)	-81,732,438	31,459,621	-23,530,981	0
Closing total as of 31 December 2014	22,120,576	-29,466,177	79,109,392	27,152
Purchases/new contracts	0	0	9,962,256	0
Matured insturments	0	0	-38,557,614	0
Repayments (partial)	0	0	0	0
Changes to other levels	0	0	0	0
Changes from other levels	0	0	0	0
Other changes	-5,117,558	116,228	-3,217,086	34,300
Closing total as of 31 December 2015	**17,003,018**	**-29,349,949**	**47,296,948**	**61,452**

As can be seen from the table, there is only a limited amount of level 3 fair values in the financial instruments involved.

The total of the last two columns (fixed-income securities and equities) is only EUR 47,358,400 as of 31 December 2015 (compared to EUR 79,136,544 euros at end-2014).

Level changes have no P&L impact. The delta market values of the 'available-for-sale assets' are included in Other Comprehensive Income (OCI) under equity.

As of 31 December 2014, there was a positive impact of EUR 270,175 from this level 3 in the OCI, and as of 31 December 2015, a negative impact of EUR 495,369.

Note on the credit risk in the fair value of derivatives

Since 2014 and in line with market practices, a CVA (Credit Valuation Adjustment) and a DVA (Debt Valuation Adjustment) have been taken into account in establishing the market value of derivatives. The combined impact of both elements was very limited, amounting to EUR 0.1 million in 2014 and EUR 0.2 million in 2015.

24. Derivatives

Besides derivatives embedded in contracts, the Company has two types of derivatives (derived financial instruments) on its balance sheet on 31 December 2015: interest rate options (purchased and sold caps) and swaps.

Under IFRS, derivatives are to be recorded in the trading portfolio, unless a hedging relationship is demonstrated between the asset concerned and a specifically hedged component.

Such a hedge relationship can be considered as effective if, due to market factors such as a change in interest rates, the price fluctuations or cash flows of the financial derivative almost entirely offset the price fluctuations or cash flows of the hedged component.

Owing to the strict IFRS criteria that must be satisfied to classify these as hedging instruments, they are sometimes classified as derivatives held for trading.

For this, the Company uses hedging transactions that satisfy all the required criteria for hedging transactions of IAS 39, as approved by the EU. As a result, the particular hedging instruments are classified as derivatives used for hedging. The frameworks for processing micro-hedges in the AFS portfolio and for processing derivatives as cash flow hedges are also embedded at the Company.

In 2014 and 2015, no offsetting was undertaken in processing the derivatives both on and off the balance sheet, so that no information on this was given in accordance with the descriptions of IFRS 7 on this subject.

Interest rate options

Interest rate options are used as protection against the interest rate risk. These are options where the seller commits to paying the buyer an interest rate difference in exchange for a premium paid by the buyer. The interest rate difference is the difference between the current interest rate and an agreed interest rate for a notional amount.

In order to reduce the cost of hedging, caps were from time to time simultaneously bought and written for the same notional amount and the same term. The strike prices of the caps sold are higher than the strike prices of the purchased caps, so that the risk of the combined bought and sold caps concerned is limited to the net premium paid (cylinder caps).

As of 31 December 2015, the Company had 35 caps (33 at end-2014) standing on its balance sheet in a notional amount of EUR 8.85 billion (EUR 8.5 billion at end-2014). Of these 35 caps, 12 were bought and sold cap combinations (24 caps in total, to hedge the interest rate risk of the liabilities side) and 11 were caps to hedge the interest rate risk of the mortgage lending.

Although targeted to hedge the interest rate risk, these caps are processed under IFRS as instruments held for trading.

The fair values used for the separately presented financial derivatives above were determined using solely measurement techniques based on objectively observable market parameters.

Interest rate swaps

Interest rate swaps are contractual agreements between two parties on the basis of which interest flows in the same currency are exchanged. These obligations are calculated on the basis of various interest types. With the majority of interest rate swaps, a net exchange of cash flows takes place. This consists of the difference between the fixed and variable interest payments.

The following table provides an overview of all swaps recognised at year-end, the hedged positions and the IFRS processing method.

2014 number	Notional	Hedge Type	Treatment in IFRS
14	3,500,000,000	interest rate risk on loan portfolio	macro portfolio fair value hedge
5	855,991,300	interest rate risk on individual AFS securities	micro fair value hedge AFS-instruments
1	100,000,000	interest rate risk on retail savings certificates portfolio	micro hedge - cash flow hedge
2	2,443,989,540	interest rate risk on securitized loans	held for trading

2015 number	Notional	Hedge Type	Treatment in IFRS
27	4,350,000,000	interest rate risk on loan portfolio	macro portfolio fair value hedge
7	955,569,300	interest rate risk on individual AFS securities	micro fair value hedge AFS-instruments
1	100,000,000	interest rate risk on retail savings certificates portfolio	micro hedge - cash flow hedge
2	2,231,182,200	interest rate risk on securitized loans	held for trading

Note on the cash flow hedge referred to in the table above

On 3 May 2011, a forward starting swap was concluded in a notional amount of EUR 100 million (start date 31 May 2016 and end date 31 May 2021) to hedge the interest cost of a future portfolio of retail savings certificates/term deposits.

This entails fixing the interest cost (funding cost) of term products with a term of five years (to be issued in 2016 and then used to fund 10-year mortgage loans granted in the second quarter of 2011).

As of 31 December 2014, the swap concerned had a negative market value of EUR 18,305,903 and, after deduction of an unrealised tax claim of EUR 4,576,476, an amount of EUR 13,729,427 was recorded under 'cash flow hedge' in equity.

As of 31 December 2015, the swap concerned had a negative market value of EUR 19,038,484 and, after deduction of an unrealised tax claim of EUR 4,759,621, an amount of EUR 14,278,863 was recorded under 'cash flow hedge' in equity.

Embedded derivatives

Derivatives embedded in contracts are required to be segregated (hence recognised as separate derivatives on the balance sheet) when there is no close relationship between their economic characteristics and risks and those of the host contract.

No such derivatives needed to be separated out and classified under this category.

Notes to the consolidated income statement

25. Net interest income

The breakdown of interest income and charges by type of financial instrument that generates an interest margin is as follows.

	31/12/2014	31/12/2015
Interest income		
Available-for-sale financial assets	192,028,536	140,024,812
Loans to and receivables from credit institutions	477,530	473,963
Loans to and receivables from other customers	859,787,447	832,626,674
Held-to-maturity investments	16,165,671	12,473,431
Derivatives – hedge accounting	13,187,219	5,529,002
Interest expenses		
Deposits from credit institutions	-55,399	-206
Deposits from other than credit institutions	-333,292,748	-235,263,909
Debt certificates (including retail savings certificates)	-57,892,111	-41,242,551
Subordinated liabilities	-18,393,572	-16,725,621
Derivatives – hedge accounting	-131,682,565	-139,391,250
Net interest income	540,330,008	558,504,345
Interest income from impaired financial assets	678,451	512,219

26. Dividends

Dividends received are specified below.

	31/12/2014	31/12/2015
Dividends from equity instruments from available-for-sale financial assets	0	1,125
Total dividend income from other shares	**0**	**0**

27. Net income from commissions and fees

The net income from commissions and fees can be summarised as follows:

	31/12/2014	31/12/2015
Income from commissions and fees	75,445,834	94,055,716
securities: buy and sell orders and other	12,840,506	15,804,022
Management fees received	32,437,320	45,079,734
Payment services	10,739,852	12,006,452
Commissions on hospitalisation insurance	13,234,906	11,681,737
Other items	6,193,250	9,483,771
Expenses relating to commissions and fees	-135,160,379	-149,460,775
Acquisition costs (commissions and/or transaction costs)	-104,266,421	-116,144,229
Custody	-1,489,988	-2,039,251
Commissions on hospitalisation insurance	-11,552,994	-10,184,746
Payment services	-16,643,129	-19,373,380
Other items	-1,207,847	-1,719,169
Net commission result	**-59,714,545**	**-55,405,059**

28. Realised gains and losses on financial assets and liabilities not measured at fair value in the income statement

The realised gains and losses on available-for-sale assets on the one hand and on financial liabilities measured at amortized cost on the other, can be shown as follows:

	31/12/2014	31/12/2015
Realised gains		
Available-for-sale financial assets		
• Gains on fixed-income securities	7,045,564	8,017,258
• Gains on variable-yield securities	0	0
Financial liabilities measured at amortised cost	0	0
Realised losses		
Available-for-sale financial assets		
• Losses on fixed-income securities	-1,028,674	-1,356,560
• Losses on variable-yield securities	0	0
Total net realised result	**6,016,890**	**6,660,698**

A detailed breakdown of the unrealised gains and losses of the 'available-for-sale financial assets' category can be found in Note 13.

The fair values of the category 'financial liabilities measured at amortised cost' are given in Note 23.

At the consolidation level, the notes in question (those repurchased by the Company and those on the liabilities side of the SPV Green Apple) are eliminated against each other, giving rise to a capital gain.

In 2014, a total gain of EUR 6 million was produced by the available-for-sale assets. In 2015, this gain amounted to EUR 6.6 million.

29. Gains and losses on financial assets and liabilities held for trading

The results of the assets and liabilities held for trading can be shown as follows:

	31/12/2014	31/12/2015
Gains and losses on swaps	-3,481,669	-134,695
Gains and losses on caps	-46,469,380	-6,214,111
Gains and losses on bonds	87,724	59,113
Total result interest rate instruments	**-49,863,325**	**-6,289,693**

Under the net result can be found the gains and losses on interest rate options, swaps and a very limited portfolio of bonds (which are offered to customers).

Under the ALM policy, all the swaps and caps concerned are concluded for the account of the Company. The result of the caps consists of the further amortization of the premiums paid and the market value changes.

30. Gains (and losses) from hedge accounting

For derivatives that are part of the fair value hedge transactions undertaken to hedge the interest rate risk of a portfolio of individual securities, the relevant interest is given under net interest income.

Changes in the fair value of these derivatives and changes in fair value arising from the hedged risk of the hedged assets are recognized in the item 'gains and losses from hedge accounting'.

	31/12/2014	31/12/2015
Portfolio hedge of interest rate risk		
Changes in the fair value of the hedging instruments	-120,925,180	100,359,009
Changes in the fair value of hedged instruments	123,029,626	-94,336,476
Hedging of the interest rate risk of individual financial instruments		
Changes in the fair value of the hedging instruments	59,250,161	-15,517,767
Changes in the fair value of hedged instruments	-59,392,655	15,876,315
Gains and losses from hedge accounting	**1,961,952**	**6,381,081**

In the case of the swap processed as a cash flow hedge, there was no ineffectiveness in 2014 and 2015, leaving no movements in connection with this swap under this heading.

31. Gains and losses on derecognition of assets other than held for sale

The 'gains and losses on derecognised assets, other than held for sale', are shown below

	31/12/2014	31/12/2015
Gains on derecognition of tangible fixed assets	64,468	199,829
Gains on derecognition of investment property	64	26,803
Losses on derecognition of tangible fixed assets	-9,858	-52,428
Losses on derecognition of investment property	-52,205	-19,219
Total gain or loss	**2,469**	**154,985**

32. Other net operating income

Other net operating income consists of the following elements:

	31/12/2014	31/12/2015
Total other net operating income	**20,553,090**	**29,922,160**
Operating income		
investment properties	50,993	70,167
cost-sharing, group companies	21,032,355	23,181,648
portfolio acquisition fees from agents	2,586,314	3,551,142
reversal of guarantee system provision	1,154,218	2,045
received from renting out of printers – ICT infrastructure	2,342,051	2,189,328
other operating income	11,511,357	8,967,400
Operating expenses		
cost-sharing, group companies	-17,632,978	-7,603,933
other operating expenses	-491,220	-435,637

The 'costs charged on to group companies' relate to costs recharged to and from Argenta Group entities (in this case, the BVg holding itself) and the Insurance Pool that are not consolidated by the Company.

33. Administrative expenses

Employee expenses consist of the following components:

	31/12/2014	31/12/2015
Total employee expenses	**34,818,193**	**49,861,708**
Wages and salaries	24,219,628	35,113,921
Social security charges	6,668,510	9,588,293
Pension expenses	2,469,195	2,300,856
Share-based payments	0	0
Other	1,460,860	2,858,638
Average number of employees, in FTE	495.44	688.20
Managerial staff	16.66	19.00
Clerical staff	478.78	669.20
Manual staff	0	0

The Company has only pension liabilities on the basis of defined contribution schemes (with the contribution paid by the employer only). In Belgium, the insurance company/companies guarantee(s), until further order, a minimum return on these group insurance plans.

Based on the situation at 31 December 2015, an assessment was made of the adequacy of the technical reserves of the group insurance. Based on this assessment, no additional charges and liabilities were recorded in 2015. The contributions to the group insurance schemes in question can be found under the item pension costs.

There are no 'share-based payments' at the Company.

General and administrative expenses can be summarised as follows:

	31/12/2014	31/12/2015
Total general and administrative expenses	**186,595,762**	**215,830,924**
Marketing expenses	2,444,902	3,376,407
Professional fees	27,200,577	39,363,056
IT expenses	39,040,259	40,172,977
Rents	6,311,607	6,676,800
Business taxes	42,232,324	44,281,242
Contribution to deposit protection fund in Belgium	19,880,891	20,896,893
Other	49,485,202	61,063,549

The heading 'other' includes expenses for telephone, postage, office supplies, professional contributions and travel expenses.

The significant increase in general and administrative expenses was primarily due to expenses incurred in the further development of the IT infrastructure and to the continued high amounts of non-income taxes.

34. Impairment losses

The changes in impairments can be broken down as follows:

Impairment losses on assets not measured at fair value in the income statement	31/12/2014	31/12/2015
Available-for-sale financial assets	0	1,935,920
Loans and receivables	2,071,248	-1,542,951
Total impairment losses	**2,071,248**	**392,969**

Outstanding impairments for financial assets measured on an individual basis	31/12/2014	31/12/2015
Available-for-sale assets (fixed-income securities)	0	1,935,920
Loans and receivables		
• Consumer loans	3,468,991	2,613,224
• Mortgage loans	33,446,959	24,930,739
• Instalment loans	1,068,149	339,962
• Advances/overdrafts	2,869,065	1,277,134
• Other loan receivables – reclass MBS	105,415	899
Total loans and receivables	**40,958,579**	**29,161,958**
Total impairments recognised	**40,958,579**	**31,097,878**

The tables of changes below show the composition of impairments measured on an individual basis in the 'loans and receivables' category as of 31 December 2014 and 31 December 2015.

At end-2014, the overall impact of impairments recognised on both an individual and a portfolio basis on 'loans and receivables' was EUR 2,071,157.

As of 31/12/2014 loans and receivables	Opening balance 31/12/2013	Increase through P&L	Reversal through P&L	Closing balance 31/12/2014	Recoveries through P&L	Direct write-off	Collective provision	Total P&L impact
Consumer loans	4,039,789	1,056,957	-1,627,755	3,468,991	-194,578	439,147	0	-326,229
Mortgage loans	29,996,128	27,128,340	-23,677,508	33,446,959	-203,523	2,225,135	-1,810,175	3,662,268
Instalment loans	663,598	600,910	-196,358	1,068,149	0	39,155	0	443,707
Advances/overdrafts	4,096,968	327,442	-1,555,345	2,869,065	-467,709	1,601,592	0	-94,020
Other loan receivables	229,195	267,744	-391,524	105,415	-30,196	145,751	-1,606,343	-1,614,569
Total loans and receivables	39,025,677	29,381,392	-27,448,490	40,958,579	-896,006	4,450,780	-3,416,518	2,071,158

At end-2015, the overall impact of impairments recognised on both an individual and a portfolio basis on 'loans and receivables' was EUR 1,542,951.

As of 31/12/2015 loans and receivables	Opening balance 31/12/2014	Increase through P&L	Reversal through P&L	Closing balance 31/12/2015	Recoveries through P&L	Direct write-off	Collective provision	Total P&L impact
Consumer loans	3,468,991	717,161	-1,572,927	2,613,225	-188,035	683,540	0	-360,261
Mortgage loans	33,446,959	20,999,048	-29,515,269	24,930,738	-207,716	10,155,498	-1,383,484	48,077
Instalment loans	1,068,149	89,081	-817,269	339,961	-3571	99,953	0	-631,806
Advances/overdrafts	2,869,065	-1,462,432	-129,500	1,277,133	-510,371	1,707,898	0	-394,405
Other loan receivables	105,415	0	-104,515	900	-10,101	169,518	-259,458	-204,556
Total loans and receivables	40,958,579	20,342,858	-32,139,480	29,161,957	-919,794	12,816,407	-1,642,942	-1,542,951

35. Income tax expenses

The details of current and deferred taxes are shown below:

Income tax expenses	31/12/2014	31/12/2015
Current tax liabilities for the financial year	47,977,730	58,772,686
Current liabilities related to previous periods	-2,837,628	-7,408,388
Deferred taxes related to temporary differences	1,884,690	2,478,422
Deferred taxes related to derivatives	-8,110,168	6,992,730
Deferred tax related to amortised cost calculations	1,637,210	-565,044
Total taxes	40,551,834	60,270,406
Reconciliation of statutory tax rate to effective tax rate		
Net profit before taxes	213,613,705	253,144,920
Statutory tax rate	33.99%	33.99%
Income tax liability calculated using statutory rate	72,607,297	86,043,958
Tax effect of different tax rates in other countries	-20,048,447	-17,785,105
Tax effect of non-taxable income	14,754	-235,042
Tax effect of non tax-deductible expenses	1,884,061	2,155,258
Tax benefit not previously recognised	-10,802,652	-2,392,297
Prior period taxation	-2,837,628	-7,408,390
Tax effect of other changes in statutory tax rates	-265,552	-107,977
Total tax on profits	**40,551,834**	**60,270,405**
Effective tax rate	18.98%	23.81%

As reflected in the table above, the effective tax rate was 18.98% in 2014 and 23.81% in 2015.

Other notes

36. Securitisation policy

The operational framework and the policies for undertaking securitization transactions were developed mid 2007, resulting in two successful issues in the following years. Both involved the securitisation of a portfolio of Dutch residential mortgage loans via the Green Apple SPV. At the end of 2013, the call was exercised on the Green Apple 2008 transaction, causing it to mature on 23 January 2014, and at the end of 2015, the call on the Green Apple 2007 transaction was exercised, causing it to mature in January 2016.

Under its investment policy, the Company also has a number of ABSs and MBSs in its investment portfolio. The portfolio is given below by exposure, indicating the type and country of issue.

Type	Country	Exposure 31/12/2014	Exposure 31/12/2015
MBS	Belgium	0	29,049,148
MBS	Spain	42,864,464	33,327,856
MBS	France	19,649,357	44,142,592
MBS	Ireland	13,549,763	19,702,910
MBS	Netherlands	880,870,458	768,260,625
MBS	Great Britain	0	7,515,418
ABS	Spain	25,471,348	27,915,601
ABS	United States	15,464,759	12,157,516
ABS	France	0	19,536,021
ABS	Ireland	0	17,481,317
ABS	Luxembourg	0	51,431,042
ABS	Netherlands	0	20,281,855
Total securitization positions		**997,870,147**	**1,050,801,901**

The MBSs all relate to securitized mortgage loans. The ABS in the US relates to a securitization of student loans and the ABS from Spain to the securitization of covered bonds. The ABSs from other countries relate to securitized vehicle loans.

37. Off-balance-sheet items

The Bank Pool has issued guarantees against its own financial assets. The summary below gives the reasons for these and the nominal values of the assets concerned, which can all be found under 'available-for-sale assets'.

Collateral given		31/12/2014	31/12/2015
- for repos	Nominal value	367,000,000	85,594,000
- for swaps and caps	Nominal value	489,285,000	419,032,000
- for BankCardCompany	Nominal value	31,000,000	35,000,000
Collateral received		27,872,527,370	28,428,798,197

The in rem security received relates to the collateral received in return for lending (including mortgage registrations and pledged securities).

Note 9 provides further information on the 'group' guarantees issued and received (see table below).

	31/12/2014	31/12/2015
- Financial guarantees issued	3,847,225	4,251,895
- Financial guarantees received	47,100	47,100

Finally, there are credit lines granted and received. The granted credit lines relate to notified credit lines and credit offers for retail lending.

Credit lines received relate to the credit lines received from other financial institutions on the Company's accounts with these institutions.

	31/12/2014	31/12/2015
- Credit lines granted	933,558,896	1,452,788,465
- Credit lines received	250,000,000	250,000,000

The Company has a line of credit with the NBB of EUR 250 million, for which securities will be encumbered if and when this credit line is used.

38. Contingent liabilities

The Company is defendant in a number of disputes within the context of standard business operations.

The Company sets aside provisions for disputes when, in management's opinion and after consultation with its legal advisers, it is probable that the Company will have to make payments and the payable amount can be estimated with sufficient reliability.

For further claims and legal proceedings against the Company of which the management is aware (and for which, in accordance with the principles described above, no provision has been set aside), management believes, after obtaining professional advice, that these claims have no chance of success, or that the Company can defend itself successfully against the claims, or that the outcomes of these cases are not expected to result in a significant loss in the income statement.

39. Events after the balance sheet date

No material events have occurred since the balance-sheet date that require an adjustment of the Company's consolidated financial statements as of 31 December 2015.

On 22 March 2016, the Board of Directors reviewed the financial statements and gave its approval for their publication. The financial statements will be presented to the General Meeting of Shareholders on 29 April 2016.

Antwerp, 22 March 2016

Additional information

The Company's IFRS financial statements are published in Dutch and English.
The Dutch version is the original: the English version is an unofficial translation. The Company warrants that every reasonable effort has been made to avoid discrepancies between the language versions. However, should such discrepancies exist, the Dutch version will take precedence. Questions with regard to the distribution of these reports can be addressed to:

Argenta Bank- en Verzekeringsgroep nv

Belgiëlei 49-53
B-2018 Antwerp
Tel: + 32 3 285 51 92
Fax: + 32 3 285 56 61
pers@argenta.be

Complaints management

If you have a complaint or remark concerning Argenta Group services, please first contact your branch manager. Our branch managers are always ready and willing to do all they can to help resolve your problem. If you are not satisfied with the outcome, you can then contract Argenta Group's Complaint Management service for both Bank and Insurance issues.

Complaints Management
Belgiëlei 49-53
B-2018 Antwerp
Tel: + 32 3 285 56 45
Fax: + 32 3 285 55 28
klachtenbeheer@argenta.be