



2016

Argenta Bank- en Verzekeringsgroep nv

Integrated activities and sustainability report 2016





1.7 million
customers

498 branches in Belgium
managed by
417 self-employed
branch managers



€ 27.5 billion of housing loans
in Belgium and the Netherlands

€ 42.5 billion of
customer funds
in Belgium and
the Netherlands

Table of contents

1	FOREWORD	5
2	ARGENTA: MISSION AND VISION	8
3	ARGENTA IN 2016: SELECTED MILESTONES	10
4	DESCRIPTION OF THE ARGENTA STRUCTURE (GRI 102-45)	14
4.1	Group structure at 31 December 2016	14
4.2	Argenta in the Netherlands and Luxembourg	15
5	DESCRIPTION OF THE CENTRALLY ORGANISED ACTIVITIES (GRI 102-41, 102-43, 102-44)	16
5.1	Strategy (GRI 102-43, 102-44)	16
5.2	Central departments (GRI 102-43, 102-44)	17
5.3	Commercial organization	36
5.4	Finances	45
5.5	Information and Communication Technology	49
6	DESCRIPTION OF ARGENTA SPAARBANK'S ACTIVITIES	50
6.1	Banking, Savings and Investing	50
6.2	Lending	51
7	DESCRIPTION OF ARGENTA ASSURANTIES' ACTIVITIES	53
7.1	Insurance	53
7.2	Actuarial department and actuarial function	55
8	THE MACRO-ECONOMIC AND FINANCIAL ENVIRONMENT	56
8.1	General macro-economic and financial environment	56
8.2	Impact of the general financial and economic situation on Argenta Spaarbank and Argenta Assuranties	60
9	ARGENTA KEY FIGURES	61
10	EXTRACT FROM THE 2016 ANNUAL FINANCIAL STATEMENTS	66
10.1	Consolidated balance sheet (before profit distribution)	66
10.2	Consolidated income statement	68
10.3	Consolidated statement of comprehensive income	69



11	CORPORATE GOVERNANCE	71
11.1	Composition and functioning of the Argenta Boards of Directors	71
11.2	Audit Committees and Risk Committees	76
11.3	Remuneration Committee and Appointments Committee	77
11.4	Executive Committees of Argenta	79
12	ARGENTA AND SUSTAINABILITY	82
12.1	Argenta's sustainability policy: the underlying principles (GRI 102-40, 102-42, 102-43, 102-44, 102-46, 102-47)	82
12.2	Sustainability Action Plan 2016-2020	87
12.3	Sustainability-directed activities at Argenta	92
12.4	Sustainability in the workplace	94
12.5	Respect for the environment	96
12.6	Reporting basis (GRI 102-45, 102-46, 102-48, 102-49)	97
12.7	GRI-verification of the General Standard Disclosures G4-17 until G4-27 (Materiality Disclosures Services)	99
12.8	GRI content Index	99
12.9	Auditor verification of the content of the GRI indicators	129
13	OVERVIEW OF THE INDIVIDUAL ARGENTA COMPANIES	131
14	CONTACT DATA	132
14.1	Argenta Bank- en Verzekeringsgroep nv	132
14.2	Complaints Management	132



This combined activities and sustainability report covers Argenta Bank- en Verzekeringsgroep nv and its subsidiaries Argenta Spaarbank nv, Argenta Assuranties nv, Argenta Asset Management sa and Argenta-Life Nederland nv, and also the Argenta Netherlands Branch, together the **Argenta Groep of Argenta**.



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

The statutory annual reports of the individual Argenta companies are available on www.argenta.be

1. Foreword

On 18 April 1956, in the office of public notary Emile Lemineur in the Clementinastraat in Antwerp, a public limited company (naamloze vennootschap) was established under the same 'Kredietmaatschappij Fiducia'.

Of the seven registered founders, only one was really active. The others had lent their names for the occasion. A sense of respect prevents me from naming them. The seventh man, the real founder, was Karel Van Rompuy. Ten years later the Kredietmaatschappij Fiducia changed its name to Argenta, and the rest is history, our history.

Founded in 1956, Argenta celebrated in 2016 its 60th birthday. In these 60 years, it has grown from next to nothing (with a starting capital of EUR 25,000) to become Belgium's fifth largest bank and tenth largest insurer, and in the Netherlands a solid market player with a mortgage portfolio larger than the Belgian one, and in Luxembourg a fast-growing *asset manager*. The story of the past sixty years is beautifully described in the Argenta Epos, a new edition of which was published by the Van Rompuy family in this anniversary year.

The anniversary year was concluded with a celebration at which Finance Minister Johan Van Overtveldt gave the official address.

And in 2016, Argenta not only partied, but produced iron-clad results.

In 2016, Argenta's net profit (IFRS) rose from EUR 244.8 million to EUR 246.3 million. Despite the continued heavy investment in digitization and in making the advisory services even more professional, the cost-income ratio remained under control at 51 %. Taking out the bank levy, the cost-income ratio was 42 %.

BVg's regulatory core equity (CRR scope) grew by 10.6 % from EUR 1,680 million to EUR 1,858 million. The IRB common equity Tier 1 ratio increased from 24.9 % to 25.1 % (Basel III, 'phased-in' without floor).

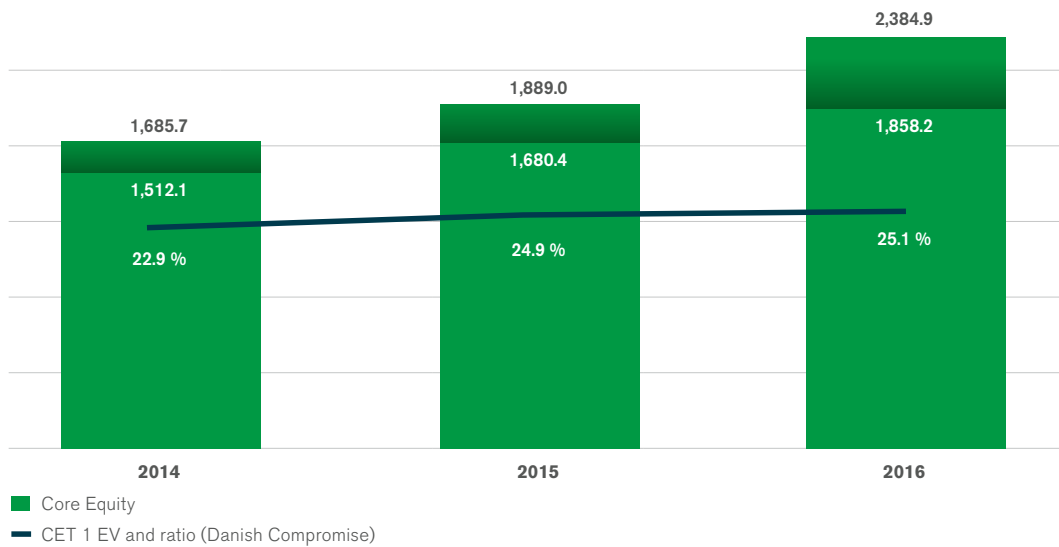
Argenta's equity position is the result of a sustained self-financing policy. This forms the basis for its strong credit rating and its status as one of the safest banks under the supervision of the European Central Bank (ECB).



From left to right: Minister Johan Van Overtveldt, Jan Cerfontaine and Marc Lauwers

Core Equity and Common Equity Tier 1-ratio

(EUR in million and %)



In 2016, rating agency Standard & Poor's confirmed Argenta's A- rating as stable.

From this position Argenta made a successful début on the international financial market in May with its first subordinated benchmark issue.

During the past year Argenta's senior management was thoroughly recast.

On 1 September Marc Lauwers took office as new CEO. Marc Lauwers boasts a rich and distinguished career in the financial sector, with over 25 years at Bacob, Artesia, Dexia and Belfius, in very diverse functions. Since April 2013 he had been on the Executive Committee of KBL European Private Bankers as COO and Deputy CEO.

Marc Lauwers joins Argenta at a key moment in its history. For the past 60 years Argenta has remained true to its strong, historical cultural values of simplicity, transparency, 'no frills', honesty and sustainability. This loyalty to its core values does not, however, blind Argenta to the major challenges that digitization and professionalism pose to the services it provides, both in Belgium and the Netherlands. These challenges are at the top of its agenda. With Marc Lauwers, Argenta has the perfect fit and the best balance between loyalty to its identity and cultural values, and the major change programmes that the CEO will need to lead across the organization.

On 1 November Ann Brands came on board as new COO. She succeeds Anne Coppens, who already at the start of the year had shifted to the position of CCO, from where she manages the Argenta's business departments and branch network.

Ann Brands boasts almost thirty years' experience in various insurance companies in very diverse functions. With this background she will significantly strengthen the Executive Committee, that controls both the banking and insurance business, with her presence ensuring a more balanced composition with experience in both métiers.

She manages the back office of both the bank and the insurer. A strong focus will be on collaboration between IT and business for developing new software applications and effective process management. She will make an important contribution to the digitization of Argenta.

No longer in 2016, but as soon as possible in 2017, Geert Van Hove will take up his position as new CIO. Geert Van Hove was a CIO of a major Belgian bank, where he was responsible for the ICT part of the digitization programme. Prior to that he gained many years' experience, inter alia in the telecommunications sector.

He will be responsible for the group's IT infrastructure, architecture and applications, as well as their functioning and security. At the same time

his mission extends to creating a unifying digital vision for the company and coordinating the digital activities.

Argenta faces the challenge of catching up on digitalization and rethinking its service model in the process. Argenta still has major steps to take here. It is investing heavily in a new high-performance IT platform, to be fully operational in 2018, and on which new digital services can be built in the future.

In a six-strong Executive Committee, the arrival of three newcomers in a period of just six months lays the foundation for a necessary transformation process. Argenta is not interested in offering the latest gadget or plaything, but it does need to move up a notch.

498 branches and their branch managers continue to play a central role in Argenta's business model in Belgium, embodying the values of proximity, trust and local roots. As it looks to the future, Argenta intends to remain the best financial services provider for individuals and families, taking into account evolving customer expectations for advice and ease of use.

Finally, the foundations were laid in 2016 for an ambitious, multi-year construction programme which should result in a state-of-the-art office building, where all employees will again work together on a single site.

In the Netherlands, the operating team has already moved into more optimal office space. During 2016 a relatively small team there thoroughly overhauled the IT infrastructure in 2016, starting from a 'mobile first' vision. Netherlands is becoming Argenta's digital lab.

Argenta is gearing up for the next 60 years!

Jan Cerfontaine
Chairman of the Board of Directors



2. Argenta: mission and vision



For over 60 years Argenta has held fast to the same mission: Argenta wants to assist families and individuals to live financially healthy lives, in a simple, honest and close-at-hand way.

This is in stark contrast to today's world which is increasingly profiling itself as a VUCA (= Volatile, Uncertain, Complex and Ambiguous) world, with few certainties and no obvious answers.

Technology is evolving rapidly, and big data, artificial intelligence and machine learning will have a significant impact on all sectors of society in the coming years. More than ever, technology makes the customer king. Starting from 25 May 2018, the General Data Protection Regulation (GDPR) will have to be respected when processing personal data with these technologies. In addition, regulatory changes like MiFID II (investor protection) and PSD II (payments traffic) will from 2018 drastically change the playing field for traditional financial institutions.

“With an eye for the core values that have characterised Argenta for 60 years now, we are working on innovative and flexible solutions to continue to offer our customers, in this digital age, the best service at a fair price.”

Marc Lauwers
CEO



The VUCA world also offers opportunities to players like Argenta. As a consequence of today's political, social, economic and technological changes, people more than ever need security, trust, humanity, proximity and simplicity. In short, the values that Argenta has pursued for 60 years, as again confirmed by a recent strategy exercise.

That fact that customers appreciate this approach is evidenced by the high scores in the annual satisfaction surveys. These high scores give us room for manoeuvre to work towards the future with a full digital offering that complements the existing branch network.

Argenta has everything it takes to succeed: loyal and satisfied customers, motivated employees, enthusiastic branch managers, shareholders with a long-term vision and finally strong capital and liquidity ratios that safeguard the interests of our customers and our employees.

But the TEMPO of adaptation of both bank and insurer needs to be faster. That is something our branch managers, best placed to feel customers' pulse, confirmed in the most recent satisfaction survey.



**Future-oriented
& Safe**



**Simple
& 'No frills'**



**Human
& Close at hand**



**Pragmatic
& Honest**



**Entrepreneurial
& Independent**

3. Argenta in 2016: selected milestones

Solvency II 1 January

On 1 January the new Solvency II capital adequacy framework came into force for insurance companies. This requires Argenta to deliver every quarter a variety of quantitative and qualitative reports, in turn calling for close cooperation between the various departments. In 2016 the required model documentation was completed. The assumptions made in the calculations were documented, as were the various checks carried out on those calculations. Finally, a number of important projects were successfully completed to further undergird the demonstrability of data quality and the version management of models.

Argenta Veilig Onderweg 14 March

To great media interest Argenta launched its 'Veilig Onderweg (= safely as you drive) app. This blocks social media, e-mail programs and chat programs like Facebook, Twitter and WhatsApp while driving. In so doing Argenta wants to play its part in increasing traffic safety.

The 'Argenta Veilig Onderweg' app has proved a success and was crowned with the Decavi non-life insurance award in the prevention category.

Argenta Asset Management outsources its funds administration to EFA 1 March

Argenta Asset Management and European Fund Administration (EFA) signed a cooperation agreement for the administration of Argenta's Luxembourg funds. Given Argenta's strategy of focusing on its core business as a management company, the outsourcing of administration to an independent player is a logical step that also perfectly matches EFA's business model. Since 1 March 2016, the portfolio of Argenta Asset Management has been managed administratively by EFA, with the Banque et Caisse d'Épargne de l'État de Luxembourg as custodian.

Argenta's 60th birthday 18 April



In 2016, Argenta celebrated its 60th birthday. On 18 April 1956 Karel Van Rompuy established Argenta. What started then as a modest finance company has now become the fifth largest and the most reliable and safest bank in Belgium. 60 years on Argenta has nearly 1000 internal employees, approximately 500 independent branches and 1.7 million customers.

2016

Tier 2

17 May

Following the publication of the excellent results for 2015, Argenta successfully launched on 17 May its first subordinated benchmark issue. This Tier 2 bond, amounting to EUR 500 million with a maturity of 10 years and a prepayment option after 5 years, and an annual coupon of 3.875 %, was issued to institutional investors

The transaction proactively contributes to the fulfilment of the expected regulatory bail in-requirements (MREL) and enhances Argenta's A-/A-2 rating from Standard & Poor's. In addition, it increases the total capital and diversifies the funding of the Argenta Group's activities.

**STANDARD
& POOR'S**

Changing of the guard

April - September

On 29 April 2016, Johan Heller resigned as CEO of Argenta after eight successful years. Four months later on 1 September, and after formal approval by the supervisor, Marc Lauwers started as CEO.

ECB stress tests

First half 2016

In the first half of 2016, Argenta, along with a large group of European banks, was stress-tested by the European Central Bank. The purpose of the stress test is twofold: first, the regulator wants to assess the resilience of the European banking system, second, the results of the stress tests at individual banks are incorporated into the assessment of the financial health, risk profile and sustainability of the banks' business models.

The stress test results demonstrate the strength and resistance of Argenta's capital position under stress. The robustness of Argenta's recurring business and the health of the loan portfolio with very limited losses under stress are important parameters explaining this result.

“Argenta achieved excellent results in the 2016 stress test, making it one of the best capitalised and healthiest European banks before and after the stress test.”

Steven Beliën
 Risk Manager



Money Laundering tool

1 July 2016

Banks play a key role in the prevention and detection of financial crime. Criminals attempt to misuse bank products in order, for example, to launder illegal money. In the day of rapid and digital payment traffic, the technology to prevent this abuse also has to evolve. For this reason Argenta invested in 2016 in new software to detect attempts to financial crime. This enables us to intervene rapidly and keep Argenta and its customers safe.



Start of building work

7 September

Argenta continues to construct its future. This also applies very literally. On 7 September 2016, demolition work started at Belgjèlei 45-47. This is the starting point of extensive renovation work on the head office, covering the entire site from Belgjèlei across to the Lamorinièrestraat and from there to the Van Diepenbeekstraat. The entire project will take approximately four years.



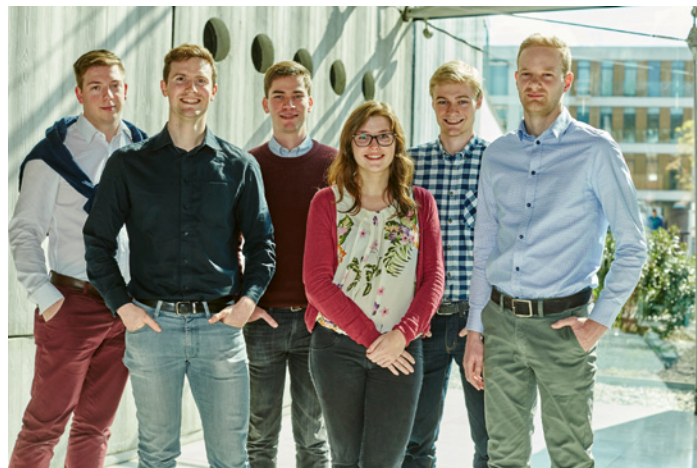
2016

ICT trainees

1 September

Since 2011, Argenta has recruited three management trainees every year. The recent graduates are given an opportunity to perform challenging tasks during a two-year period in various departments of the company. This puts them in a unique position to sample all aspects of Argenta and also get to know colleagues from all corners of the company.

After five successful years, this concept is now being expanded to include specific ICT trainees. On 1 September 2016 the first group of seven IT trainees set to work. Like the management trainees they will do project work for two years but in various IT departments. This gives them a broad preparation for permanent roles as domain analysts at Argenta. The vacancies for the class of 2017 are already open!



Argenta, a strong brand

23 May, 3 November, 12 December

The Benchmark Company, an independent research firm, scrutinised the Belgian banking sector in spring of 2016. Argenta came out the study as the strongest banking brand. The study looked at five different parameters: brand knowledge, performance, relevance, affinity and reputation. Strikingly, the smaller banks (including Argenta) scored significantly better for quality perception, credibility and attractiveness. 80 % of Argenta customers would choose Argenta again, a figure that is closer to 50 % for the major banks.



Bankshopper.be

The Benchmark Company repeated the survey in the second half of the year for the Belgian insurance sector. This showed Argenta to be the third strongest insurance brand in Flanders. In general pure insurers score better. Argenta Bank- en Verzekeringsgroep is the one exception. Argenta also scores best in terms of customer focus and innovation.

Bankshopper.be also gave top marks to Argenta. Since 2010, the comparison site has organised an annual online vote for 'Bank of the Year'. After being voted bank of the year for five years in a row, Argenta had in 2016 to trade its first place for number two position. Argenta is not taking this lying down and is all the more motivated to regain its Bank of the Year title in 2017.

New COO

1 November

On 1 November 2016 Ann Brands started as new COO (Chief Operations Officer) of Argenta. As COO, she is responsible for managing Argenta's operational departments and customer service. With Ann Brands' appointment as COO, the Argenta executive committee now consists of two women and four men. At the end of 2014 it was still male-only.

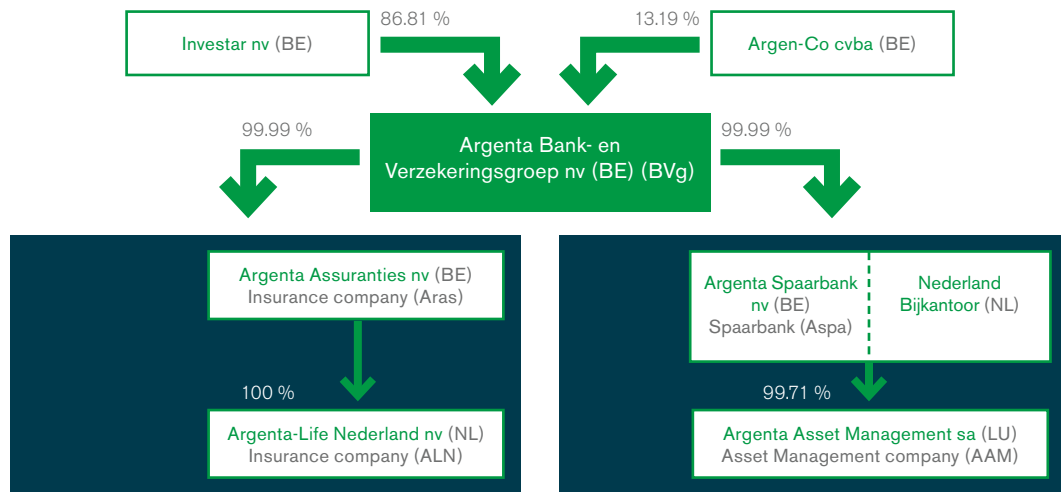


Netherlands digital

In 2016 Argenta Nederland successfully introduced a totally revamped IT platform. The administration system for savings products has been replaced. The website has been completely restructured with a more efficient system, a look & feel in line with the brand and also new customer processes. A new customer information system has also been introduced and various marketing and reporting tools brought into use. Argenta Nederland has taken great strides in 2016 and today offers a modern, flexible platform.

4. Description of the Argenta structure (GRI 102-45)

4.1 Group structure at 31 December 2016



The Company's shares are held 86.81 % by Investeringsmaatschappij Argenta nv (hereinafter **Investar**), a mixed financial holding company, and 13.19 % by Argenta Coöperatieve cvba (hereinafter **Argen-Co**). Argen-Co has the status of a recognised cooperative company pursuant to the Act of 20 July 1955 concerning the National Council for Cooperation.

Argenta Bank- en Verzekeringsgroep is the holding company of the Argenta Group. Its operational activities encompass Internal Audit, Legal Affairs, Organization & Talent, Integrity & Compliance, Risk & Validation, Operational Risk Management & ECB Office, and Procurement & Facilities, which are organised centrally for all Argenta companies. Internal Audit, Compliance and Risk (risk management function) are the key statutory functions.

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

Argenta Spaarbank, a Belgian credit institution, and Argenta Assuranties, a Belgian insurance company. Argenta Spaarbank and Argenta Assuranties each in turn have one subsidiary.

Argenta Spaarbank has a subsidiary Argenta Asset Management. This Luxembourg company is responsible for the management and central administration of Argenta's UCITSs (Undertakings for Collective Investment in Transferable Securities) viz. Argenta Fund and Argenta Fund of Funds. Argenta Spaarbank also has a branch in the Netherlands. Argenta Spaarbank, with its Dutch branch and Luxembourg subsidiary, together form the Bank Pool."

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

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



4.2 Argenta in the Netherlands and Luxembourg

4.2.1 Netherlands branch office

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

The Netherlands is Argenta's second home market and a key growth area. As mentioned in the milestones, the branch made significant changes over the past year in its management, IT and processes in order to play a continuing role in the Dutch market.

The savings market has been characterised by steadily decreasing interest rates. This is affecting Dutch people's savings behaviour. The focus remains on the repayment of mortgages out of savings. The mortgage market developed well in 2016. Argenta has a healthy position in it.

4.2.2 Information on foreign companies

Foreign subsidiaries of Argenta Spaarbank

Argenta Asset Management SA is a management company, based in Luxembourg, dedicated

to the management of the Argenta Group's two Undertakings for Collective Investment in Transferable Securities (UCITSs), Argenta Fund sicav and Argenta Fund of Funds sicav. The objective is to provide investors with attractive returns by investing in a selection of securities that match the customer's personal risk profile. Four of the sub-funds offered are focused on sustainable investment (SRI).

Foreign UCIs promoted by Argenta Spaarbank

Argenta Argenta Fund and Fund of Funds SICAV are variable capital UCITSs incorporated under Luxembourg law. These are institutions with harmonised sets of rules. Argenta Fund of Funds is a fund of funds (also known as an umbrella fund). This means that the assets of various sub-funds are invested in other mutual funds with varying risk and investment horizons.

Foreign subsidiaries of Argenta Assuranties

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



Netherlands Argenta Management team

5. Description of the centrally organised activities (GRI 102-41, 102-43, 102-44)

5.1 Strategy (GRI 102-43, 102-44)

5.1.1 Updating of the Argenta 2020 strategic exercise

Last year, the Argenta 2020 long-term strategic exercise undertaken in 2014 was updated to reflect the latest market developments and challenges. This recalibration confirmed that Argenta remains true to its mission and vision and that our high NPS score and strong brand make our ambitions for market share achievable. This requires Argenta to quicken the pace, constantly reviewing the strategy against its stated ambitions and adjusting as necessary.

The projects designated as strategic in 2014 (Argenta Digital Belgium, Digital Bank Netherlands, Fee Business, Data and Information Management ('Esperanto') and Healthy Growth) remain so today. At the end of 2015, the Board commissioned a study to evaluate progress on implementing them. The November 2016 Board meeting established that the Argenta 2020 objectives remain valid, but with content adjustments and a need to speed up implementation. The Argenta 2020 strategic initiatives were defined more precisely by the Executive Committee in cooperation with the Board of Directors. The Executive Committee has also sharpened the focus on a number of principles in order to better guide the organization in the choices to be made.



5.1.2 Transformation

To ensure the effective implementation of the strategy and good project functioning, the new Transformation department was created in October 2016. This department's remit is to create a framework and set priorities for change paths, to provide methodological support to project and change staff, to monitor the overall project portfolio and, finally, to direct and execute Argenta's enterprise-wide and/or strategic projects. The Transformation department reports directly to the CEO.

In 2016 the focus lay on precisely defining the roles and responsibilities of project staff, also on giving greater visibility to changes in the responsible departments, including regular consultations and dashboards for financial monitoring.

In 2017 the department will work further to increase the maturity of the project management process and optimise cooperation with ICT, Finance, Process Excellence, ORM and O&T.

“Transformation ensures that, through example-setting, change at Argenta is managed in an efficient, targeted and cost-conscious manner, with active steering of change projects. The ultimate added value lies in achieving the intended company-wide results and Argenta’s strategic ambitions within the set budget.”

Peter Devillé
Director Transformation

5.1.3 Process Excellence (GRI 102-43, 102-44)

For several years now Argenta has opted out of conviction for a 'lean' approach in optimizing its processes. This lean attitude needs to grow. To encourage this, Argenta wants to offer every employee the right platform. Accelerando is the company-wide improvement culture programme. The intention is to establish a platform in each department which gives every employee the opportunity to think & act lean. These resources allow them to direct their own work and promote their autonomy.

Accelerando, or working on a continuous improvement culture, aims at :



- Doing the right things: defining and then eliminating or minimizing all non-value-adding activities. We are constantly working to achieve a 'no frills' organization by avoiding waste and unnecessary costs.
- Doing things right: focusing on all activities that add value, that is, are predictable, fast, error-free, and sustainable. We take action to increase the NPS (Net Promoter Score) of both customers and branch managers.
- Embedding a 'lean' improvement culture: a culture in which we encourage employees to ask themselves daily how they can do things better.

In 2013 Argenta launched Accelerando in a limited number of departments. Three years and much experience later, Accelerando is now a company-wide programme aimed at involving the whole of Argenta in this improvement culture.

Process Excellence's responsibilities include managing the various programmes that provide structure for continuous improvement, like preparing and analysing satisfaction surveys and managing the Accelerando improvement programme. The department also plays an active role in inspiring, educating and coaching employees in improvement methods. Process Excellence also monitors that the right tools and techniques are being used for

Business Process Management and the continuous improvement culture.

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

Each year Argenta performs two major surveys. These probe the loyalty and satisfaction of customers and branch managers. Each time, a number of open-ended questions and traditional satisfaction questions are added to clarify the results. Argenta attaches importance to the opinions of its customers and branch managers and does everything possible to identify and then meet their needs.



In the annual customer survey, end customers are asked to state, on a scale of 0 to 10, whether they would recommend Argenta to friends or family. For the annual branch manager survey, the question is whether branch managers would recommend friends or relatives to become Argenta branch managers.

Besides the satisfaction surveys of customers and branch managers, there is also an employee satisfaction survey. See page 23 'Employee opinion survey' below.

5.2 Central departments (GRI 102-43, 102-44)

5.2.1 Organization & Talent

Organization and Talent (**O&T**), Argenta's human resources management, works with the CEO and the programme steering group to support executives and employees at all levels, based on the 'Healthy Growth' vision. 'Healthy growth' is Argenta's HR programme, designed to match Argenta's long-term strategy, and focused on employees' commitment and active ambassadorship.

Concretely this means that O&T management:

- converts its HR vision into concrete policy instruments that are manageable and clear for managers and employees;
- supports them in the concrete application of this policy;
- coaches managers to develop them into strong leaders;
- lends its expertise for recruiting and attracting employees, and for training and coaching individuals and teams;
- advises on changes in organization structure, personnel, and corporate culture;
- as a process monitor, watches over compliance with procedures, laws, regulations and policies across the company, and intervenes where necessary.
- takes the necessary initiatives to achieve the goals of this HR vision, along with Argenta's senior management, employees and other stakeholders;
- seeks to increase commitment to and involvement with Argenta through various initiatives and clear communication; and
- provides a listening ear for suggestions and feedback on how constantly to improve what we do and how we do it.



Many employees consciously opt for Argenta as an employer. Entering into sustainable relationships with employees is therefore one cornerstone of human resources policy at O&T. A strong emphasis is placed on mutual commitment by developing a motivating and stimulating working environment with room for personal recognition, responsibility, entrepreneurship and growth.



“Heading up Argenta is an honour and an opportunity that I seize with both hands. Argenta is a wonderful company with a no-nonsense culture that appeals to me.”

Marc Lauwers
CEO



O&T team

Organization

The O&T department looks after the central organization of all staff matters.
Total workforce by type of work, employment contract and country:

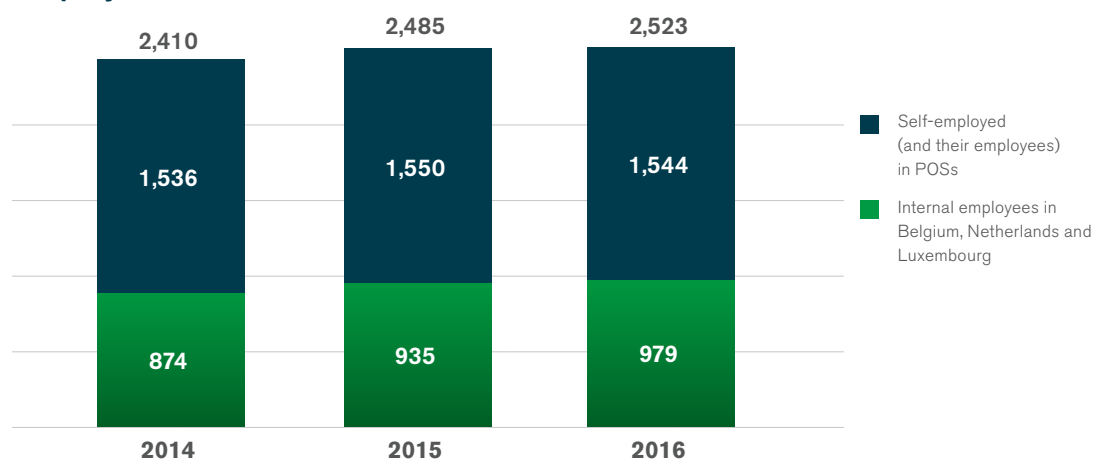
		2014	2015	2016
Country	Belgium	824	883	928
	Netherlands	32	35	42
	Luxembourg	18	17	9
Contract type	Permanent	864	925	963
	Temporary	10	10	16
Age category	<30 year	150	143	130
	30 - 50 year	594	630	664
	>= 50 year	130	162	185

		2014		2015		2016	
		Fulltime	Parttime	Fulltime	Parttime	Fulltime	Parttime
Country	Belgium			682	201	745	183
	Netherlands	655	219	32	3	37	5
	Luxembourg			7	10	4	5
Gender	Male	395		399	26	430	19
	Female	479		322	188	356	174

In 2016 the Argenta employee count increased by a net 52 in Belgium and the Netherlands together. In Luxembourg it decreased by 8 with the outsourcing of fund administration to EFA (see 2016 Milestones). At the end of 2016 the number of employees in the three countries together was 979.

Beyond its salaried employees Argenta also has an extensive network of self-employed branch managers with their own employees. In 2016, 2,523 people were working on a daily basis for Argenta.

Employees



Employee turnover:

		2014	2015	2016
Departures by country	Belgium	89	107	126
	Netherlands	6	5	6
	Luxembourg	4	2	9
Departures by gender	Male	40	54	71
	Female	59	60	70
Departures by age	< 30 year	20	24	26
	30 - 50 year	70	76	92
	>= 50 year	9	14	23

The voluntary departure rate in 2016 was 4.45 %. This table contains all employees who left the Group's employment, including retirement, end of temporary contract, termination by the employer, etc. Two important aspects affect these absolute figures. The departures in Luxembourg are mainly due to the outsourcing of certain activities. Additionally 39 employees in Belgium shifted from Argenta-run branches (i.e. 4.37 %) to positions in branches run by self-employed managers.

For the sake of technical business unity and for practical reasons, like transfers between Argenta companies, Argenta's pay policy is aligned primarily with the collective bargaining agreement for savings banks (JC 308). For all functions within the Argenta working companies, the O&T department proposes a draft pay policy, which can include changes based on internal and external conditions.

For *Identified Staff (employees whose professional activities could materially influence the risk profile of an institution)* the remuneration principles are the same as for other functions at Argenta. The individual objectives at Argenta are formulated in a way as not to interfere with independent operation (see also 11.3 Remuneration Committee).

In addition to the standard remuneration (monthly salary) all Argenta staff members in Belgium receive single and double holiday pay, 13th month), hospitalisation insurance, group insurance and meal vouchers. The hospital insurance can be extended to the entire family. For certain functions, company cars and fixed expense allowances are granted.

Argenta employees in the Netherlands receive, in addition to their regular salary, holiday pay, a 13th month, a contribution to travel expenses and gross amount in place of luncheon meal vouchers. There is also a (group insurance) pension, and a group discount (for the entire family) on health insurance taken out with CZ (a Dutch health insurer). Company cars are given for specific positions.

Pay Policy (GRI 102-41)

The Argenta Board of Directors, advised by the Remuneration Committee, sets the general principles of pay policy for employees, and monitors its implementation. The pay policy determines which pay scales apply to which functions, depending on the degree of difficulty, responsibility, level of required training/experience and necessary specialization of a particular function. Argenta aims to pay its employees market rates.

The salaries of all Argenta employees, administrative staff, management and senior executives consist solely of a fixed amount. At Argenta there is no variable compensation at any level. This is a deliberate governance choice, made to avoid the pursuit of short-term goals to the detriment of Argenta's longer-term objectives.



In addition to the standard remuneration (monthly salary), all Argenta staff members in Luxembourg receive single and double holiday pay, 13th month, and meal vouchers. Employees in certain functions are entitled to group insurance, company cars and/or fixed expense allowances.

Starting in 2017, Argenta will be introducing a revised pay policy, with a clear focus on sustainability, market conformity, purchasing power and transparency. In 2016, a major new component – the introduction of a cafeteria plan for all staff – was already thoroughly prepared.

Group insurance

Argenta offers supplementary pension insurance to its employees who fall under the Belgian and Dutch social security systems.

These pension reserves are placed with an external insurance company and therefore do not appear on Argenta's balance sheet.

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

Organization & Talent, the CEO and the 'Healthy Growth' programme steering committee are working on a sustainable HR vision for Argenta. This vision, which goes under the name, of: Healthy Growth, Argenta wants to implement and achieve with conviction.



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

Argenta can only grow by letting its people - its talents - grow. For this reason Argenta is keen to pick up successful trends, keep knowledge up-to-date, perfect skills and embed learning as an attitude in people's daily jobs.

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

Healthy growth is all about the connection between organization and talent, that is between Argenta and every employee, and the desire to have both grow together.

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

Core competencies and core themes

In 2014 four core competencies were identified that encapsulate the way we work day by day at Argenta to work. These competences, which are also sought in new employees, enable Argenta able to carry out its vision.

Customer-directedness

Results-orientation

Cooperation

Self-development

In 2016, significant steps were taken here and the first results recorded for a number of initiatives.

- The **new way of working** is getting a contemporary Argenta interpretation (Flow, standing - in Dutch - for Flexible, Learning, Meeting and Working). It is right now being tested in three divisions, that is one hundred employees in all. Flexibility, an adapted work environment with room for interaction but also concentration work, and a focus on effective collaboration, performance and well-being are the basis of the new concept that will be fine-tuned and rolled out in the coming years. The initial feedback is highly positive. Employees report increased job satisfaction and better work results.



“With Flow, we create a new environment in which working (together) is enjoyable and where, depending on your priorities for the day, you can choose the most suitable workplace to work efficiently. The result is that you are able to perform better individually and as a team better, with due attention to ergonomics and the well-being of everyone.”

Bert Maes

Programme Adviser Healthy Growth

- The **new pay policy** was conceptually fine-tuned. Social dialogue on this topic culminated in late December in an agreement on an updated ‘function house’ (job description system), a proprietary ‘pay house’ (pay system), a (performance-based) system for awarding pay increases, and a cafeteria plan. In 2017 the entire policy is being implemented for all employees. Argenta communicates transparently about this pay policy to its employees.
- To facilitate the reintegration of employees after a long absence and to take a preventive approach to sick leave, Argenta developed a new policy, in close cooperation with senior management and a working group (social medical team). This policy, which is being implemented step by step, includes a greater role for the company medical officer, and more targeted communication with employees, enabling a return to work to be custom developed, including sensitization workshops for executives.
- Two self-steering ambition teams were launched to tackle problem areas where there is room for improvement across the group: creating greater awareness of and support for risk management, and streamlining all information and training initiatives towards the branch network. Concrete recommendations were developed for the departments concerned. The participants in this project were very positive about the learning experience gained, with a considerable improvement in cross-departmental dialogue and cooperation.





“In 2016, I accompanied the branch network ambition team. Thanks to this team, awareness was raised in the departments concerned of the need for a coordinated approach to information and training initiatives. Participants now seek each other out more frequently and give each other more feedback. The team was given autonomy and a mandate to work out solutions.”

Benoit Hovelaque
Coach Organization & Talent

- Since 19 September each department receives twice a week a basket of fresh fruit. Moreover, for every basket that Argenta procures from the supplier, one fruit tree (papaya or guava) is planted for the local population in Malawi. 2,000 trees have already been planted on Argenta's behalf.



Employee Opinion Survey (GRI 104-43, 104-44)

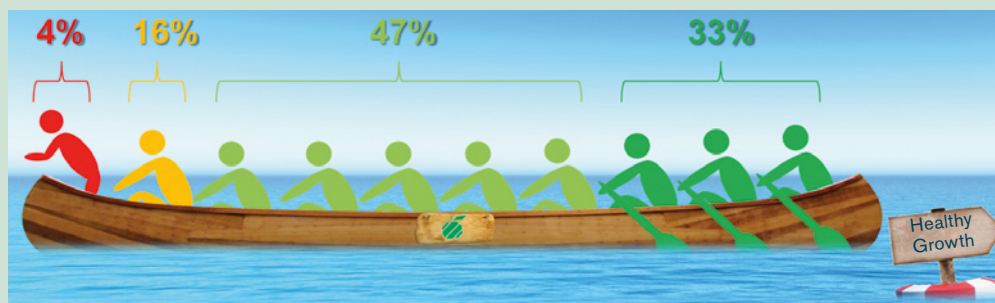
In October 2015, O&T launched a first Employee Opinion Survey in conjunction with Process Excellence. Argenta employees were able, via an online survey, to express their opinions on a number of issues that are crucial to the commitment between employee and employer. 80 % of the workforce took part and in this way created our first snapshot (baseline).

A year later, the survey was organised a second time, and with an equally high response rate. The results were striking.

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

Commitment

The first thing to be measured was employee's sense of involvement in Argenta, i.e. their commitment or 'engagement' to the Group. Four levels are distinguished here: *disengaged*, *not engaged*, *nearly engaged* and *engaged*. The ultimate goal is an 80 % engagement level. The total of *engaged* and *nearly engaged* and scores very well with respect to this target, with the overall engagement level up 8 % compared with 2015 (from 72 % to 80 %).



Employee NPS

The employee Net Promoter Score is the extent to which employees recommend Argenta to friends and/or family. While eENPS was still slightly negative in 2015, we achieved a positive score in 2016. This means that there are more promoters than detractors. Argenta achieved a strong increase in eNPS. This shows that the attention paid to the improvement points in the 2015 employee opinion survey has paid off. The ultimate goal is an eNPS of 50.

Motivational climate

Motivational climate is measured based on a number of criteria that impact (dis)satisfaction, motivation and engagement/involvement. In all criteria Argenta moved ahead in 2016.

Employees continue to work appreciate very highly the working conditions and good relations between colleagues at Argenta. Even so there are a number of points which call for and are being given the requisite attention.

Employees feel recognised at Argenta. Again, this aspect scored particularly high. They receive appreciation, their opinions and ideas are taken into account, and communication between colleagues functions smoothly. They also feel they are given a lot of freedom to organise their own work. Degree of autonomy scored highly: the ability to take responsibility is an important motivator. Many employees also experience their work as meaningful and challenging. Items for improvement are investing in development plans for each employee, coaching and support. In 2015, employees reported that Argenta does not celebrate its successes sufficiently. This aspect scored considerably better this time round. In 2016 we highlighted more clearly what went well and we dared to celebrate our successes.

Well-being

Against the background of current legislation on psychosocial well-being, Argenta has taken care to ensure that the personnel survey also provides input on issues that impact well-being. These results are being analysed in 2017.

Just as in the baseline measurement of 2015, the Executive Committee and the directors used the survey conclusions to determine which items Argenta will prioritise for improvement. An annual action plan was drawn up with the priorities for 2017 and action points for improvement. In addition, all departments and management teams got to see their own results. After analysis, they are helped to discuss those results with their employees and, above all, to put together their own action plans.



The table below gives an insight into absenteeism at Argenta. This too is an indication of well-being.

	2014	2015	2016
< 30 year	812	1,111	739
30 - 50 year	8,346	9,007	10,072
>= 50 year	2,268	2,817	3,798
Total	11,426	12,935	14,609
<i>Average number of days' absence per employee</i>	13	14	15

Return rate after parental leave

The return rate after parental leave at Argenta remains high. The two departures within 12 months in 2016 were voluntary.

Retention after parental leave	2014	2015	2016
Full-time parental leave (in numbers)	21	33	32
<i>Male</i>	6	7	8
<i>Female</i>	15	26	24
Leaving employment within 12 months	0	1	2
Retention level	100 %	97 %	94 %

Confidential contact person for Argenta employees

Employees can report incidents having a psychosocial impact to a confidential contact person at Argenta or to the psychosocial prevention adviser. In 2016, six interventions were recorded, all of an informal nature. There were no formal requests for psychosocial intervention.

Number of informal and formal psychosocial interventions	2014	2015	2016
Number of interventions with resolution	7	14	6
Number of interventions under investigation	0	0	0
Total interventions	7	14	6

Learning and development

Argenta encourages employees to further develop their professional skills, so as to enable them to contribute to Argenta's long-term growth. They are helped here by courses, e-learning, coaching, training, exchanges of knowledge and experience between colleagues, and interactions with senior managers. The number of training hours increased last year. In 2016, the average number of training hours in Belgium, Netherlands and Luxembourg was 48 per employee. This training takes the form of both job-specific technical training, and more general skills training for which each employee can enrol in consultation with his or her supervisor.

Training is not only internal to Argenta: employees are also invited to participate in conferences, courses and seminars extra muros.

	2014			2015			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number	396	478	874	432	503	935	449	530	979
Total training hours	27,242	17,280	44,522	17,760	22,892	40,653	24,449	22,821	47,270
Av. training hours	68	36	51	41	46	43	54	43	48

	Belgium			Netherlands			Luxembourg		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of training hours	24,266	22,492	46,758	180	324	504	3	5	8

5.2.1.10 Equal Opportunities and Diversity

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

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

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

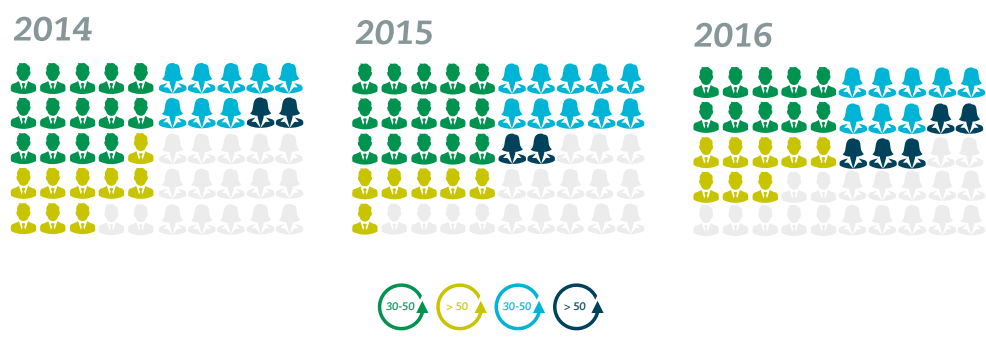
Age groups at Argenta

The 30 to 50 year group is by far the largest age group in the age pyramid at Argenta. The average age of employees is 40 in Belgium, 38 in the Netherlands and 45 in Luxembourg. The proportion of workers under the age of thirty is, however, decreasing. Conversely, the fifties-plus group continues its upward trend (see also table on page 19).

Male/female ratio

Just as in 2015, the Argenta workforce was 54 % female and 46 % male. (See also the table on page 19). The number of persons in executive functions (executive committee members and directors) at the end of 2016 was 31. 42 % of these were women. The number of women at this level is increasing year after year.

Equal Opportunities and Diversity - Executive positions



Performance and assessment interviews

Argenta also wants its employees to work together as a single team in a pleasant and transparent atmosphere. Dialogue is important. This is promoted through high quality performance and assessment interviews. Argenta also organises regular staff meetings. Employees are also kept up to date on new projects and other business information via the intranet and staff magazine.



Networking

Argenta attaches great importance to cooperation. This is major challenge as the company continues to grow, and the way we relate and interface changes as a consequence. The way we work together is being adjusted to this situation, among other things, by placing a heavy emphasis on networking. With Argenta's strengths widely disseminated across the organization, we need to give space to the power of ideas and initiatives, across departments and levels. These networks must be springboards for entrepreneurship, allowing Argenta to continue to grow from its own strength. In this context, networking makes a crucial difference.

Three networks are active at Argenta:



Argenta Vernieuwend Network

Argenta Innovative Network

The Argenta Innovative Network seeks to bring headquarters and branch employees into contact with each other and have them think along with the company from an innovative perspective and with a healthy critical approach.

This is done using innovative and fun formats that promote networking and collaboration. Time is made for in-depth conversations, but there is also room for fun. Always with the aim of, directly or indirectly, making our individual contribution to Argenta's success.

Every year four activities are organised. In 2016 participants gave their feedback on other colleagues' new ideas and projects, said goodbye to former CEO Johan Heller, learned more about certain ongoing initiatives within the organization (like the Core Banking platform (Metro) and Accelerando) and, through an external speaker, gained an insight into how their brain works and how they can use it better in order to be innovative themselves.

Based on the presence of a solid core, their enthusiasm during the sessions and their comments afterwards, we conclude that, two years on, the AVN is still a winning formula. Argenta will therefore continue to develop the Argenta Innovative Network in 2017.

Ambassadors for Healthy Growth

Healthy Growth is much more than the work of a small group, it is a task for all employees. For this reason we bring together a community of forty enthusiasts who want to be an example of the ambitions behind Healthy Growth, and help shape and communicate it.





“Collaborating is in our DNA, but too often we stay huddled in our own silos. O&T wants to change this.”

Tom Jonkers

Coach Organization & Talent and responsible for AVN and Ambassadors for Healthy Growth

The ambassadors for Healthy Growth put their weight behind the programme. They are the face of the programme, each in his or her own department or network, each with his or her own interests, dynamics and style. As a first contact points they pick up any questions and inform their colleagues about Healthy Growth. The ambassadors are all

good listeners. With their antennae they pick up sensitivities we need to be alert to as we grow, and are also on the lookout for successes and stories to share with other departments.

They commit to a long-term process. After kicking off in May 2016, this group now meets monthly to delve deeper into what Healthy Growth really involves and to shape new initiatives. Argenta for its part undertakes to coach them in this, both content-wise and in their roles and teamwork. The ambassadors get to know each other better as people and as professionals. They mark out a growth path. and build bridges between departments.

Nexus

Nexus is a platform that gives Executive Committee members and directors the chance to talk to each other beyond the boundaries of their own departments and to take a leading role at Argenta level. This they do at monthly half-day meetings at which the entire Executive Committee plus all directors together examine topics such as strategy, performance, attainment targets, leadership and healthy growth.

Besides the monthly Nexus, there is a once or twice-yearly extended Nexus for board members, directors, senior management and senior specialists from Argenta. Generally a guest speaker is invited who looks at major developments in the financial world.



Nexus

5.2.2 Compliance & Integrity

Compliance

As a bank-insurer, Argenta plays a central role in social life. Maintaining people's trust in us requires us to comply with social rules - written and unwritten. Compliance is mandated with ensuring Argenta's social integrity. To this every Argenta employee contributes.

The central Compliance department controls the compliance function for the entire Argenta Group, including setting directions for Compliance in the Netherlands and Luxembourg.

The entities in the Netherlands and Luxembourg also have their own compliance officers and translate the Argenta compliance policies in accordance with national regulations and practices.

Every year, in its action plan, Argenta defines its priorities, including second line checks with respect to the duty of care. This is done on the basis of potential risks, social trends and activities in Argenta.

With key emphasis on items like consumer protection, privacy, supply chain management, prevention of money laundering and ethics, Argenta defends the integrity of its customers and of the financial system.

With standards it recognises as a company, and the Compliance department operating as an independent touchstone to preserve the interests of the parties involved. A Compliance department that stimulates the integration into the daily operation and the embedding into the Argenta culture of the standards that we endorse on paper, in process and in practice.



In the Netherlands Argenta has its second and large and growing home market that calls for innovation and the digitalization of the service offering. Compliance Netherlands works here with a structured cycle, which enables compliance risks to be identified promptly and avoided. It also supports the chain management and the digital change process from both its advisory and its independent testing role.

Inspectorate

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

Inspection is responsible for monitoring the operational risk management that exists in the branch network in Belgium as a result of human intervention. This management is done on the basis of a risk-based supervision of the branch network and measuring whether the first-line controls are effective and operational. The investigations that Inspection conducts as part of the annual plan or as special assignments are documented in the Octo tool. This is a Governance, Risk Management and Compliance tool.



Complaints Management

Mediation service in Belgium

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

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

Complaints Management reports regularly, including an annual internal report. These reports serve as a source of information for improving internal processes and controls, in respect of which the service plays a signalling role. 2016 Complaints Management focused on detecting signals and risks from complaints records and passing these on in the organization (via the 'round tables') in order to optimise processes in terms of customer satisfaction.

Complaints Management in the Netherlands

Argenta Nederland also places its customers at the centre of attention when dealing with their complaints. It does this by phoning customers and trying to understand their situations better. For Argenta Nederland it is important to solve problems appropriately and quickly. Proper complaints registration provides input for constantly monitoring product processes and conditions and for exploring and exploiting opportunities for improvement.

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

Argenta Nederland has its own complaints manager. Each section has a number of complaints handlers. The complaints manager is responsible for registering the complaint, monitors the complaint process and ensures that complaints are dealt with in a timely fashion. In addition, the complaints manager reports on the complaints coming from Argenta Nederland, Argenta-Life and Quion.

The number of complaints is relatively low compared to the number of customers. Most complaints from the Savings department concerned logging in in the new online banking environment. The focus lay in the past year on addressing customer complaints quickly and adequately by phoning the customers and resolving the complaint.

Complaints Management in Luxembourg

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

In 2016 no complaints were received.

Overview of complaints to Argenta in Belgium and the Netherland

A total of 2,298 complaints were reported in Belgium and 648 in the Netherlands.

Total number of complaints Belgium and Netherlands	2014	2015	2016
Total complaints received	2,496	2,231	2,946
Justified complaints	555	611	1,351
Number answered by Complaints Management	307	861	1,346

Total number of complaints in Belgium and Netherlands alleging breach of privacy	2014*	2015*	2016*
Justified complaints	4	1	4
Total complaints received	4	6	6

Midway through 2015 it was decided to stop distinguishing between admissible and inadmissible complaints. This policy results into a higher number of complaints answered by Complaints Management itself using a standard reply to general problems, or based on experience with similar complaints.

** The number of privacy complaints relates only to Belgium. In the Netherlands the new complaints registration system is still at an introductory phase. For this reason, no precise data is yet available on the number of privacy-related complaints in the Netherlands.*

Where the customer indicates that his privacy has been violated or has another comment on privacy, the complaint is marked as a privacy complaint. The table above gives the evolution of privacy complaints.



“Complaints provide Argenta with precious daily customer feedback. This allows us to continuously improve. Thank you for this!”

Pieter Calliauw
Team leader Complaints Management



5.2.3 Risk & Validation

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

Risk assesses, controls and monitors risks across the organization. The final outcome generally takes the form of advice. In addition to an advisory function, the Risk department also initiates and implements specific risk management processes. The risk management function takes final responsibility for the processes around risk appetite, ICAAP (Internal Capital Adequacy Assessment Process) for the banking pool and ORSA (Own Risk and Solvency Assessment) for the insurance pool.

Validation has the specific task, within the process of defining, developing and managing process, of ensuring that, at each step of the model cycle, the models in fact do what they were designed to do. For this Validation checks the models conceptually and numerically, oversees their implementation, and validates their effectiveness and accuracy, with a focus on optimization.

Risk Appetite Framework



Argenta's Risk Committee deliberately frames its risk tolerance within the RAF (Risk Appetite Framework). This framework tracks the main risk indicators quantitatively (with limits and flashing lights) for the entire Argenta Group. These indicators include capital adequacy, assets and liabilities quality, liquidity and interest matching, income and value stability, and concentration.

Besides the quantitative RAF, increasing attention is being paid to qualitative RAF, that is monitoring the appetite for non-financial risks.

RAF also provides the basis for the risk escalation framework.

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

The RAF process is an iterative process that is fully embedded in the business plan.



Another important building block in handling risks in a consistent manner is Argenta's risk mapping. The risk mapping gives both an overview of the risks that the Argenta Group recognises and a uniform definition of these risks. The mapping makes it possible to assign clear roles in respect of each risk (departments responsible for first and second-line management) and to demonstrate the comprehensive nature of the risk management. The mapping is assessed on an annual basis, when risk types can be added or removed depending on the evolution of their relevance to Argenta.

In 2016, senior management helped lay the foundations for effective risk management and increased risk awareness by setting goals based on Argenta's culture and values.

5.2.4 Operational Risk Management (ORM) and ECB Office

The ORM & ECB Office department is, like Compliance & Integrity, one of the departments reporting to the CRO, with responsibility for coordinating the relationship and interaction with regulators (ECB, NBB, DNB), and also for forming a second defence line against risks.

The department was set up at the end of 2015, with the ORM team moving into it from the Risk & Validation department. The ORM team, which until the end of February consisted exclusively of ORM experts, has since March 2016 been strengthened and managed by a manager. Both measures serve to give adequate attention to the increasing importance of ORM.

The department also coordinates all interactions with regulators, for whom it acts as a single point of contact (SPOC) within Argenta. Important tasks for ORM include organizing the operational risk committee, preparing the quarterly ORM report, translating trends and regulations into policies in line with Argenta's risk appetite, and supporting the primary tasks related to managing the risk of business.

As a new department, major emphasis was placed in 2016 on establishing a good structure as a function of the ORM mission, vision and strategy. Cooperation with various parties is central to this structure. These include ORM contact persons in other departments, structural coordination and cooperation with the various management teams (MTs) and with the Transformation department, as well as setting directions for Compliance in the Netherlands and Luxembourg.

As regards ORM's mission, the department is looking to achieve a widely accepted risk story that is part of the DNA of Argenta as a whole and of each of its employees. In this way Argenta can continue to grow in a sustainable and risk-conscious fashion.



First and second-line ORM conduct, in partnership, a risk policy that contributes maximally to the business goals with minimal additional cost. Second-line supports the organization in applying this policy in an increasingly self-reliant manner (support to first line). Additionally, second-line ORM supports healthy decision-making at all levels of the company by giving all stakeholders an accurate picture of the extent to which the current operational risks are covered (giving assurance / reporting).

In 2016, ORM's priority lay on updating and developing policies and a framework for embedding the risk culture. Other focal points included information security, improving crisis management and a structural revision of the annual internal control report.

5.2.5 Credit Risk Policy

The Credit Risk Policy department is a second-line support department, consisting of a team of experts that monitors and models the profitability of retail loans. The core objectives of the Credit Policy Department are to analyse, steer and report on credit risk.

Based on these objectives, a risk policy is worked out that is able to provide safeguards in order to detect rapidly any undesired changes in the credit risk profile of Aspa and Aras, so as to take or propose the necessary measures in good time and thus ensure the necessary stability of solvency. For the mortgage loan portfolios in Belgium and Netherlands an internal rating approach is applied.

Argenta attaches great value here to having a proactive and prospective approach to its risk policy and a healthy balance between its risk profile, the risk management structure and capital levels. The risk is also determined by the risk appetite objective for asset quality. This states that Argenta's continued existence must never be jeopardised by a deterioration of asset quality. In 2016 this objective was also translated into a comprehensive scorecard to support the operation of the Retail Credit Risk Committee (Kreco).

“Our mission is proactively to protect Argenta against possible losses in the mortgage portfolio.”

Petra Van Zand
 Director Credit Policy



5.2.6 Internal Audit

The Internal Audit department is centrally directed and organised. It is responsible for auditing all the activities of Argenta Bank- en Verzekeringsgroep, Argenta Spaarbank (incl. the Netherlands Branch and Argenta Asset Management), and Argenta Assuranties (incl. Argenta-Life Nederland).

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



“Internal Audit aims to support Argenta management constructively in achieving its objectives.”

Birgit Ceulemans
Director Internal Audit

In addition to performing audit assignments, the internal audit department pays constant attention to improving its own modus operandi through external assessment.



The most important improvement initiative in 2016 consisted of executing the permanent quality programme (QAIP) set up in 2015 for improving internal operations. A quality manual was produced on this subject.

In 2016 the Audit Charter and the Internal Audit policy were reviewed and approved by the Audit Committee and the Board. In addition, Internal Audit continued to take a more active role in the finalization and implementation of the outstanding recommendations.

5.2.7 Legal Affairs

In 2016, Argenta expanded the legal function in response to the challenges resulting, among other things, from the increasing regulation in the financial sector. Organizationally, Procurement was split off from Legal, with the Legal Affairs Department now reporting to the CEO.

Argenta’s legal function consists of i) the legal staff of the Legal Affairs department and ii) lawyers spread in decentralised fashion across the other departments. All lawyers work as a single legal team to provide effective, high quality support to the Argenta companies for achieving sustainable growth. As recognised corporate lawyers they play a dual role. On the one hand, as business partners they support the business and its development (e.g. facilitating business processes, drawing up contracts).



“In recent years, Argenta has worked hard on establishing a fully-fledged in-house legal function. We want to think along with the business and go looking for concrete solutions in an ever faster changing world.”

Gerben Pauwels
Director of Legal Affairs



On the other hand, they act as watchmen to ensure that regulations and contractual obligations are respected, and thus protect Argenta against legal risks (e.g. legal risk management). For this they cover all legal areas that are relevant for banking and insurance, including tax.

The basic attitude of the legal function focuses on all the Argenta core values with an emphasis on independence, pragmatism and proximity.

For this the legal function has close relationships with the business, the other supporting functions, the control functions and the governing bodies. It maintains contact with the outside legal world and represents legal Argenta in legal committees, legal profession working groups and the like.

5.2.8 Procurement & Facilities

The Procurement department assists Argenta with its sourcing decisions and procurement processes, with the goal of high-quality, innovative and cost-conscious purchasing of goods and services. The focus is on the professional selection of suppliers and partners who offer a good balance of risk and cost. The ultimate objective is to procure for Argenta the services and goods that enable it to function better. Procurement contributes to efforts to strengthen relations with (critical) suppliers, ensuring that the collaboration is properly set out in the contractual agreements.



Procurement is committed to sustainable partnerships with strategic suppliers by aligning both sides' long term interests, gaining insight into these suppliers' financial situations and taking positions on sustainable integrity principles. A sustainability charter is an integral part of the Argenta standard contract. This ensures that our suppliers are aware of and comply with these Argenta sustainability principles.

5.2.9 Customer Support

The Customer Support department consists of three sub-departments: the Contact Centre, Customer Administration and, since the beginning of 2016, also the Mailroom.

Contact Centre

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

In 2016, the Contact Centre received just over 340,000 telephone calls and 60,000 e-mails. This means for the second year in a row, a decrease of 20,000 contacts. Preparing outgoing communication with an eye to the customer experience and improved internal processes are clearly contributing to reducing the number of contacts.

Close cooperation with the different operational departments and with the Commercial Organization ensures a good flow of knowledge, enabling the Contact Centre to provide quality responses to customers and branches.

The Contact Centre organises regular quality surveys following contacts with customers and branches, aimed at observing the evolution of customer experience and making any necessary adjustments. Just as last year, customers gave in 2016 an average satisfaction score of 8.6 following telephone calls. In 2016 surveys were also conducted for the first time for emails. Customers gave an average satisfaction score of 8.0 for the replies received to their emails.



Customer Management

Money laundering legislation and the 'know your customer' principle require the Argenta network, like all financial institutions, to have adequate identification data on its customers. Customer Management verifies the identification and registration done in the branch network. In 2016 there was a clear focus on customers' tax data. As part of the due diligence for the Common Reporting Standard (CRS), some 15,000 customers were contacted and asked to provide a statement of tax residence.

Argenta wants to build a long term relationship with its customers – and also their children and grandchildren. The death of a person is a difficult moment for the survivors. It also comes with a whole range of financial and administrative requirements. For this reason Customer Management - which is

also responsible for processing the paperwork when a customer dies - invested in 2016 in educating the branch network. By offering a very practical training, branches are supported in offering a quality service to bereaved customers' families.

Mail Room

The Mail Room is responsible for processing incoming and outgoing mail. In 2016, several operating improvements were made. In this way 91 % of outgoing mail is already mailed out on the same day as received in the Mail Room. Customers now receive their correspondence from Argenta faster than a year ago.

5.3 Commercial organization

5.3.1 Distribution



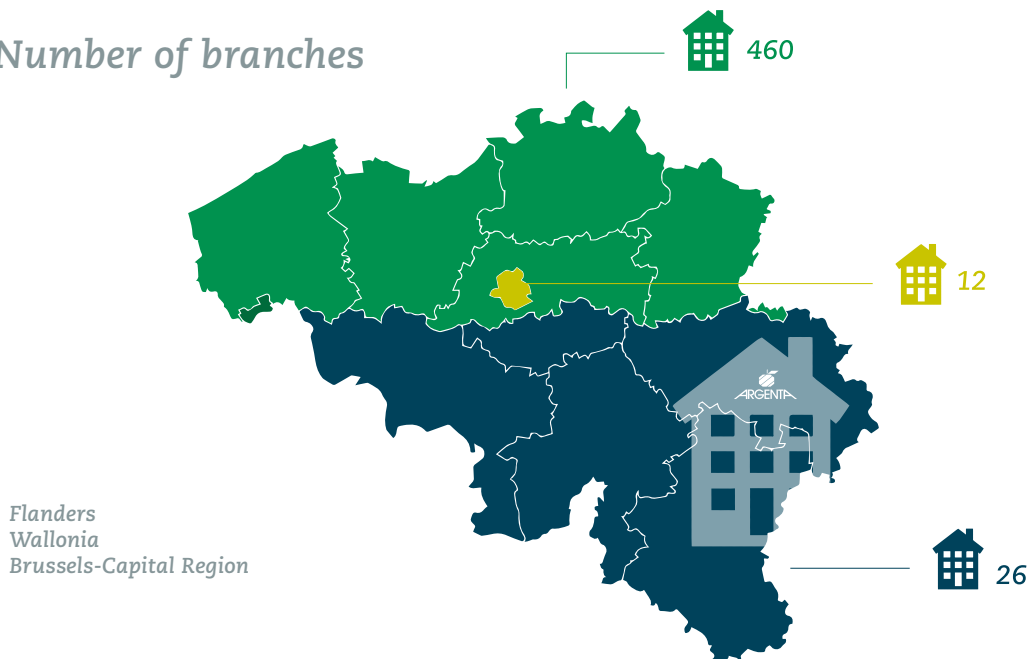
At the end of 2016, Argenta's branch network consisted of 498 outlets. This is in line with previous years. Despite the growing importance of digitization, our customers' demand for personal advice justifies our physical presence. 49 % of our customers visit their branch at least once a month. Argenta continues to place great store by proximity and human contact.

There are 460 branches in Flanders, 26 in Wallonia and 12 in the Brussels-Capital Region.

The Belgian branches are managed by 417 independent branch managers and their 1,127 employees, plus 88 salaried Argenta employees in branches that are directly managed by Argenta. This branch network is centrally managed from the Distribution department. The self-employed branch managers work exclusively for Argenta. This means they can offer only products from Argenta and those of Argenta-selected partners.



Number of branches





Argenta pays great care and attention to the recruitment of new branch managers. During the selection process, candidates are assessed on their personal characteristics, skills, proven knowledge and experience, and whether they are at home with Argenta's values and standards.

Branch managers are trained to a high level in guiding customers in choosing from a quality offering of transparent products those that best suit their individual profiles and needs. Proper attention is of course also paid to compliance with the related legislation and administrative procedures.

In 2016, 25 new branch managers started out. These include 2 in family succession, 2 existing employees from independent branches and 2 employees from Argenta's own mobile team.

The number of second and third-generation branch managers stands at an impressive 81. This unique feature of Argenta's distribution policy is the best reflection of the pursuit of long-term relationships between customers and their advisors. Intra-family transfers are assessed in the same way as candidate branch managers from outside.



“‘Het Eilandje’ and ‘the branch’ are both growing rapidly. Entrepreneurship in the Eilandje is a huge and attractive challenge for me.”

Kathleen Van Hunsel
New branch manager

5.3.2 Marketing & Digital

Communication and dialogue

Argenta communicates openly about its policies, business achievements and results. It maintains a dialogue with its customers, its staff, the government, its environment and other relevant stakeholders. From this background, the communication department watches over the development of a central vision for communication, providing quality control and support to internal units and branch managers in the area of house style and communication.



This quality control means that the communication unit checks all 'impact communication' for house style and effectiveness. We are talking here of (mass) communication to customers (mailings, form letters, website, annual reports, press releases, job ads, marketing communication...), to branches (intranet: branch portal) and to internal staff (staff magazine, intranet ...). The communication unit also supports communication policy by controlling the house style, designing and monitoring an administrative house style, and providing communications advice to the various departments.



Reken op ons voor uw auto

U voelt zich thuis bij Argenta

Maak uw woonplannen concreet.
Kom thuis bij Argenta.

Uw appeltje voor de dorst • www.argenta.be

ARGENTA
1956 - 2016

Argenta bestaat 60 jaar.
Bedankt voor het vertrouwen.

Uw appeltje voor de dorst • www.argenta.be

NIEUW

ARGENTA

Rijden en gsm'en?
Levensgevaarlijk!

De app 'Argenta Veilig Onderweg' blokkeert sociale media, e-mails en chatprogramma's op uw smartphone terwijl u rijdt.

- ✓ Rijdt u mee? Zet dan de optie 'Passagier' aan
- ✓ voor Android

Uw appeltje voor de dorst • www.argenta.be

Goed beschermd, gerust door het leven.
Verzeker u daarom bij Argenta.

Uw appeltje voor de dorst • www.argenta.be

Wat is uw gezonde mix?
Ontdek in een goed gesprek hoe u kiest voor een gezonde mix van sparen en beleggen. Het duo's bij de Laurier en Thomas.

52% sparen 48% beleggen	89% sparen 11% beleggen	68% sparen 32% beleggen
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Uw appeltje voor de dorst • www.argenta.be

Gerust de baan op, goed beschermd.
Verzeker u bij Argenta.

Veilig rijden loont. Kom eens praten en ga goed verzekerd door het leven.

Uw appeltje voor de dorst • www.argenta.be

Marketing in Belgium

Argenta's marketing in Belgium is centrally managed so as to maintain brand consistency and guarantee the customer experience. Argenta's marketing is founded on the themes: Healthy Banking, Healthy Saving & Investing, and Healthy Housing & Living. The term 'healthy' stands here for 'safe and right for the customer'.



Argenta works with a modest marketing budget. A sober, 'no frills' approach is an Argenta core value. This is visible in the simple, but no less effective campaigns. From the outset, Argenta has viewed its own customers and word-of-mouth advertising as the best marketing channel. The branches are responsible for the marketing campaigns in their local areas, supported by national-level advertising in newspapers, social media, and thematic magazines. Through these campaigns, Argenta has communicated to both existing and prospective customers on the healthy and sustainable nature of Argenta as a bank and insurer.



What's your healthy mix?

One example is our Investing campaign under the caption 'What's your healthy mix?' This way Argenta spotlights its investments further with the slogan: 'What's your healthy mix? Discover in a good conversation how to choose a healthy mix of savings and investments.'

Argenta obviously wanted to make existing customers aware that savings and investment go hand in hand. With this campaign Argenta wanted to encourage them to make an appointment for an investment meeting in their branch.

Argenta at 60

Argenta's 60th birthday was celebrated with various initiatives. Apples were distributed in five railway stations. Travellers passing through Antwerp Central, Brussels Central, Gent Sint-Pieters, Bruges and Hasselt on 18 April, 60 years to the day after the creation of Argenta, could bite into a total of 30,800 apples handed out at these stations. For Flanders tram and bus passengers there was no escape.

Trams and buses were printed with the Argenta logo. In addition, a new edition was released of 'Het Argenta Epos', a book by founder Karel Van Rompuy.



Running Tour

Proximity is a core value of Argenta. In 2016 Argenta highlighted this by partnering the Running Tour, consisting of fifteen city-to-city runs across Belgium organised by Golazo. In this way it again underlined its commitment to 'health' in all its aspects. In all 67,300 runners took part in the Running Tour, with another 160,000 fans cheering them on.



Events

Argenta also participates in local events and fairs. Argenta informs its investors with information sessions on healthy investment. Sessions in Bruges, Knokke, Turnhout, Lier, Kortrijk, Herentals and Wommelgem proved a big success. The Batirama home construction fair in Tournai, the Roeselare building fair and the international agricultural Foire de Libramont are for Argenta important opportunities to inform visitors about Argenta.



Healthy careers at Argenta

In a turbulent year for employment in the banking sector, Argenta could again stand out from the pack with the message that it is still looking for specialists in its fields. www.argentajobs.be received 25 % more visitors than in 2015. That fact that a bank was actually recruiting staff was real news last year was proved, among other things, by CCO Anne Coppens' appearance in the regional news (ATV) on 5 October. This interview turned into Argenta's most popular Facebook post, thanks to the many positive comments from our customers.

Argenta's Investment Barometer

Since 2014, Argenta has been permanently researching Belgians' saving and investment behaviour. The research is conducted by Kantar TNS, a leading international market research company. Every quarter, 1,000 Belgians over 25 are questioned online about savings, investments, pensions and sustainability. The insights from this research are used to support 'Healthy investment' for our branches and customers.

Digitization

Nor has Argenta been idle in the digital field. Internet banking and the Argenta Banking app both gained additional functionalities, and were made more user-friendly.

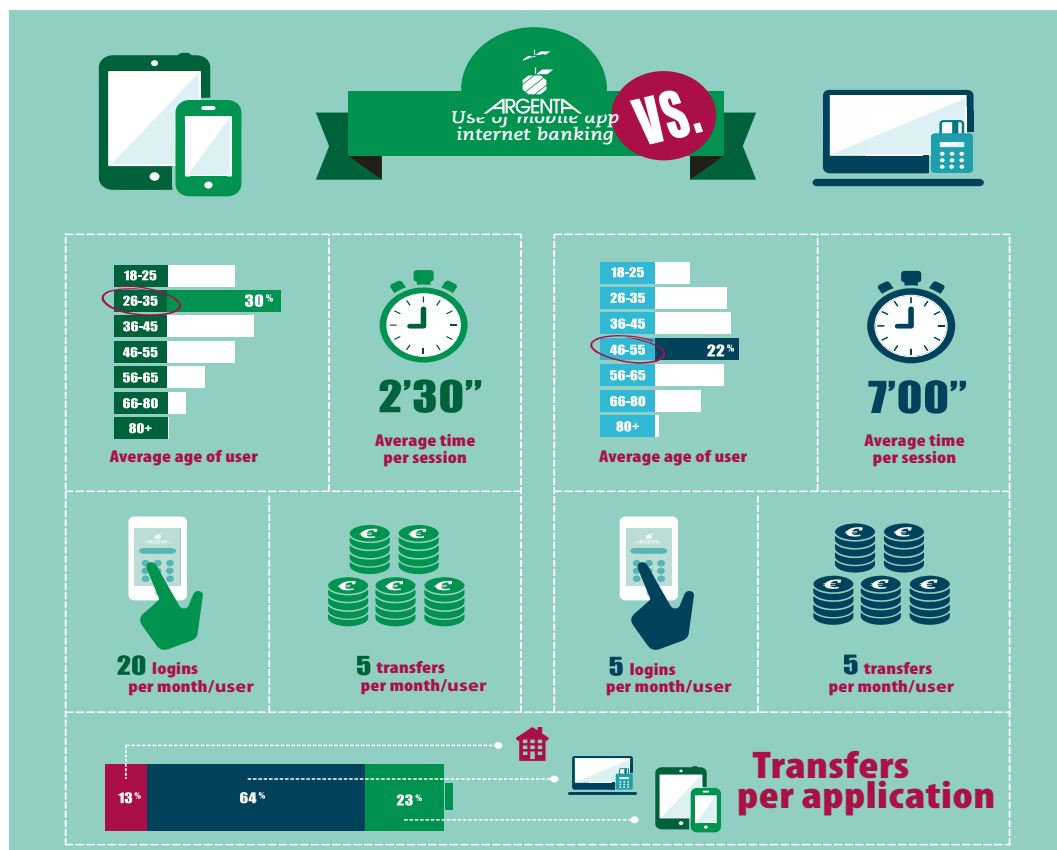
Argenta websites and social media

The www.argenta.be website was visited more than 20 million times in 2016 (37 % more than in 2015). The www.gezondbeleggen.be site attracted considerably more visitors in 2016 than the year before (+ 70 %), thanks to the update articles by our product managers. In 2016, expert investors could count in the macro-economic insights of Stefan Duchateau through blog.argenta.be. The most popular blog posts were those analysing Brexit and the election of Donald Trump.

Social media are a tool Argenta is keen to use to stay close to its customers. Argenta is present on Facebook, Twitter, LinkedIn and YouTube. Besides the head office-managed Facebook page, more and more branches have their own pages for developing their own local communities. This gives them an additional communication and marketing channel for putting their branches on the local map and building long-term relationships with their customers.

Internet banking and the mobile app

In the second half of 2016 Internet banking underwent a real makeover. Since the summer, customers have been able to consult all the products they own. This of course entailed structural changes to the internet banking menu, with some new banking and credit card functionalities added. The number of internet banking subscribers increased by 9 % to 606,812.



Ons verhaal

Een gezonde bank. ARGENTA

Wij zijn Argenta. Een bank voor hypotheek, sparen en verzekeren. Die in België al 60 jaar staat als een huis. Argenta is een bank voor mensen, en dus niet voor bedrijven. We zijn er voor iedereen die niet van risico's houdt. En die hun financiële keuzes maakt met gezond verstand.

Gezond verstand verdient een gezonde bank. Wat maakt Argenta gezond? Voor hypotheek en daarbij behorende producten werken we met onafhankelijke adviseurs. Dit maakt een netwerk van kantoren in Nederland overbodig. En dat scheelt kosten. Bovendien regelt u uw bankzaken eenvoudig online. Argenta opereert binnen de vertrouwde Benelux-markt. Een markt die we goed kennen. En dicht bij u. Kijk maar naar onze rente voor sparen en hypotheek. Argenta keert geen bonussen aan personeel uit. Bovendien investeren we het grootste deel van de winst steeds opnieuw in de bank. Dat kan omdat Argenta een onafhankelijke bank is, zonder beursnotering. Zo gaat onze aandacht helemaal naar u. En laten we u profiteren van onze gezonde groei. Bij Argenta ontdekt u het voordeel van bankieren met gezond verstand.

Welkom bij een gezonde bank.
Welkom bij Argenta.



Onze principes

Een gezonde bank ARGENTA

1. Ik ben de klant steeds beter kennen als ik contact heb met een bank.
2. Ik streef ervoor in ieder klantcontact, de klant 'on' te maken met Argenta.
3. Ik help de klant en sta hem bij op het moment dat het nodig is.
4. Ik geef onafhankelijke adviseurs de ruimte om de bank te laten spreken.
5. Ik houd mijn werkdag en de klant aan de hand.
6. Ik wil niet meer de maximale winst zien, ik wil de klant helpen.
7. Ik zorg dat de klant zijn of haar zaken eenvoudig kan doen, maar dat de klant het ook veilig kan doen.
8. Ik zorg ervoor dat de klant eenvoudig en veilig kan overgaan naar een andere bank.

Onze waarden

Een gezonde bank ARGENTA

- Puur 1
- Eerlijk 2
- Menselijk 3
- Eenvoudig 4
- Veilig 5
- Gezond 6



A new version of the app was also launched. Customers now have the possibility to increase their daily limits. A link in the app also enables them to find more easily other things like a digital declaration of loss. The app was also used much more intensively in 2016, with 86 % more sessions than in 2015. In 2016 Argenta counted 232,210 users of this app.

Marketing in the Netherlands

The Argenta brand in the Netherlands

Argenta is relatively unknown in the Dutch market, with a spontaneous brand awareness of just 0.8 % (measured in 2015). To increase this, Argenta positioned itself in 2016 as a 'healthy' bank. A proposition in which real customers have their say. Central to the communication is not Argenta, but the benefits it offers to the customer. For all its advertising Argenta emphatically uses real customers, confirming the human and pure character of Argenta.

Argenta's simple mortgage, insurance and savings products contribute to common sense banking. Honesty and transparency are given high priority here. Argenta starts from its own strengths and thinks like the customer thinks. The message is that Argenta manages money well. The safety and

security of honest financial products, that is what it's all about. Argenta wants all the Netherlands to discover the benefits of banking with a healthy bank.

Through the website, Facebook, Twitter and YouTube, the first steps have been taken to introduce the Dutch market to 'a healthy bank'. This includes campaigns around the brand story, the brand values and the eight design principles intended to safeguard these values. These principles are central to the customer service and apply to all levels of the organization.

Customers

Argenta is for families and couples, singles and starters. People who care about correct housing costs, who do not take risks, who use their common sense in making their financial decisions and for everyone who really wants to build something by saving or by investing in their own homes.

People who do not know that much about the financial world, but want to understand what they choose, and who do their banking business through an adviser or online. From starters to refinancing, from young to old, everyone who likes to hold things up to the light so that they know what they are signing for. In other words, healthy banking that offers peace of mind and room to breathe.

5.3.3 Distribution Support Belgium

The three teams in the Distribution Support department together ensure that the branch network continues to meet the needs of Argenta's customers in an ever-changing landscape, taking into account both the commercial challenges and changes in the legal framework. The department works closely here with the Distribution department.

- The 'Premises' team manages and implements the branch location and premises plans, and changes in branch management, portfolios and buildings. The premises negotiators seek new properties and fit out those which we will manage ourselves. They also assist self-employed branch managers with their building projects and promote a uniform Argenta identity in all branches. In addition, the safety coordinator makes sure the branches offer a safe working environment.
- The 'Branch Administration' team provides back-up support to branches throughout their life cycles. This begins with launching a branch correctly, including the drafting and management of related documents like the Commercial Agency Agreement and the FSMA file, and ends only with the termination of the cooperation agreement.
- The 'Branch Performance' team monitors the profitability of the network and the individual branches. In this way management receives an accurate picture of business performance and portfolio composition.

In 2016 the department continued work on process mapping and improvement. More and more processes are now optimised, standardised and documented. Where necessary projects were launched to exploit specific opportunities or solve existing problems.

In summer of 2016, after a period of intensive testing, the new K360 (= Kantoor 360) internal application was brought into use. The application collects key information about the branch network and is centrally available to many stakeholders who can easily access the information relevant to them.

Nor was the department idle in meeting its legal obligations. Insurance and credit brokerage files were updated and/or submitted to the FSMA.

Finally the department's management team, together with all employees, examined the current structure and division of labour. Together they took the preparatory steps to optimise the structure in 2017 throughout the Commercial Organization management team.



5.3.4 Product Management

Product Management plays a leading role in designing and producing the offering of banking and insurance products and services. Argenta is committed to a fair and simple offering that meets the needs of the customer, helps deepen existing customer relationships and attracts new customers, with the customer's interests put first. To this end Product Management develops, monitors and adjusts all products throughout their life cycles. The department is centrally managed at Argenta in Belgium in order to optimise the synergies between the bank and the insurer.

Product Management tracks competition, market trends and legislation and translates their implications for the range of products and related services. Employees also participate actively in advocacy and consultation at sector level. In this way Argenta not only keeps abreast of legislative changes and market trends, but also seeks to be involved as far as possible in setting their directions.

As an expertise centre, Product Management is keen to develop its knowledge of banking and insurance products and services and make this knowledge available to colleagues at head office and the branches.

For Product Management Netherlands a specific policy was also approved and implemented in 2016.

Some achievements in 2016



- The project started in 2015 to improve the Product Approval and Review Process (PARP) was completed, with the approval of the policy. Deployment starts in 2017.
- Under the 'Healthy Investment' banner, the Argenta Longer Life Fund was successfully introduced as a new sub-fund of Argenta-Fund. This sub-fund invests in companies and sectors that address population ageing and is a fine example of thematic investing.
- Besides the two SRI funds based on the 'best in class' principle, the investment policy of the Argenta-Fund Energy and Utilities Sector Stocks was reshaped in 2016 and the fund's name changed to: Argenta-Fund Responsible Utilities.
- Argenta renewed its hospitalization insurance with a greater focus on two-bed instead of single bed rooms. In this way Argenta makes quality medical care affordable for everyone.
- In motor insurance Argenta wants to reward its customers for their long-term relationships and 'no-fault' driving. The longer the customer is insured with us without any at-fault accident, the higher the discount at the next policy renewal.

Emphasis on advice and on the customer's interests

When giving advice, Argenta starts from the customer's needs, taking into account the key moments in his or her life. These advisory discussions go further than product sales and advice.

Accessibility of services

Argenta wants to make financial services accessible to everyone. Product Management strives for a clear and simple palette of quality products at a fair price that meet the needs of customers, individuals and families. The table on the next page shows the number of available free banking products:



Number in thousands

Pillar	Free Banking Infrastructure	Belgium 2014	Belgium 2015	Belgium 2016	Netherlands 2014	Netherlands 2015	Netherlands 2016
Savings and payments	Number of current accounts	1,033	1,071	1,119			Not offered
	Number of savings and term accounts	1,239	1,250	1,271	137	145	149
	Number of debit and credit cards	1,409	1,493	1,539			Not offered
Investing	Number of securities accounts	133	143	150			Not offered

Strengthening of customer investments with social impact

In line with its own long-term vision, Argenta offers its own funds Argenta-Fund and Argenta Fund of Funds, both with a long-term horizon. Argenta has defined several principles for 'Healthy Saving and Investing'. Healthy Investing with Argenta consists of striking the right balance between availability, security and yield. Further information is available on www.gezondbeleggen.be.

Argenta uses a well-defined model to achieve a solid portfolio diversification. In so doing Argenta also performs a screening based on a list of social and environmental exclusion criteria. No investments may be undertaken that are linked to depleted uranium, cluster bombs, land-mines or white phosphorus, breaches of arms embargoes, or violations of environmental, human and labour rights. Additionally Argenta is keen where possible to take social criteria into account: in this way investments relating to gambling and tobacco are excluded from its own funds. In 2016, work was done to further underpin the sustainability policy for investment funds. In 2017 this will be extended to all Argenta funds.

For those funds for which Argenta works with external fund managers (Carmignac Gestion, Degroof Petercam, Edmond de Rothschild Asset Management and GS&P), Argenta has checked which minimum criteria are applied in compiling and tracking them. Additionally, Degroof Petercam, Carmignac Gestion and Edmond de Rothschild Asset Management have also endorsed the UN Principles for Responsible Investment (UNPRI). GS&P has not endorsed this as it invests only in European family enterprises, which are sustainable by their nature.

Healthy investment							
Argenta Spaarbank – Investment funds							
Assets under management, in EUR millions	2014	2015	2016		2014	2015	2016
'Exclusion criteria', before including companies in own funds	444.3	681.1	856.7	'Best in class' approach. Companies meet sustainability criteria	55.3	97.5	139.3
External fund managers screened for application of a sustainability policy	2,040	2,603	3,016.9	'Thematic approach' companies assessed on a specific sustainability theme	22.3	31.8	34.0
Argenta Assuranties – Insurance-based investments							
Assets under management, in EUR millions	2014	2015	2016		2014	2015	2016
'Exclusion criteria', before including companies in own funds	262.4	442.8	463.7	'Best in class' approach. Companies meet sustainability criteria	20.4	55.8	69.9
External fund managers screened for application of a sustainability policy	712.8	1,005.6	1,137.5	'Thematic approach' companies assessed on a specific sustainability theme	9.5	15	15.1

5.4 Finances

5.4.1 Accounting & Reporting

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

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

In recent years all teams have been faced with a flood of new legislation. Various projects are currently running under the WERA (= Legal Reporting) common denominator in order to comply with this.

All other projects at Argenta Group also impact the department because all customer transactions end up being reflected in the accounting figures. For example, the department contributed significantly to the implementation of a new version of the core banking system (Metro project) and to the implementation of a new back and front office in the Netherlands branch.

The department has consequently evolved towards a more project-oriented department for which other skills are also needed. To date, this transition has been very successfully implemented by all the department's employees. Since 2015 there has - in this context - been a separate P&P (Project and Process Team) for Finance, reporting to the CFO, to make sure all projects run smoothly.

In 2016 the commitment of all staff enabled the department to meet the strict reporting deadlines of, inter alia, the Capital Requirement Regulation (CRR) for the Bank Pool and Solvency II for the insurance pool.

In 2016 the implementation path for the IFRS 9 standard was initiated. This IFRS (International Financial Reporting Standard) 9 is intended to replace the current IAS (International Accounting Standards) 39, and relates to the way in which financial instruments have to be measured and recognised on the balance sheet). This standard has to be applied from 1 January 2018 onwards.

As the timeline for IFRS 4 phase 2 (which involves insurance contracts and since 2016 is grouped under IFRS 17) has been further postponed, this was not included in the current IFRS project. IFRS 9 is now fully implemented by the insurer.

With the ECB as an umbrella regulator for the largest European banks, reporting was expanded and also standardised at European level. In 2016, the department was able to meet all additional demands for information, thereby spotlighting the flexibility and determined commitment of all employees.

5.4.2 Financial Management

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

Financial Management closely tracks the evolving capital needs, taking the necessary initiatives to support the rapidly evolving capital requirements. In this way a EUR 500 million issue was placed on the capital market in the course of 2016. Finally, Financial Management provides the information required by investors and by rating agency Standard & Poor's.

FP&A (Financial Planning & Analysis)

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

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



“The excellent results of 2016 and a solvency consistently among the best in Europe confirm Argenta’s financial health. ‘Financial Planning & Analysis’ wants to contribute to this success with strong financial planning”

Koen Van Roie
 Manager Financial Planning & Analysis

Every year the department draws up a business plan with prospects for the coming years in terms of portfolios, results and ratios within a defined strategic and macroeconomic framework. Each month, this plan is compared with the actual figures and any deviations are flagged. Based also on this plan, a detailed budget is prepared for the coming year for each Argenta department. Particular attention is paid here to cost monitoring.

Additionally, FP&A is responsible for information to and communication with investors (investor relations), for analytical support in all kinds of questions, and for preparing various reports, like those for the rating agency or regulator. The department is also involved in preparing the processes for compliance with future legal requirements.

ALM (Asset & Liability Management)

Market Risk and Liquidity Risk Management at Argenta Spaarbank and Argenta Assuranties in Belgium are centrally managed in the first line from the ALM department. The aim is also, from this basis, to pursue optimal capital allocation and remuneration.

- Market risk management consists mainly of managing the pure interest rate risk, assessed on the measured market value and the net interest income sensitivity of modelled cash flows within a spectrum of defined rate shocks.
- Liquidity risk management includes management of the refinancing risk, or the risk that the necessary funding cannot be attracted in a timely fashion and at an appropriate price. It also involves managing the market liquidity risk, i.e. the inability to sell assets within a short period of time and at an appropriate price owing to unfavourable or dislocated market conditions.
- Argenta must at all times comply with the capital ratios and strives for a healthy balance between internal objectives and prudential requirements. This is achieved by meeting at all times at least the regulatory requirements, and by striving to meet the capital requirements for an A- rating from Standard & Poor’s for Argenta Spaarbank. On top of these come self-imposed requirements to be fulfilled within the risk appetite framework.

CRA (Credit Risk Analysis)

The CRA department manages the credit risk of the investment portfolio and non-retail loan portfolio of Argenta and its subsidiaries. It analyses each position of the securities portfolio to determine an internal rating (which is reviewed at least annually). It also follows all movements in the ratings and rating outlook and communicates them as timely market signals. This communication takes place in both the *Asset and Liability Committee* (Alco) and in the dedicated Rating Consultation.

The Credit Risk Policy department monitors and manages the credit risk of loans to individuals. The processes are based on the *Model Management Governance Framework* (MMGF) and on the internal rating approach for the portfolios that invest in banks, corporates, real estate and structured products. A strong emphasis is placed here on the



independent second-line control by Risk and the involvement of Audit and Validation.

For positions in (central, regional and local) government paper, an internal rating model is applied (investment decisions, portfolio monitoring and ICAAP (Internal Capital Adequacy Assessment Process) / ORSA (Own Risk and Solvency Assessment)).

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

5.4.3 Treasury & Investment Management

The Treasury & Investment Management department centralises the non-retail business of both Argenta Spaarbank and Argenta Assuranties. On the one hand the department is responsible for managing its own securities portfolio. This is based on a conservative investment policy and sound diversification with an optimal risk-return balance. On the other hand loans are made to local governments. Argenta wants to play its economically and socially responsible role to the full. The Public Finance team contributes its bit here as a partner for the local and regional sector. From this perspective Public Finance carries out well thought-through investments in the real economy that represent real added value for our society.



Among other things, in 2016, Argenta helped finance the purchase of new fire trucks for Antwerp's largest emergency assistance zone and also the remodelling and renovation of outdated police stations in different police districts. This included funding the renovation of a former convent into the new home base of the Bodukap police zone (Bonheiden, Duffel, Sint-Katelijne-Waver and Putte).



Argenta also invests in social housing, child care facilities and care and nursing homes, all of them socially increasingly relevant sectors. Recently the refinancing of Noord-Zuid-Kempen, the largest mobility project in the Kempen region of north-east Belgium, was successfully completed.

“The use of financial assets to finance local and sustainable projects is an important task.”

Ben Spans
Director Treasury & Investment Management



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

Argenta's role in the economy	2014	2015	2016
Household savings and insurance contracts (*)			
in EUR millions	33,626	34,303	36,162
as % of total equity	86 %	86 %	85 %
Loans to customers, mainly families			
in EUR millions	23,754	24,872	27,132
as % of savings from families	71 %	73 %	75 %
in % of total Argenta assets	61 %	63 %	64 %
Reinvestment in Belgian government bonds (**)			
in EUR millions	4,155	3,696	3,466
as % of savings from families	12 %	11 %	10 %
in % of total Argenta assets	11 %	9 %	8 %
Reinvestment in non-Belgian government bonds			
in EUR millions	2,429	2,216	2,008
as % of savings from families	7 %	6 %	6 %
in % of total Argenta assets	6 %	6 %	5 %

(*) This amount is the collected funds excluding bank fee products and branch 23 products. These monies are invested not by Argenta but by the fund.

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



Argenta is keen, as a banker and insurer of private customers in Belgium and the Netherlands, to sustainably support and stimulate the real economy. Argenta collects funds from families with surplus savings via current accounts, traditional savings accounts, pension savings and insurance, and lends these out to families with temporary cash shortfalls or investment plans. In this way, 75 % of the savings from households was channelled back into loans to households.

Savings and insurance contracts are reinvested primarily in loans that meet primary family needs (housing and, to a lesser extent, mobility). The loan amounts per family are limited and housing loans are covered by mortgage guarantees. This has the effect of mitigating the overall credit risk. The above table quantifies Argenta's role in the economy.

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

From an ethical perspective, the exclusion list of the Norwegian state fund is used when purchasing debt from new issuers. Also excluded are investments in companies that are involved in the production of, among others, cluster munitions, nuclear weapons or energy from coal. By linking Argenta's investment decisions to these widely used and internationally recognised guidelines, Argenta expects to have a greater impact than by defining a specific Argenta policy.

5.5 Information and Communication Technology

In 2016, the ICT organization was strengthened, especially for risk management and architecture. This brought the internal control maturity score up to target. The ICT organization was expanded with an ICT Enterprise Architecture component focusing on Argenta-wide blueprints, a corporate information model and life cycle management. Further work was done on managing and reducing risks in the fields of business continuity, disaster recovery, deploy management, security and life cycle management. In this way, all end-of-life Windows servers were replaced and a leading edge security management service introduced to forestall potential cyber-attacks.

At the start of 2016 the branches were equipped with new ICT infrastructure. This marked the culmination of a series of projects to improve the support available to our branches. It also resulted in a significant increase in satisfaction.

At the end of 2016, Argenta's internet banking application and website were further updated. The first steps towards Sopra Banking, an updated basic platform for transactions, were accomplished successfully and a detailed completion roadmap was produced.

Other achievements include the further development of the branch data in K360, connecting Argenta Nederland directly to our bookkeeping application, deployment of a new application to prevent money laundering, and the updating of the Kiosk application (credit applications from branches).

Also the foundation was laid in the Esperanto data management programme with a project on the data provision layer for data exchange.

ICT supported financial management in preparing the numerous statutory reports including Solvency II, the deposit guarantee scheme, FATCA and the upgrade of the Risk Pro application.

To maximise the quantity of system changes that are put into production in a qualitative way, the foundations were laid for an optimised transition process, with a focus on speed and quality. Among other things we invested here in our test capabilities and in the automation of this process.

The first steps were taken towards widespread digitalisation. This too will be an increasing point of attention in the future. In this context, cooperation between the operational back office and ICT in developing new software applications and effective process management are more important than ever. The further digitization of Argenta is also one of the key strategic directions for the coming years.

Following the annual employee opinion survey (MOO) in late 2016, workshops were organised in various ICT departments, in which teams looked together at the results of the satisfaction survey. This resulted in certain ICT-specific initiatives. Like last year, this will result in a significant improvement in both the satisfaction and commitment of the ICT staff.



“With Esperanto, Argenta is taking its first steps to becoming a data-driven organization.”

Johan Dierckx

Director Corporate and Supporting ICT

6. Description of Argenta Spaarbank's activities

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

6.1 Banking, Savings and Investing

6.1.1 Daily Banking and Savings Belgium

While personal advice is still highly appreciated in the branches, there is a clear demand from our customers increasingly to manage their financial affairs themselves.



Argenta wants to get ready for the future. With the improvements to internet banking and our app, customers can now partially manage their payment cards themselves and their bank statements are now available electronically. This also responds to the demands of society to work more sustainably.

The number of current accounts again increased steadily in 2016, as in previous years (+ 4.5 %).

More than ever, the current account is an important way to introduce customers to Argenta. It often marks the start of a long-term relationship of the type that Argenta seeks with each of its customers.

The savings trend observed in 2015 continued in 2016. The Belgian savings ratio increased slightly to approximately 12.6 % of disposable income, while individuals' disposable income also increased. Liquid deposits maintained their important place in the composition of individuals' financial assets. Interest rates continued to decline owing to the low market interest rates, with the short-term interbank rate falling in 2016 further into negative territory. The long-term interest rate continued its downward trend in the first half under the influence of macroeconomic developments and the extensive quantitative easing in the Eurozone. In the fourth quarter, long-term rates showed a limited increase under the influence of rising inflation.

The very small interest rate difference between current accounts and savings accounts caused the average balance on current accounts to rise substantially.

With long-term interest rates low, fixed-term products had only limited appeal in 2016. As the portfolio had already fallen sharply in recent years, the volume of term products remained stable in 2016.

At the end of 2016, the (non-regulated) savings account (*Spaarrekening*) was transformed into a 'Plus account' (*Plusrekening*). This modification of the product range has its source in the drive for simplification.

6.1.2 Savings Netherlands

Since late 2015, savings products are available at Argenta Netherlands exclusively online. It is no longer possible to become a customer through an advisor.

In 2016, this policy was extended to the portfolio. The limited number of commercial savings accounts have been closed and the Mortgage Benefit savings product is (temporarily) no longer available.

In addition, a completely new IT platform came into operation in mid-September. The administration system for savings has been updated, and a customer information system has been brought into operation, along with a new reporting and marketing tool. The migration was carried out with the necessary care and the implementation was successful.

In total, 7,574 new savings customers were attracted and 8,160 new savings accounts opened. Both new and existing customers together accounted in 2016 for a EUR 85 million. The result is a total of EUR 2.43 billion of funds raised.

Argenta Netherlands maintains its growth targets for savings. The new automation has brought a serious increase in customer satisfaction and NPS.

6.1.3 Investing Belgium

The portfolio of units of Undertakings for Collective Investment (UCI), placed on behalf of customers, grew in 2016 by EUR 661 million, or 20 %, to a total of EUR 4.04 billion.

Among the most successful UCIs are the Argenta pension funds. These owe their success to the excellent returns over the long term and good attention to them in the distribution network. In 2016, both the dynamic and defensive pension savings fund recorded strong, positive results.

In 2016 pension savings again grew, with 167,600 customers paying in a total of EUR 104 million. These are 20,000 customers more than the year before (147,600 in 2015 for a total of EUR 92 million). With pension saving insurance the deposits are higher than last year, ie 19.4 instead of 18.7 million euros. About 1 out of 7 of incoming funds came from people under 30, both for pension saving and for pension insurance. This figure is in line with previous years.

Argenta Fund SICAV, an EU-harmonised Undertaking for Collective Investment with a variable number of shares under the Luxembourg laws, seeks to provide investors with attractive returns by investing in a selection of securities, in line with the customer's stated risk profile.

Eleven Argenta-Fund sub-funds invest solely in equities, partly via funds, spread across different countries, regions and sectors. In addition, the Argenta Fund SICAV has one bond sub-fund and three mixed sub-funds.

Four of these sub-funds have sustainability mandates. In addition to the two mixed sub-funds and the bond sub-fund, already managed under sustainability mandates, the Argenta-Fund Energy and Utilities Sector-Equities sub-fund was converted into Argenta-Fund Responsible Utilities, a sustainable equities sub-fund.



Alongside these, in July 2016, Argenta Fund Longer Life was established. This new mixed sub-fund, with a focus on the theme of ageing, is a success: by the end of 2016, customers had subscribed over EUR 90 million in the new fund.

Argenta Fund of Funds sicav is a fund of funds that invests primarily in units of other UCIs. Via Argenta Fund of Funds Argenta offers investors the opportunity to invest in a simple and transparent way according to their investment profiles. The fund today has highly defensive, defensive, neutral, and dynamic sub-funds. By investing in one of these sub-funds, the investor achieves a healthy distribution over various asset categories.

Argenta Fund sicav and Argenta Fund of Funds sicav are funds managed directly by Argenta. Both are managed by Argenta Asset Management. At end-December 2016, the total amount under management was EUR 1.7 billion (+ 20 %).

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

Argenta Spaarbank also distributes structured bonds issued by Securasset SA. In June 2015, the Company decided to place a temporary step on selling structured bonds, as low market interest rates made it impossible to develop attractive structured products. This situation continued in 2016. On 31 December 2016, the total portfolio of structured notes still amounted to EUR 506 million.

6.2 Lending

6.2.1 Lending Belgium

Production

2016 was characterised by a third refinancing wave in the same number of years. The main cause is the further decline in interest rates during the first nine months of 2016. Internal refinancing counted for no less than 25 % of total production, or EUR 930 million (2015: EUR 920 million).

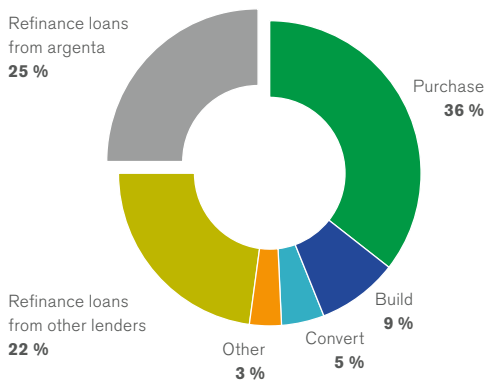
In addition, the new production was in 2016 was EUR 2.72 billion. In this way, 2015 closed with total mortgage financing of EUR 3.65 billion, significantly more than the EUR 1.9 billion in 2014 and 2.8 billion in 2015.

The mortgage loans portfolio grew faster than the market. Growth at Argenta was 13 % compared with a market growth rate of 5 %. Argenta in Belgium produced a total of EUR 3.65 billion in new mortgages. In this way the portfolio grew by EUR 1.17 billion to EUR 10.4 billion at 31 December 2016.

Of this credit production, 22 % came from customers transferring their home loans from another financial institution to Argenta.

The chart below shows the distribution among the different credit destinations.

In 2016 customers borrowed to



Production of instalment loans amounted in 2016 to around EUR 46 million compared to 35 million in 2015 (+ 32 %).

It remains Argenta's strategy to focus primarily on credit activities that meet customers' basic financial needs, that is especially mortgage loans and, to a limited extent, instalment loans.

Projects

On 14 April 2016 the new European Mortgage Credit Directive was transposed into Belgian law with an effective date of 1 December 2016. This date was later postponed to 1 April 2017. From that date, customers receiving a credit offer from a financial institution in Belgium will be given a European standard form containing all relevant information relating to the credit, including an effective annual interest rate. Implementation of these legal requirements was a major project in the credit area.

Another major project in 2016 was the first phase of the implementation and rollout of a Straight-Through Processing (STP) application for the registration and processing of loan applications through the branch network. With the rollout of Kiosk (new credit application procedure), loan applications will now be approved faster.

6.2.2 Lending Argenta Netherlands Branch Office

Argenta Spaarbank has also been providing mortgages in the Netherlands since 1997. Since 2003 it has done so through a local branch office. The Argenta Mortgage is offered in the Netherlands through more than 750 independent consultants of De Hypothekers Associatie, De Hypotheekshop, Huis & Hypotheek, Van Bruggen Adviesgroep, DAK, Welke Financiële Diensten, VCN United Capital and Huismerk.

In 2015, consultants' Net Promoter Scores were measured for the first time. Consultants were asked how likely they were to recommend Argenta to customers. This resulted in an NPS score of + 24.8. This very strong score, combined with the improvement suggestions received, formed the basis for further improvement initiatives in 2016. The new NPS figures will follow in February 2017.

In 2016 Argenta Netherlands produced EUR 2.4 billion of new mortgage business, with a redemption of EUR 1.2 billion, giving a net increase of EUR 1.1 million over the year. This result was achieved by a stable interest rate policy, product adjustments, expanding the distribution network, adding longer fixed-rate periods and optimizing the middle office.

The housing market has moved upwards in 2016. Despite this, the Dutch market also has the necessary new entrants. Furthermore, the development of digitization of advice, as far as and including the execution-only sale of mortgages, is here to stay.



7. Description of Argenta Assuranties' activities

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

7.1 Insurance

In the Assuralia ranking of insurers, Argenta comes in eleventh place in Belgium in terms of premium income. For life insurance Argenta Assuranties comes in Belgium in eighth place.

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

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

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

7.1.1 Life Insurance Belgium

In 2016 the portfolio continued to grow. Despite the low interest rate environment, new production of around EUR 237 million was achieved in branch 21. Like last year, the Argenta Life Plan is the driver behind this production. EUR 224 million of branch 23 insurance was produced in 2016.

Production in life insurance is the result of Argenta's 'Healthy Investment' strategy, with a constant watch to maintain a diversified portfolio tailored to customer needs. Life insurance policies are an

important component of customers' portfolios, because they often respond to their specific needs. They are therefore an essential part of advisory discussions on asset transfer and succession planning. Our branch managers and specialists situate these contracts in an increasingly broad-based advisory discussion.

Death cover (outstanding balance insurance), usually related to the sale of credit products by Argenta Spaarbank, grew by 9 %.

Profit sharing

For 2016, Argenta Assuranties will grant profit sharing for Argenta Life Plan, Argenta-Flexx, Life Plus and Youth Savings Plan giving global gross returns of at least 2.00 %, with the exception of additional payments for Capital Plus.

For guaranteed interest rates of 2 % or higher, the overall gross yield for 2016 across all products is equal to the guaranteed interest rate. For these guaranteed interest rates there is therefore no profit sharing.

7.1.2 Casualty, property and health insurance

The portfolio of casualty, property and health insurance grew steadily. Premium income amounted to EUR 128.1 million. By the end of 2016 the total number of car insurance policies had increased by 3.79 % to 126,418. Penetration of our car insurance policies in the Argenta customer base is rather low.

The fire and family policies continued to grow. This is mainly due to the strong growth of the combined Insured Dwelling plus ("Verzekerd Wonen plus") policy. This policy combines the 'Family Protection' policy with the 'Dwelling plus' fire insurance. By the end of 2016 the total number of family policies had increased by 9.12 % to 107,365. Also, the total number of fire policies (162 860) showed an increase (+ 8.9 %). Despite strong growth, it remains true here that Argenta's penetration of family and fire insurance is rather low.

Argenta is a major provider of individual hospitalization insurance. Today it offers this only on a shared room basis (MPK). In 2016, the Argenta Care group policy was successfully converted into Argenta Cares 2 (shared room), and Aras Care (single room).

Claims per policy were at the same level in 2016 as in 2015. 2016, however, was negatively impacted by the harsh weather of late May and June 2016.

For claims settlement, Argenta collaborates with Van Ameyde Group, a specialised service. Since mid-2015, Van Ameyde has also handled all legal assistance claims. In handling an insurance claim the branch manager plays an important role. He is the first point of contact for our customer and guides him in the process. To fully deploy this role, Argenta launched a training programme in claims handling in the three main branches, namely Fire, Auto and Legal.

Together with Van Ameyde, Argenta is seeking to further optimise claims processing for its customers. In this way, at the end of 2015, a partnership was started with DEKRA for complex fire claims or casualty claims, the size and nature of which require on-site expertise. DEKRA ensures, inter alia, that the expertise assignments are always performed by a certified expert with sufficient knowledge and empathy. In this way DEKRA is (co-) responsible in the service chain for providing a 'quick' and 'quality' expert assessment.

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

The first results in 2016 are promising. Thus, the average processing time decreased by 50 %, and 70 % of our customers said that they were satisfied to very satisfied with the loss assessment.

Innovation

On 14 March 2016, Argenta launched its 'Veilig Onderweg' app. This important innovation blocks social media, e-mail programs and chat programs like Facebook, Twitter and WhatsApp while driving. In so doing we want to help traffic safety in Belgium. This app drew considerable media attention.



7.1.3 Life Insurance Netherlands

Argenta-Life Nederland entered the Dutch market in 2005 with savings insurance, uniquely linked to the Argenta mortgage loans offered by the Netherlands Branch.

Since 2013, endowment mortgages have been discouraged tax-wise, in favour of linear and annuity mortgages. In reaction to this, Argenta-Life Nederland made its mortgage protection life insurance more competitive with a view to a high cross-sell with mortgages.

In 2015, a strategic and tactical reflection process was launched, leading in 2016 to the necessary conclusions and consequent action plans. Meanwhile, the company is working hard on a new administration system, with a merger planned with the parent company Argenta Assurantie, whereupon the independent Dutch licence will be returned and a branch set up. These measures will reduce costs, the operations will be better supported by the system and the service to our customers adequately safeguarded in the future.

Premium income amounted in 2016 to EUR 50.7 million. On 31 December 2016 the company had a market capitalization of EUR 344 million. This is an increase of just under 10 % compared with 31 December 2015.



7.2 Actuarial department and actuarial function

7.2.1 Actuarial department

The Actuarial department is responsible as a second-line department for watching over the profitability and solvency of Argenta Assuranties and providing analyses and recommendations on value and income stability, liabilities quality, capital management, reinsurance and profit sharing. Additionally, the department manages the various actuarial models, including those for Solvency II, on which it also reports to be the regulator, the auditor and the Actuarial Function.

The Actuarial department also provides actuarial assistance to various departments. These include Product Management for product development, the Insurance operational department for monitoring technical provisions and risk tracking of the Car and Fire portfolios, and the Financial Management department for preparing the business plan.

7.2.2 Actuarial Function

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

The aim is to assist management in pursuing the pre-set objectives. The advice and recommendations are intended to give effective management the necessary tools for bearing their full responsibility for leading the company.

At Argenta, the Actuarial Function is outsourced to the firm Everaert Actuaries. Needless to say, Everaert Actuaries is able to perform its functions in full independence and objectivity. Independence is also ensured functionally by the fact that the Actuarial Function is able to report directly to the Argenta Assuranties and Argenta-Life Nederland Boards of Directors.



“With their analyses and models, the Actuarial department experts provide other departments and management with insights into Argenta Assuranties’ state of health.”

Sabine Lorimier

Director, Actuarial Department



8. The macro-economic and financial environment

8.1 General macro-economic and financial environment

The past year was characterised by profound uncertainty about political developments and unclear economic prospects. This translated initially into particularly unsettled financial markets, increasing the flight to quality and in so doing decreasing the interest rate on government bonds from core Eurozone countries. This movement gained further momentum as the ECB stepped up its pressure on European bond markets and implemented its quantitative easing programme with increasing determination.

Already on the first trading day of the year, Chinese technology stocks nose-dived, setting the tone for the year ahead. Although this development reflected much more a purely technical intervention in the stock market regulation, it was wrongly associated with an increased risk of a dramatic decline in the Chinese economy, with local losses immediately rippling out to export-sensitive European markets.

The Chinese economic model, which in the recent past has been largely geared to bulk production at very cheap conditions, threatened to reach its limits within the foreseeable future, given the expected shrinkage of the labour force, and needed to be properly cooled.

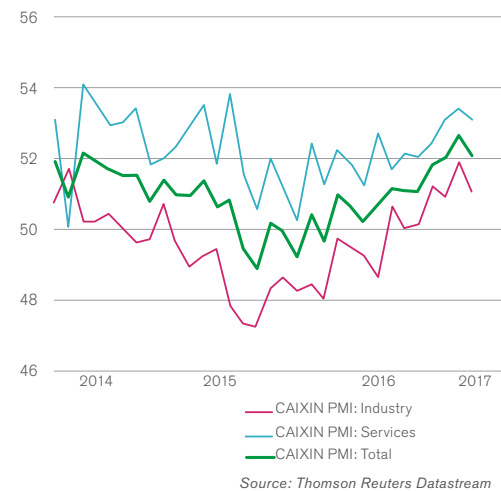
At the start of January 2016, however, Chinese manufacturing figures had already begun an undeniable upward movement that would eventually bring it back to the projected growth rate, at a sustainable level consistent with future demographic trends in China.

The growing understanding of this brought China's stock markets back to profit over time, once it had also become clear that, with the gradual downward realignment of the yuan against the US dollar, the Chinese economy had regained its competitive clout, and had returned to an upward path, moreover pulling an important group of emerging Asian countries in its wake.



Stefan Duchateau
advisor to the Executive Committee

Evolution of Caixin economic report on China's economy

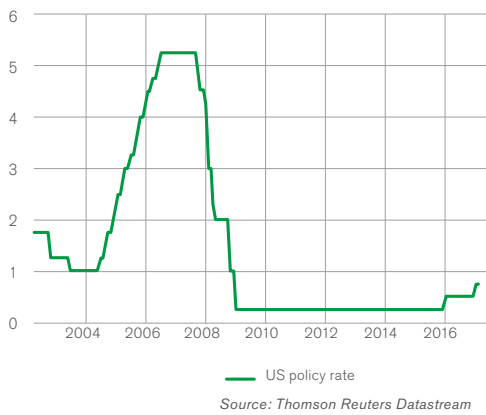


The stock market declines at the beginning of the year, however, quickly spread out from China to Europe, but gained further momentum in the US after the financial markets reacted with horror to the first wage inflation figures published in January 2016. This development revived (wrongly) negative memories of the policy rate hikes in 2004 and 2005, when the US Central Bank raised its official rate 17 consecutive times until finally halting the upward wage spiral, but with the unintended side effect of causing the US housing market to collapse and in so doing setting in train the profound economic and financial crisis of 2007/2008.

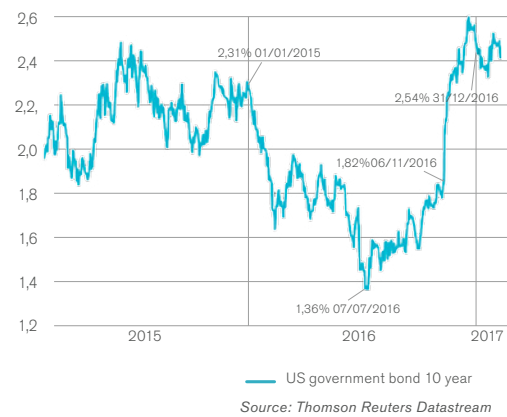


A small increase in the risk of the recurrence of such a scenario was enough to send shock waves through the stock exchanges and hence again to reduce the long-term interest rate as investors fled to safe-looking investments like government bonds.

Evolution of the US policy rate

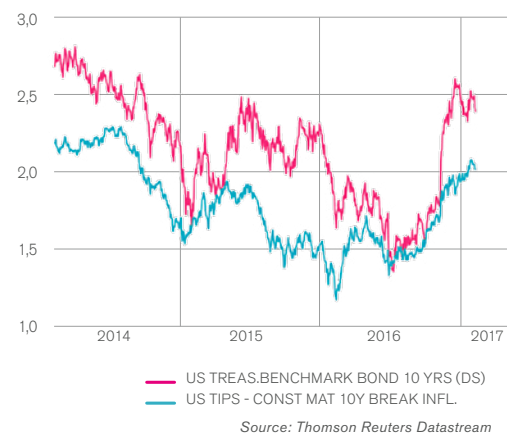


US government bond 10-year interest rate



This greatly improving economic outlook for US industry from October onwards, due among other things to rising commodity prices and confidence in the economic recovery of the Chinese growth engine, translated quite quickly into an upward interest rate movement, bringing the long-term US rate back towards expected inflation, which had meanwhile rebounded with energy prices and the underlying economic conditions.

US 10 year government bond rate and expected inflation



Fears of a rerun of such a scenario sent world stock markets to substantially lower levels. But within a few months this proved totally unfounded, as wage inflation had sufficiently cooled of its own accord. The path marked out by the Federal Reserve, based on very gradual and modest increases in the policy rate was now generally accepted, allowing the necessary calm to return to the equity markets. This and the improved operating performances resulted in a long and sustained stock market climb that took equity indices to record levels by year-end.

Interest rates on government bonds continued to be very hesitant in the first half of the year towards the prospect of a substantial economic revival, strengthened by the observation that the initial recovery in several global economic indicators during the first few months had already been swept away by mid-2016 and that these indicators had sunk back to levels that pointed rather to a slowing than an acceleration of economic growth.

Only in autumn did most US economic indicators say goodbye to the relatively low levels where they had remained in the first months of 2016. Manufacturing indicators in particular began to point to a gradual but vigorous recovery that was becoming stronger by the month, also setting in motion an upward movement in interest rates on 10-year government bonds, which mid-way through 2016 had reached a historic low of 1.36 %.

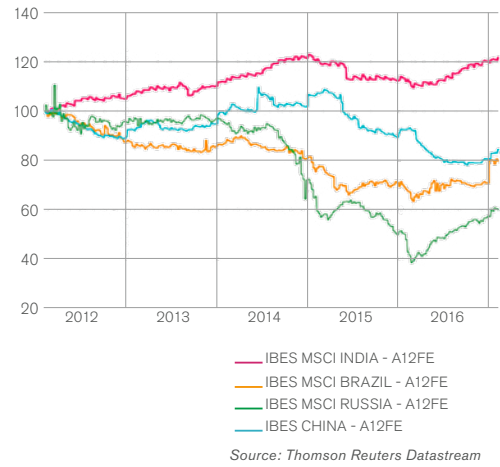
Long-term US rates rose 40 basis points from the relative low of July up until the US presidential election and then by another 60 basis points, following the publication of several upwards-pointing economic indicators and the anticipation of increased government spending, including for the promised infrastructure work.

The US manufacturing component started a robust recovery in the second half, with growth rates close to those of the services sector, which have been strong for several years now. All this leads us to expect the US economy to experience a phase of broad-based growth during the first months of 2017, with a significant upward correction of US economic forecasts. Inflation expectations remain meanwhile within an acceptable zone that requires no specific policy interventions, except for the very gradual path, as was initially intended by the central bank, with two further increases in the US policy rate.

This will lead to a steeper rate curve since the long-term interest has an emphatic motivation for further increases. Given the moderate development of the inflation indicators, a major portion of the upward path of US interest rates would seem to have already taken place.

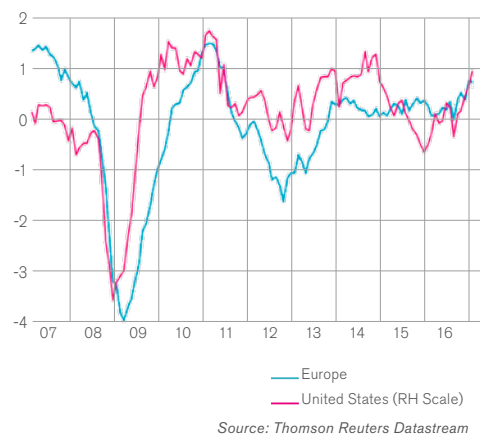
Inspired also by the Chinese and American manufacturing recoveries in the second half, commodity prices began to climb, in the second half, out of the heavily depressed levels where they were still in the first half of 2016. The ultimate signal for this was provided by the sharp upturn of the American ISM manufacturing data released in early November, following successive Caixin economic reports from China pointing unambiguously to a further industrial recovery of the red giant. The recovery in commodity prices again offers opportunities to certain emerging countries such as Brazil and Russia, whose stagnating economies will now receive a major boost. Expected operating results in the BRIC countries have shown a clear trend break following years of decline, in Russia and Brazil primarily because of the shifts in commodity markets. In China and India, internal economic forces look to be sufficient to push industrial activity to a higher level of profitability.

Development of expected business results in the BRIC countries



The improvement in economic expectations was not limited to the US and China, but was definitely echoed in the Eurozone. The economic sentiment indicator in the Eurozone is running only a little lower than its US and Chinese counterparts, pointing to the fact that economic growth is beginning to prevail in Europe after a very difficult fight, despite the imposed public savings in several Member States and the now much stricter capital ratios in the banking sector that are acting as a brake on lending and thereby weakening the ECB's monetary stimulus.

Evolution of forecast industrial activity in the US and the Eurozone



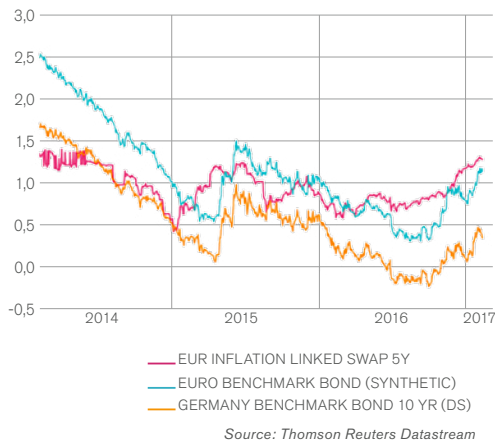
The relatively weak economic data from the Eurozone in the first half of 2016, coupled with low inflation, the ECB's massive quantitative easing programme and the still very modest growth rate of loans to individuals and businesses, pushed the LT interest rate on government bonds to an all-time low, with 10-year German bunds producing negative



nominal yields continuously between June and October 2016, and with the average real rate on European government bonds lingering in negative regions during the same period.

With the sudden direction change of the economic parameters and especially after the sharp upward movement in inflation expectations (calculated back as break-even inflation from inflation-linked bonds) from November 2016, these returns spurted to higher levels, but without reaching the level of positive real returns. In the recent past, the ECB's policy on long-term rates was mainly aimed at steering the inflation indicators away from a deflationary expectation pattern. Since the monetary authorities have largely succeeded in this with an expected inflation rate of 1.5 %, it may be assumed that the quantitative easing programme will not be extended further. European bond markets will doubtlessly anticipate this with slight rate increases but, given similar US experience here, we can assume that the ECB will be able to use a similar tapering in order to protect these markets from abrupt changes in its monetary policy.

German 10 year rate, average Eurozone 10-year rate and expected inflation in the Eurozone



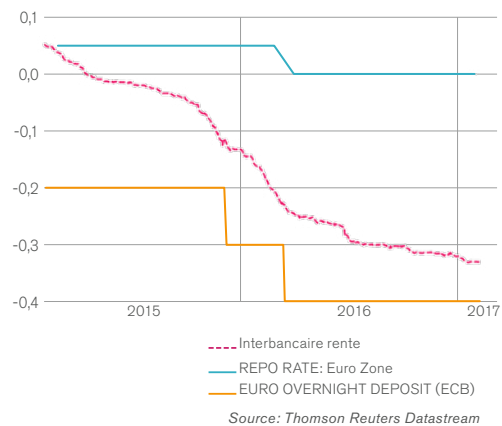
The financial markets have already partially anticipated this, but with real yields of most Eurozone Member States still negative, a further rise in interest rates on long-term government bonds should not be excluded. However, given the rather moderate nature of the increases in inflation indicators and the abundant liquidity in the markets, the dominant expectation is that such interest rate increases are likely to be somewhat limited in the future.

The recent interest rate rises recorded in the Eurozone in autumn 2016 differed considerably from one Member State to another. The benchmark

interest rate for government bonds with residual 10-year terms rose between the beginning of October and the end of the year by 30 basis points in Germany, Netherlands and Finland, while rates in Belgium, Spain and Ireland increased by 40 basis points. With the uncertainty about the results of the upcoming elections, interest rates in Italy and France rose by more than 50 basis points. In the first case, this uncertainty is further exacerbated by the weakened profitability of the Italian banking sector, which is greatly hampering the development of capital buffers at the level of the proposed banking standards. The French position is further gradually undermined by the persistent and increasing current account deficit, unlike the other Eurozone Member States which can show (albeit sometimes limited) positive balances.

The ECB short-term policy rates will have to remain low for the foreseeable future. The deposit rate remains negative, with the consequence that European interbank rates will remain negative in order to motivate financial institutions to use their cash positions for lending and so provide adequate and accessible funding to European companies.

Policy rates in the Eurozone: deposit rate, repo rate and 3-month interbank rate



The objectives for the growth rates of loans to companies and individuals have not yet been reached. This is partly due to imposed savings by various governments in order to avert a new debt crisis in the Eurozone, and in part to the imposed capital increases in the banking sector in order to provide the European financial system with adequate risk buffers. The ECB can, however, draw courage from the recent growth of various forms of credit. This demonstrates that the imposed monetary policy is indeed effective but must be sustained for a longer period.

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

2016 started relatively weak with low inflation at the beginning of the year, but with a sudden trend change and the prospect of a gradual but decisive recovery in the autumn.

In this context, Argenta Spaarbank and Argenta Assuranties can again publish good results.

8.2.1 Impact on Argenta Spaarbank

The extremely low interest rates and cheap financing produced a general increase in credit demand. At Argenta too, mortgage production was high, both in Belgium and the Netherlands. A significant part of this business consisted, however, of refinancing existing mortgages at lower interest rates.

The proprietary investment portfolio continues to decline with the focus on (mortgage) lending. Argenta maintains as always a cautious investment policy. The diversification into loans to local authorities and into real estate was in the meantime further developed and implemented.

The balances on customers' current and savings accounts continued to grow strongly. Despite low interest rates the portfolio of term products also remained stable.

The Investment pillar also grew further.

All this leads to the following general observations:

- Reported profit remains healthy;
- Argenta Spaarbank's return on equity is very favourable;
- With the adding of a large part of the profit of the year to reserves, equity continues to rise, and with it the capital ratios;
- The liquidity buffers remain comfortable.

8.2.2 Impact on Argenta Assuranties

With low interest rates making term saving less attractive, premium income from life insurance fell further. The portfolio of branch 21 products maintained, however, a limited growth. In branch 23 products, this growth was even more pronounced.

In order to guarantee future benefits, Argenta Assuranties reinvests a portion of the collected premiums. These reinvestments take place primarily in fixed income securities and (mortgage) loans.

Argenta's Insurance Pool again posted an attractive net profit. The delta compared to last year is substantially the result of a reversal of a part of the ageing reserve.

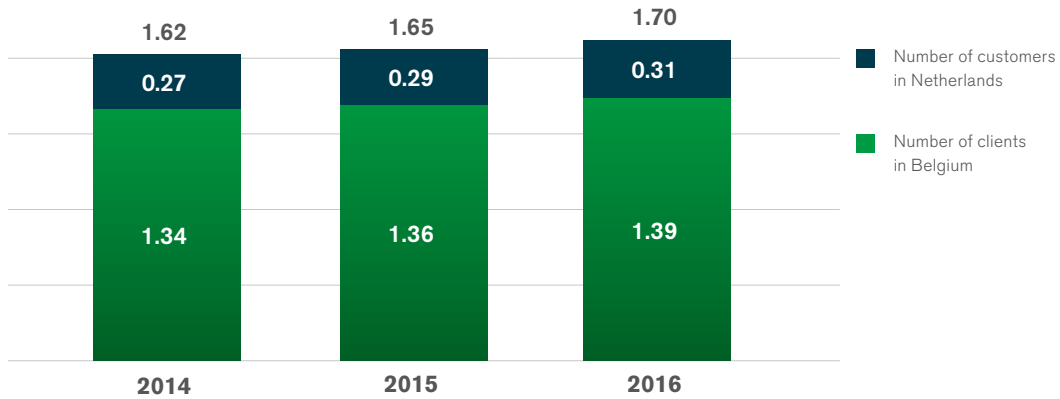
Argenta Assuranties's return on equity is very favourable. Retaining this profit in equity further strengthens its position. A profit-sharing was granted to policyholders.

Argenta Assuranties easily meets all solvency requirements. The switch to the new Solvency II solvency framework, including a comprehensive ORSA (*Own Risk Solvency Assessment*) and FLAOR (*Forward looking Assessment of Own Risks*), was successfully completed.

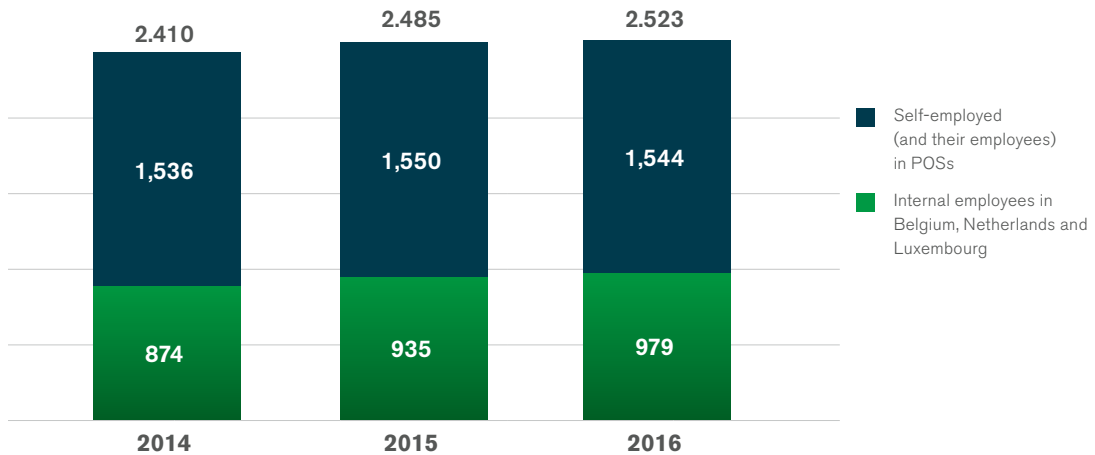


9. Argenta key figures

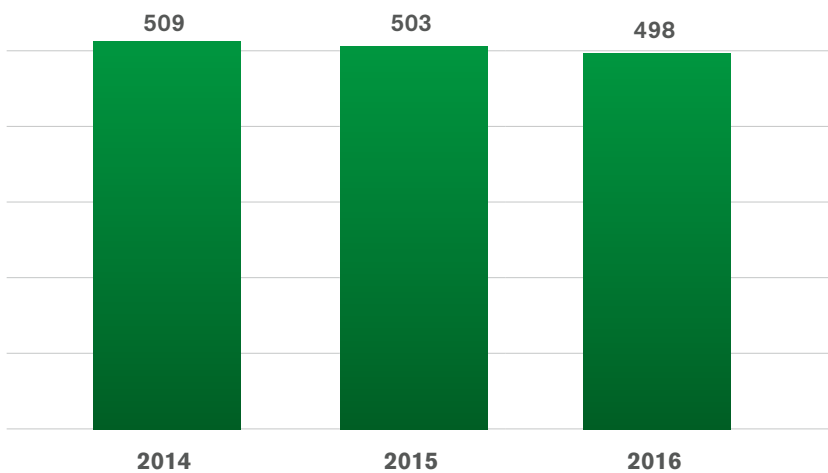
Number of customers (in millions)



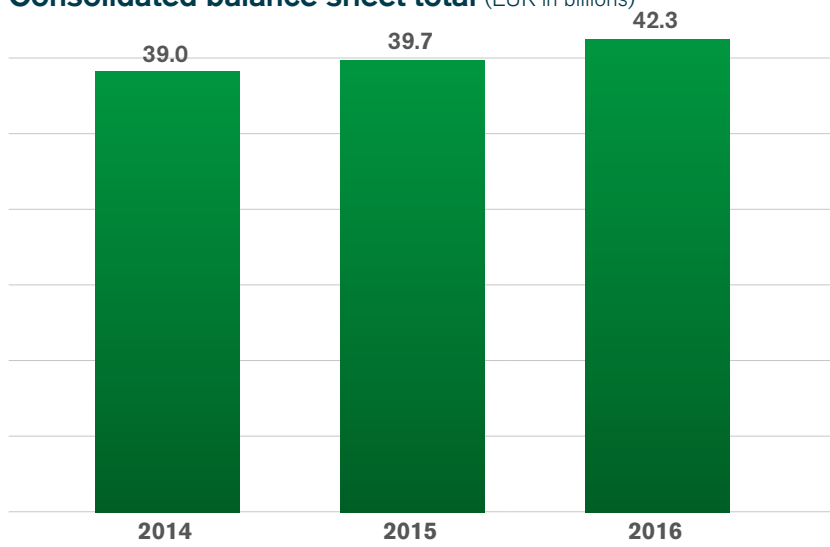
Employees



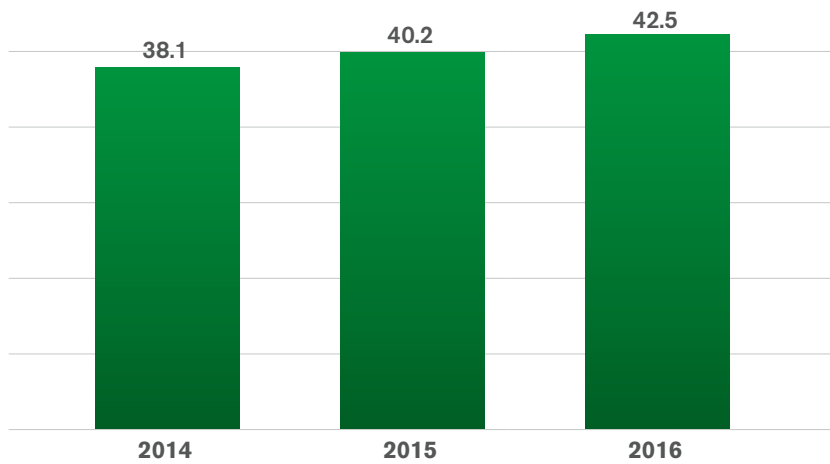
Number of points of sale in Belgium



Consolidated balance sheet total (EUR in billions)

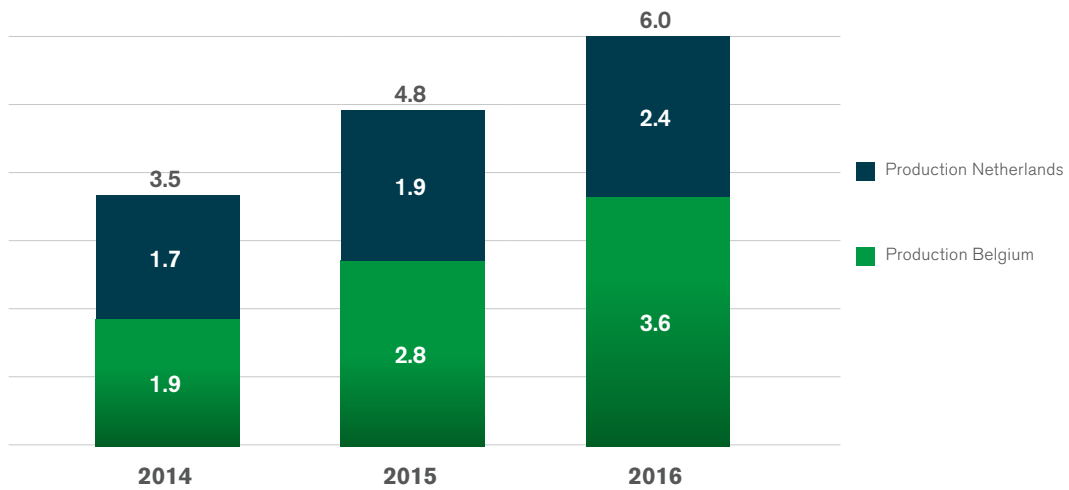


Funds collected from the public (EUR in billions)



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

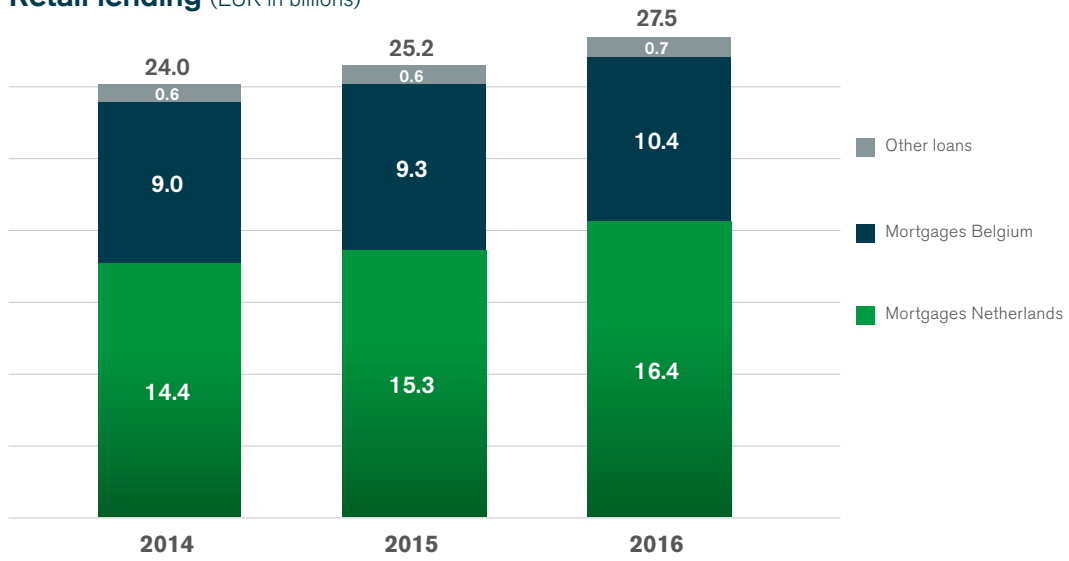
Mortgage production (EUR in billions)



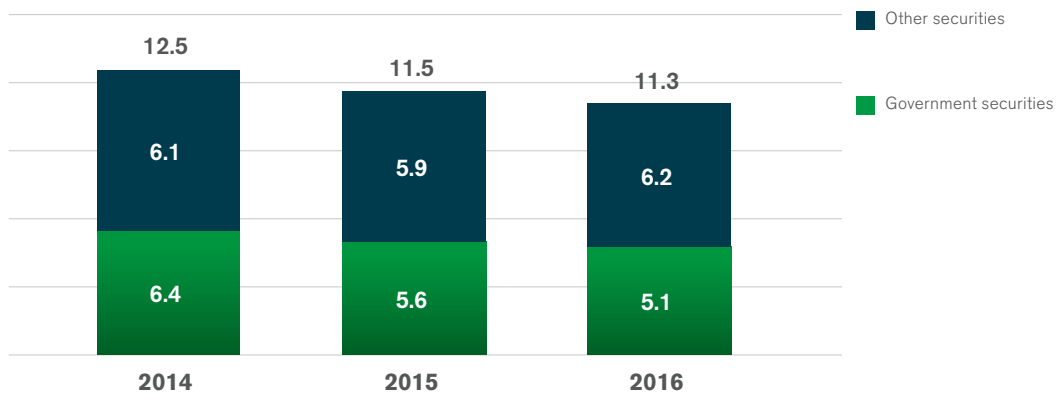
Concerns production, internal refinancing included.



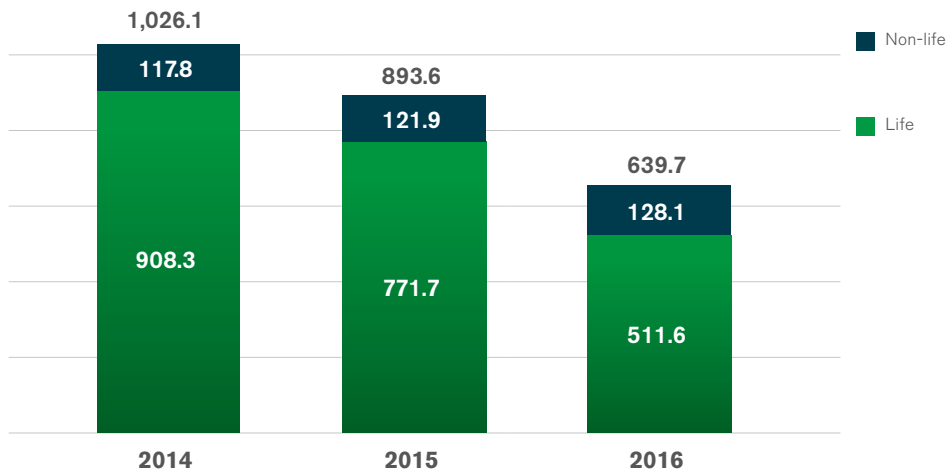
Retail lending (EUR in billions)



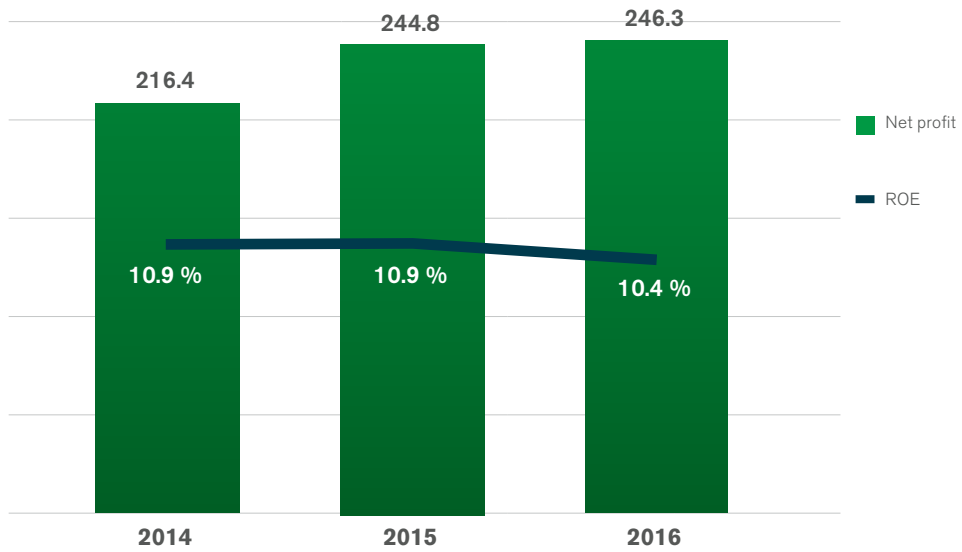
Bonds and other fixed-income securities in investment portfolio (EUR in billions)



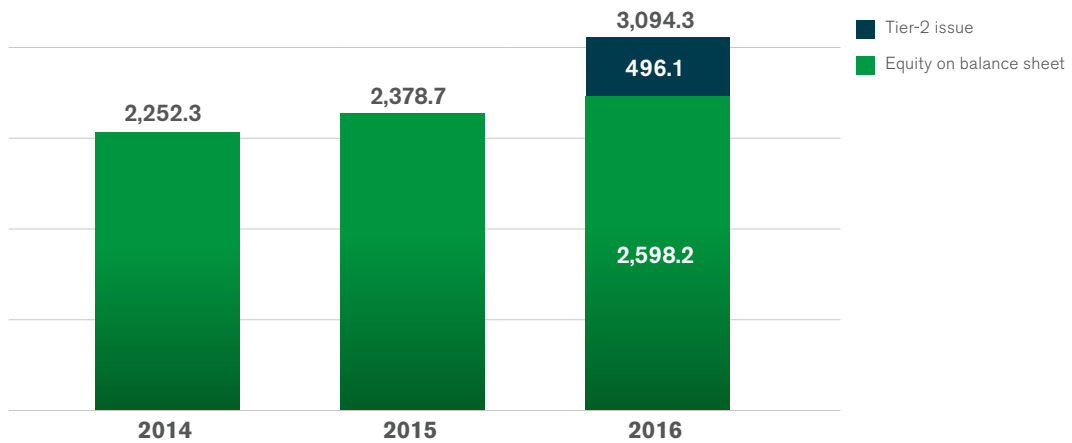
Insurance premium income (EUR in millions)



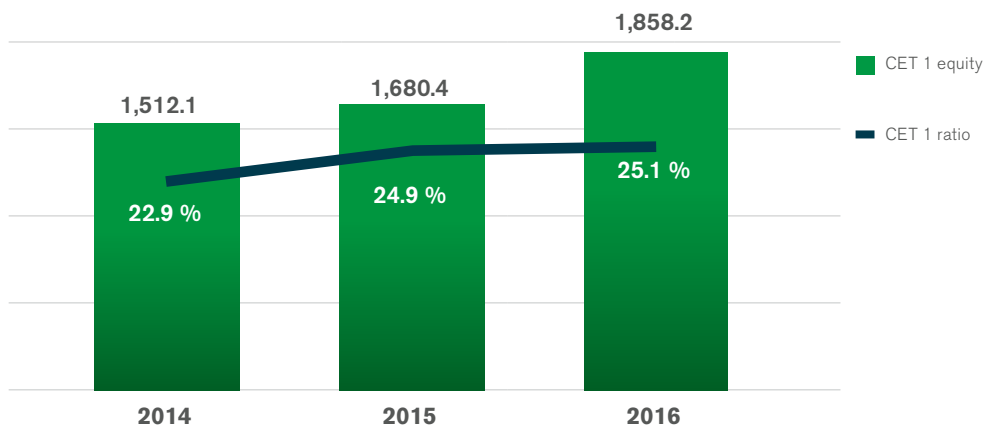
Net profit and ROE (EUR in millions and %)



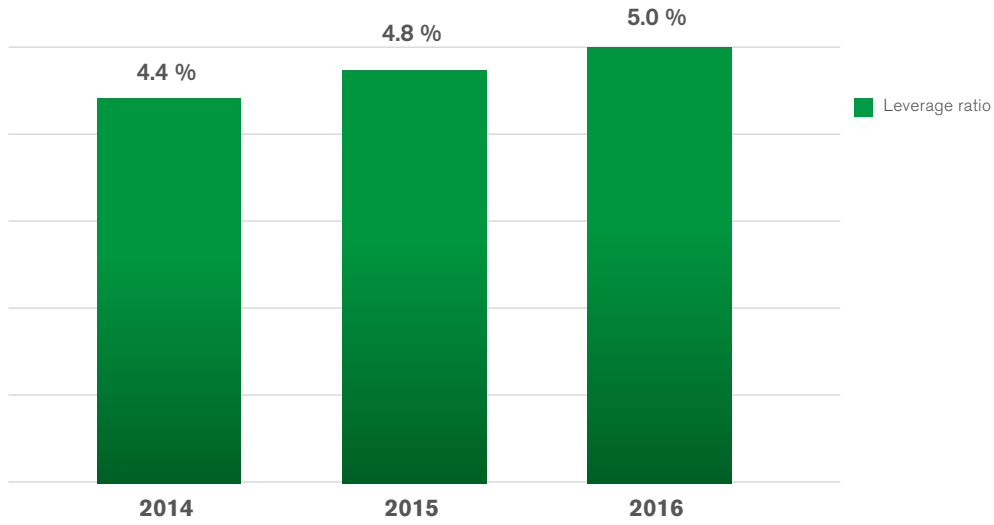
Equity (EUR in millions)



Common Equity Tier 1 & ratio (EUR in millions and %)

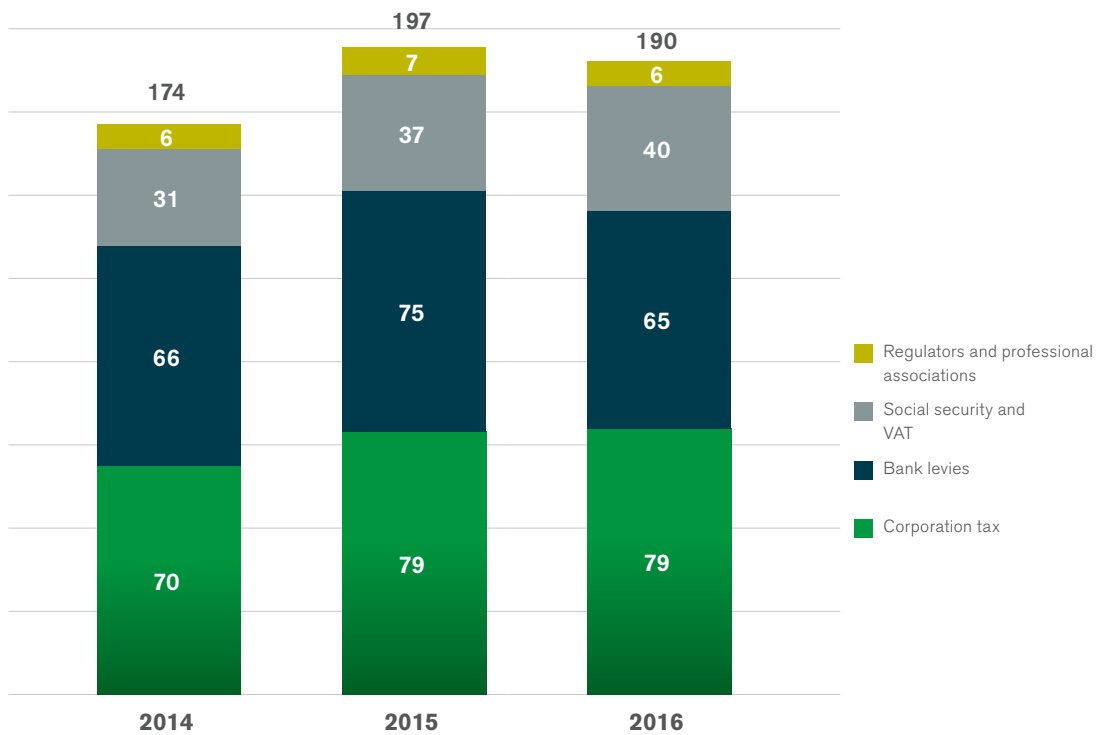


Leverage ratio (in %)



This is the prudential leverage ratio according to Basel III.

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



Argenta's effective tax rate is 27 % before bank levies and 49 % with bank levies. The bank levy reduced by 13 %.

10. Extract from the 2016 annual financial statements

10.1 Consolidated balance sheet (before profit distribution)

Assets	31/12/2015	31/12/2016
Cash, cash balances at (central) banks	596,288,836	919,220,829
Financial assets held for trading	28,792,623	9,322,870
Financial assets designated at fair value with valuation changes through profit or loss	1,663,260,892	1,838,776,145
Available-for-sale financial assets	10,923,904,558	10,697,092,080
Loans and receivables	25,207,639,780	27,493,503,668
Loans to and receivables from credit institutions	21,110,148	3,386,000
Loans to and receivables from other customers	25,186,529,631	27,490,117,668
Financial assets held till maturity	592,167,023	614,660,002
Derivatives: hedge accounting	6,078,917	49,455,484
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	304,086,209	310,184,988
Property, plant and equipment	37,754,640	14,502,513
Buildings, land, equipment	35,557,740	12,510,766
Investment properties	2,196,899	1,991,747
Goodwill and other intangible assets	151,232,596	158,015,549
Goodwill	98,150,460	98,150,460
Other intangible assets	53,082,136	59,865,089
Tax assets	4,917,452	6,149,310
Assets under insurance and reinsurance contracts	6,923,681	6,955,954
Other assets	221,727,251	174,083,744
Available-for-sale assets	0	17,709,200
Total assets	39,744,774,458	42,309,632,336



Liabilities and equity	31/12/2015	31/12/2016
Deposits from central banks	0	0
Financial assets held for trading	10,317,361	4,434
Financial liabilities designated at fair value with valuation changes through profit or loss	1,670,112,392	1,839,774,645
Financial liabilities measured at amortised cost	32,315,859,295	34,338,350,795
Deposits from credit institutions	423,244,569	273,689,986
Deposits from other than credit institutions	29,483,028,042	31,548,613,376
Debt securities, including retail savings certificates	1,365,883,099	1,209,485,536
Subordinated liabilities	401,969,253	660,464,000
Other financial liabilities	641,734,332	646,097,896
Derivatives used for hedging	496,161,248	557,592,276
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	0	0
Provisions	10,406,788	12,050,566
Tax liabilities	167,688,748	162,347,157
Liabilities under insurance and reinsurance contracts	2,480,318,405	2,593,229,768
Other liabilities	215,188,785	208,085,711
Total liabilities	37,366,053,023	39,711,435,352
Equity attributable to shareholders of the company	2,378,693,190	2,598,167,691
Equity attributable to the minority interests	28,246	29,293
Total equity and minority interest	2,378,721,436	2,598,196,984
Total liabilities, minority interest and equity	39,744,774,458	42,309,632,336



10.2 Consolidated income statement

	31/12/2015	31/12/2016
Financial and operational income and expenses	654,095,729	686,916,886
Net interest income	650,448,199	666,410,810
Interest income	1,116,955,132	1,053,001,389
Interest expenses	-466,506,933	-386,590,579
Dividend income	3,137,361	3,333,497
Net income from commissions and fees	-38,524,546	-41,664,437
Income from commissions and fees	101,244,464	97,302,330
Expenses related to commissions and fees	-139,769,011	-138,966,767
Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss	25,620,705	12,516,840
Gains and losses on financial assets and liabilities held for trading	-6,289,693	-7,331,988
Gains and losses from hedge accounting	6,381,081	4,084,285
Gains and losses on derecognition of assets other than held for sale	154,985	539,705
Net technical profit/loss from insurance contracts	-25,627,048	666,417
Income from issued insurance contracts	355,597,978	375,087,329
Expenses relating to insurance contracts	-381,225,026	-374,420,912
Other net operating income	38,794,685	48,361,757
Income from operations	40,920,083	50,240,247
Expenses from operations	-2,125,398	-1,878,489
Administrative expenses	-299,607,790	-319,935,354
Employee expenses	-61,996,339	-71,339,284
General and administrative expenses	-237,611,451	-248,596,070
Depreciation	-25,483,552	-27,901,341
Property, plant and equipment	-5,324,927	-6,239,733
Investment properties	-55,222	-38,883
Intangible assets	-20,103,403	-21,622,725
Provisions (additions and reversals)	3,301,249	-1,643,778
Impairments	-1,852,613	-753,756
Available-for-sale financial assets	-4,034,778	4,212,714
Loans and receivables	2,182,165	-4,966,470
Goodwill	0	0
Result on assets classified as held for sale	0	-3,710,057
Net profit or loss before tax	330,453,023	332,972,600
Income tax expense	-85,634,048	-86,624,091
Net profit or loss	244,818,975	246,348,509
Net profit or loss attributable to shareholders	244,817,798	246,347,347
Net profit or loss attributable to minority interests	1,176	1,161



10.3 Consolidated statement of comprehensive income

Note 'other elements of comprehensive income'	31/12/2015	31/12/2016
Net profit or loss	244,818,975	246,348,509
Attributable to shareholders	244,817,798	246,347,347
Minority interests	1,176	1,161
Other elements of comprehensive income that can be later reclassified to the income statement		
Revaluation at fair value	-77,843,851	2,832,592
Available-for-sale financial assets	-120,507,453	-266,282
Deferred taxes	42,663,602	3,098,874
Cash flow hedging	-549,433	299,086
Fair value of the portfolio	-732,577	398,781
Deferred taxes	183,144	-99,695
Total other comprehensive income	-78,393,284	3,131,678
Total profit or loss	166,425,691	249,480,186
Attributable to shareholders	166,424,772	249,479,014
Minority interests	918	1,172





Back row from left to right:
*Dirk Van Rompuy, Ann Brands, Geert Ameloot, Jan Cerfontaine,
Carlo Henriksen, Marc Lauwers, Gert Wauters, Walter Van Pottelberge,
Bart Van Rompuy, Anne Coppens, Geert Van Hove, Emiel Walkiers*

Seated from left to right:
*Raf Vanderstichele, Elke Vanderhaeghe, Marie Claire Pletinckx,
Cynthia Van Hulle*

11. Corporate governance

11.1 Composition and functioning of the Argenta Boards of Directors

The Boards of Directors of Argenta Bank- en Verzekeringsgroep and of the other Argenta companies have similar structures. They always include:

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

The number of directors for every Board of Directors should preferably not exceed fifteen. Members of the Board of Directors must be natural persons.

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

The following age limits apply for directors:

- Executive directors are legally required to resign on reaching the age of 65; this age limit is raised by one or two years depending on the statutory retirement age of the director concerned;
- Non-executive directors resign automatically on reaching the age of 70;
- Directors reaching the age limit may continue to exercise their mandates until a successor has been appointed.

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

The Boards of Directors are composed in such a way that none of the three distinct groups in them (the directors representing the shareholders, the independent directors, and the directors on the Executive Committee) has a majority. The majorities of the Boards are always formed by non-executive directors.

Independent directors are appointed with a view to attracting competencies in the Argenta Group's core activities, namely banking and insurance. Independent directors need to demonstrate broad experience in at least one of these core fields on the basis of their former or current activity. They must meet all the requirements stipulated in Article 526ter of the Companies Code.

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

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

With a view to an appropriate representation of Argen-Co, the cooperative company of Argenta branch managers and customers which holds a 13.19 % equity participation in Argenta Bank- en Verzekeringsgroep, Cynthia Van Hulle was appointed as a director of the Argenta Bank- en Verzekeringsgroep, Argenta Spaarbank and Argenta Assuranties. Cynthia Van Hulle also sits as an independent director on the Board of Directors of Argen-Co.

The division of tasks between the Boards, and the interaction with the various committees (see 11.2 and 11.3 below), is documented in the Governance Memorandum.

11.1.1 Meetings of the Boards of Directors

Argenta Bank- en Verzekeringsgroep, Argenta Spaarbank and Argenta Assurances each has its own Board of Directors. These met in 2016 eleven times on various relevant topics.

11.1.2 Suitability and assessment

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

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

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

In addition to assessing the suitability of individual directors based on the stated eligibility criteria, the Board also periodically evaluates its operation, its performance and the performance of individual directors. During 2016, at the initiative of the Appointments Committee, an externally facilitated assessment was performed of the functioning of the Board, its committees and the individual directors. Based on the findings of this assessment, the Appointments Committee has made recommendations to the Board.

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



11.1.3 Composition of the Boards of Directors

	Argenta Bank- en Verzekeringsgroep	Argenta Spaarbank	Argenta Assuranties	Argenta-Life Nederland ⁽¹⁾	Argenta Asset Management ⁽¹⁾	Argenta Fund and Argenta Fund of Funds
Chair:						
Jan Cerfontaine						
Stefan Duchateau						
Johan Heller ⁽²⁾						
Marc Lauwers						
Members:						
Geert Ameloot						
Ann Brands ⁽³⁾						
Anne Coppens						
Stefan Duchateau						
Edmond Es ⁽⁴⁾						
Adriaan Frijters						
Carlo Henriksen ⁽⁵⁾						
Ben Knüppe						
Marc Lauwers ⁽⁶⁾						
Marie Claire Pletinckx ⁽⁵⁾						
Dirk Van Dessel ⁽⁹⁾						
Cynthia Van Hulle						
Walter Van Pottelberge ⁽⁵⁾						
Bart Van Rompuy ⁽⁷⁾						
Dirk Van Rompuy ⁽⁸⁾						
Raf Vanderstichele ⁽⁵⁾						
Emiel Walkiers						
Michel Waterplas						
Gert Wauters						

⁽¹⁾ In Dutch company law, the supervisory body is referred to as the supervisory board (raad van commissarissen). For Argenta-Life Nederland the governance rules have been drawn up to conform with national regulations. As of 1 February 2016, the Messrs A.L.C. Frijters and B.F.M. Knüppe were appointed as supervisors (commissarissen). All members are assessed by DNB for meeting the 'fit and proper' rules.

⁽²⁾ Johan Heller resigned as a director of Argenta Bank- en Verzekeringsgroep, Argenta Spaarbank, Argenta Asset Management and Argenta Assuranties at the General Meeting of 29 April 2016. He continues to exercise his mandate of supervisor (commissaris) of Argenta-Life Netherlands.

⁽³⁾ Appointed as of 9 November 2016 - Argenta Assuranties / 6 January 2017 - Argenta Spaarbank.

⁽⁴⁾ Mr Edmond Es's term mandate was terminated on 1 September 2016, because from then on he took part in the day-to-day management of ALN (see 11.4.2).

⁽⁵⁾ Sitting as an independent director

⁽⁶⁾ Appointed as of 1 September 2016.

⁽⁷⁾ At the general meeting of 29 April 2016, the mandate of Raco BVBA, permanently represented by Bart Van Rompuy, ended. As of 30 April 2016 Mr Bart Van Rompuy sits in his own name.

⁽⁸⁾ At the general meeting of 29 April 2016, the mandate of Advaro bvba, permanently represented by Dirk Van Rompuy ended. As of 30 April 2016 Mr Dirk Van Rompuy sits in his own name.

⁽⁹⁾ Dirk Van Dessel's mandate was terminated on 23 January 2017.

11.1.4 Remuneration of senior Argenta Group management

The remuneration of the executive and non-executive directors of the Argenta companies is established by the respective Boards of Directors following a proposal from the Remuneration Committee. This proposal is also presented to the general meetings of the respective companies for ratification. The remuneration awarded during 2016 was ratified unanimously by the shareholders of Investar SA (the family holding that bundles the interests of the Van Rompuy family) and Argen-Co (the cooperative company of customers and branch managers)

Remuneration of the non-executive directors

The remuneration of the non-executive members of the Boards of Directors of the Argenta companies consists of a fixed remuneration and an additional fee per meeting attended, as established by the respective general meetings. Both are the same for all independent directors and directors representing the shareholders.

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

The chairs of the various Boards receive a fixed remuneration which differs from that of the other non-executive directors. They receive no additional fees per attended meeting of the Board or committee.

Remuneration of executive directors



Executive directors receive a fixed annual remuneration. They do not receive variable remuneration of any kind. In this way their pay does not contain elements that could encourage the pursuit of short-term objectives that are inconsistent with Argenta's long-term objectives. The remuneration meets the provisions of the CBFA Regulation of 8 February 2011 concerning the remuneration policies of financial institutions, as well as the provisions of the Banking Act. The remuneration is the same for all members of the Executive Committees, with the exception of the Chairman.

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

Besides the fixed annual remuneration, the Chairman of the Board also benefits from an IPT (Individual Retirement Commitment).

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

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

In 2016 Johan Heller (CEO of the Argenta Group and Chairman of the Executive Committees of the Company, Argenta Spaarbank and Argenta Assuranties), whose mandate ended on 29 April 2016, received a basic remuneration of EUR 167,262. This is an increase of 11.30 % compared with 2015.



Marc Lauwers started work as CEO of Argenta and Chairman of the Executive Committees of Argenta Bank- en Verzekeringsgroep, Argenta Spaarbank and Argenta Assuranties. His basic salary is EUR 600,000 (annualised) or 11.29 times the median pay at Argenta. The contribution to the group supplementary pension and disability policies was EUR 26,508 for Johan Heller till the end of his mandate and EUR 31,157 for Marc Lauwers.

In 2016, the total direct remuneration of the executive directors/Executive Committee members of the Argenta Group (excluding that of the CEO), amounted to EUR 1,325,045.

Contributions to the group supplementary pension and disability policies in respect of the Executive Committee members, excluding those of the CEO, amounted to EUR 214,325.

The median base salary at Argenta Bank- en Verzekeringsgroep in 2016 amounted to EUR 53,138.07. The median salary increase compared to 2015 is 3.11 %.

In 2016 severance payments totalling of EUR 656,130 were made to Executive Committee members.

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

'Serious misconduct' within the meaning of this provision is understood a serious breach, shortcoming or negligence by the director with regard to the obligations arising out of or relating to the mandate, or adversely affecting the same, with the result that the requisite confidence of Company in the director for the exercise of the mandate can no longer be maintained.

For more information, the reader is referred to the Argenta Governance Memorandum.

11.1.5 External appointments and personal interests of the directors

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

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

1. Jan Cerfontaine has an external mandate in:
 - General Partner to Invest for Jobs, with its registered office at 1030 Schaarbeek, Boulevard Auguste Reyers 80, a limited company not listed on a regulated market, as an independent and non-executive director.
2. Walter Van Pottelberge holds external mandates in:
 - Capricorn Venture Partners, with its registered office at 3000 Leuven, Lei 19/1, a limited company not listed on a regulated market, as a non-executive director;
 - Ethias Droit Commun/Gemeen Recht, with its registered office at 4000 Liège, Rue des Croisiers 24, a mutual insurance association, not listed on a regulated market, as a non-executive director.

3. Marie Claire Pletinckx holds external mandates in:
 - Alpha Insurance, with its registered office at 1040 Brussels, Nerviërslaan 85, not listed on a regulated market, as a non-executive director;
 - Patronale Life, with its registered office at 1040 Brussels, Belliardstraat 3, not listed on a regulated market, as a non-executive director (this mandate was terminated as of 7 June 2016);
4. Emiel Walkiers has external mandates in:
 - Tramonto a partnership limited by shares (commanditaire vennootschap op aandelen), with its registered office at 2000 Antwerp, Maarschalk Gerardstraat 11, not listed on a regulated market, as an executive director;
 - Moore Stephens Audit BV, a cooperative company with limited liability, with its registered office at 1020 Brussels, Esplanade 1, not listed on a regulated market, as a non-executive director.
5. Raf Vanderstichele has external mandates in:
 - Korora, a private limited liability company, not listed on a regulated market, having its registered office with effect from 1 January 2016 at 3000 Leuven, Refugehof 4/0301, as general manager;
 - Nemrod, with its registered office at 8560 Wevelgem, Neerhofstraat 33, a public company not listed on a regulated market, as a non-executive director.
6. Carlo Henriksen holds an external mandate at:
 - Donorinfo, with its registered office at 1150 Brussels, Raketlaan 32, a public utility foundation, as a non-executive director.
7. Cynthia Van Hulle has external mandates in:
 - Miko, with its registered office at 2300 Turnhout, Steenweg op Mol 177, a limited company, listed on a regulated market, as a non-executive director;
 - Warehouses De Pauw, with its registered office at 1861 Meise, Blakebergen 15, a partnership limited by shares (commanditaire vennootschap op aandelen) listed on a regulated market, as a non-executive director;
 - Argenta Coöperatieve, with its registered office at Belgiëlei 49-53, 2018 Antwerp, a cooperative company with limited liability, not listed on a regulated market, as a non-executive director.

11.2 Audit Committees and Risk Committees

11.2.1 Governance

In the Argenta Group, separate audit and remuneration committees have been set up within the Boards of Directors of Argenta Spaarbank and Argenta Assuranties. At Argenta Spaarbank, both committees are chaired by an independent director not belonging to the Board of Directors of Argenta Assuranties. At Argenta Assuranties, both committees are chaired by an independent director not belonging to the Board of Directors of Argenta Spaarbank. The (limited) specific activities of Argenta Bank- en Verzekeringsgroep are supervised by the Audit Committee and the Risk Committee set up within the Board of Directors of Argenta Spaarbank.

11.2.2 Composition

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

- Raf Vanderstichele* (chair)
- Carlo Henriksen*
- Walter Van Pottelberge
- Bart Van Rompuy
- Emiel Walkiers

**independent members of the Audit Committee within the meaning of article 526ter of the Belgian Companies Code*

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

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



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

- Raf Vanderstichele* (chair);
- Jan Cerfontaine
- Carlo Henriksen*
- Emiel Walkiers

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

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

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

- Marie Claire Pletinckx* (chair)
- Walter Van Pottelberge
- Bart Van Rompuy
- Emiel Walkiers (resigned on 20 December 2016)

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

The Chair, Marie Claire Pletinckx, has long been active in the financial sector, both in the banking and insurance sectors, including as chair and member of several executive committees of a bank-insurer.

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

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

- Marie Claire Pletinckx* (chair)
- Jan Cerfontaine
- Emiel Walkiers

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

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

11.3 Remuneration Committee and Appointments Committee

11.3.1 Governance

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

The Remuneration Committee is composed of two members: one independent director from the Board of Directors of Argenta Bank- en Verzekeringsgroep, and one director representing the family shareholder.

The Argenta Bank- en Verzekeringsgroep Remuneration Committee met five times in 2016, reporting each time to the Board of Directors.

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

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

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

The Committee has further established that the remuneration of the executive directors consists solely of a fixed monthly remuneration, plus premium contributions into two group insurance schemes, one for creating a supplementary pension capital and the other a disability insurance. The basic fixed remuneration reflects primarily the relevant professional experience and organizational responsibilities, as set out in the job description that is part of the Executive Director mandate. There is no variable remuneration depending on performance criteria. The committee has determined that the remuneration of the executive directors is in line with Argenta's pay policy, and with the business strategy, objectives, values and long-term interests of the institution. Nor is the remuneration such as to create conflicts of interest between the non-executive directors and the institution.

The Committee has also proposed to the Board that a number of employees be identified as Identified Staff. There are employees whose professional activities materially impact the risk profile of an institution. This is assessed based on qualitative and quantitative criteria in accordance with delegated regulation (EU) No. 604/2014 of 4 March 2014. At Argenta, 6 executive directors, 9 non-executive directors and 40 employees (independent control functions, directors and managers of substantive business units, etc.) were designated as Identified Staff.

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

There is a single Appointments Committee at Argenta, consisting of certain members of the Board of Directors of Argenta Bank- en Verzekeringsgroep. Based on a waiver granted by the supervisory authority, the Appointments Committee operates at group level and no separate appointments committees have been set up within the Boards of Directors of either Argenta Spaarbank or Argenta Assuranties.

The Appointments Committee is tasked with assisting the Boards of Directors of the Argenta Group companies and advising them on assuming their responsibilities and on taking the necessary decisions with regard to the composition, structure and functioning of the Board and of the Executive Committee.

For this the Committee examines the performance of the Boards of Directors and of the Executive Committees of the Argenta Group companies, as well as their individual members and prepares the succession planning within the two bodies.

The Appointments Committee is composed of four members: one independent director from the Board of Directors of Argenta Bank- en Verzekeringsgroep, two directors representing the family shareholder and the chairman of the Argenta Bank- en Verzekeringsgroep Board of Directors. The Committee is chaired by an independent director.

In 2016, the Committee took the lead in assessing the functioning of the Board of Directors, the Board committees and their individual members. The Committee reported its findings on this matter to the Board, along with a number of recommendations.

The Committee also took the lead in filling the vacant mandates of CEO and COO and presenting candidates for these positions.

11.3.2 Composition

The following non-executive members of the Board of Directors of Argenta Bank- en Verzekeringsgroep sit on the Remuneration Committee:

- Walter Van Pottelberge*, also chair of the Appointments Committee of Argenta Bank- en Verzekeringsgroep;
- Dirk Van Rompuy

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



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

The Remuneration Committee meetings are also attended by a member of the Risk Committee, in the person of Jan Cerfontaine, chairman of the board.

The following non-executive members of the Board of Directors of Argenta Bank- en Verzekeringsgroep are on the Appointments Committee:

- Walter Van Pottelberge*, also chair of the Remuneration Committee of Argenta Bank- en Verzekeringsgroep;
- Jan Cerfontaine;
- Dirk Van Rompuy;
- Bart Van Rompuy.

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

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

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

11.4 Executive Committees of Argenta

11.4.1 Governance

The Executive Committee of Argenta Bank- en Verzekeringsgroep stipulates the limits within which the various group companies can perform their activities and exercise their responsibilities. Last year the Executive Committees of the Argenta Group companies met on principle weekly to discuss various relevant topics including the development, approval and regular update of the mission, vision and values with regard to economic, social and environmental themes.

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

The mission and the composition of the Executive Committees are defined with a view to the maximum operational integration of the individual companies in the interest of the group. As explained above with regard to the composition of the Boards of Directors, Argenta is also aware that this type of control calls for the requisite necessary checks and balances, both in the corporate interests of the respective entities, and more particularly out of a concern to protect the various stakeholders of the individual Group companies.

At the level of the Executive Committees it was decided:

- to divide up more cleanly the tasks of Argenta Bank- en Verzekeringsgroep, and of the Group's two operating companies, Argenta Spaarbank and Argenta Assuranties;
- to limit the task of Argenta Bank- en Verzekeringsgroep to the controlling of the Group, and to the second-line control functions and human resources;
- to maintain the composition of the Executive Committee of Argenta Bank- en Verzekeringsgroep as consisting of three positions (CEO / CFO / CRO);

- to place in Argenta Spaarbank and Argenta Assuranties all functions linked directly to the banking/insurance activities, in a maximally integrated manner;
- to compose the Executive Committees of both latter companies in an identical manner, as follows:
 - alongside the CEO/CFO/CRO (who together also constitute the Executive Committee of Argenta Bank- en Verzekeringsgroep);
 - three further positions, that of Chief Operations Officer (COO), responsible for customer service, Chief Information Officer (CIO) and Chief Commercial Officer (CCO), responsible for commercial policy, the management of the network and product development).

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

Johan Heller resigned as CEO at the general meeting of 29 April 2016. He was succeeded as of 1 September 2016 by Marc Lauwers.

On 9 November 2016, Ann Brands was appointed as COO.



11.4.2 Composition of Executive Committees, management and managing directors

	Argenta Groep	Argenta Spaarbank	Argenta Spaarbank Branch Office	Argenta Assuranties	Argenta-Life Nederland	Argenta Asset Management
Chair:						
Johan Heller ⁽¹⁾						
Marc Lauwers ⁽²⁾						
Erik Schoepen ⁽³⁾						
Gregory Ferrant ⁽⁴⁾						
Marinka van der Meer						
Members:						
Geert Ameloot						
Gert Wauters						
Dirk Van Dessel ⁽⁵⁾						
Anne Coppens						
Ann Brands ⁽⁶⁾						
Peter Verberne (ad interim)						
Dietrich Heiser ⁽⁷⁾						
Michel Waterplas						
Edmond Es ⁽⁸⁾						

⁽¹⁾ Johan Heller resigned as chair of the Executive Committees of Argenta Bank- en Verzekerings-groep, Argenta Spaarbank and Argenta Assuranties at the General Meeting of 29 April 2016.

⁽²⁾ Appointed as of 1 September 2016.

⁽³⁾ Erik Schoepen's mandate was terminated on 15 September 2016.

⁽⁴⁾ Appointed as of 16 September 2016.

⁽⁵⁾ Dirk Van Dessel's mandate was terminated on 23 January 2017.

⁽⁶⁾ Appointed as of 9 Nov. 2016 - Argenta Assuranties/ 05 Jan. 2017 - Argenta Spaarbank.

⁽⁷⁾ Dietrich Heiser's mandate was terminated on 31 August 2016.

⁽⁸⁾ Appointed as of 1 September 2016.

Executive Committee 2017



Left to right: Gert Wauters, CRO; Geert Ameloot, CFO; Anne Coppens, CCO Marc Lauwers, CEO; Ann Brands, COO and Geert Van Hove, CIO.

12. Argenta and sustainability

12.1 Argenta's sustainability policy: the underlying principles (GRI 102-40, 102-42, 102-43, 102-44, 102-46, 102-47)

12.1.1 Argenta's Mission, Vision and Strategy

Long before it became a buzzword, the term 'durability' was organically linked to the way Argenta conducted its business. Argenta has long been convinced that sustainability – that is caring for people, the environment and society – results in stable and better business results, happy employees, and healthy development. By its very nature it thought organically in sustainable terms and acted accordingly without major theories or reports.

All this is evident from Argenta's mission (see Chapter 2 above).

Argenta's vision too reflects this inherent sustainability: Argenta wants to be a strong and independent bank-insurer with an excellent customer service and lasting relationships with its shareholders, self-employed branch managers, employees and supplier-partners. Argenta wants to be a secure and stable bank-insurer with a sound risk and investment policy focused on sustainability. 'Secure and stable' means, in addition to strong capital and liquidity ratios, that the current rapid digitization goes hand-in-hand with the necessary protection of personal and other data.

In Belgium Argenta wants to be human and close-at-hand through its self-employed branch managers but also digitally with a range of banking and insurance products tailored to families and individuals. In the Netherlands, distribution takes place digitally and via independent partner suppliers, with a focus on savings and housing loans.

Argenta's sustainable strategy has focused traditionally on the various stakeholders:

Strategy towards customers - helping them live financially healthy lives

Argenta wants to assist individuals and families to live financially healthy lives, both today and in the long term. Each customer is entitled to a basic package of services consisting of mobile and Internet banking and a high degree of self-service. Payment services and securities custody are free. Additionally Argenta provides simple, honest and attractive banking and insurance solutions offering excellent value for money. Argenta also offers sustainable investment products, which explicitly take into account the impact of the investments on people, the environment and society.



Strategy towards employees: Healthy growth

Argenta wants to be an inspiring environment for its employees. Argenta encourages and supports them in developing their skills and in their personal growth. Each Argenta employee is encouraged to pursue and intensify four core competencies: collaboration, customer-oriented working, results-oriented thinking, and self-development. The O&T department takes various steps here (see 5.2.1 above).

Strategy towards branch managers:

A network of self-employed branch managers represents real added value for Argenta. These boost their local economies with their entrepreneurship, build professional teams that give customers solid advice, have the courage to let themselves be challenged in terms of goals and customer approach, and are able to respond constructively and creatively to the strategic lines set by the bank. And for those efforts they are correctly reimbursed, so that the relationship between the bank and its network remains a win/win relationship. As a result branches are frequently passed down from one generation to another.



Strategy towards shareholders: a lasting relationship

For 60 years now, Argenta has been able to count on the loyalty of the same family majority shareholder, Investar. The second shareholder is Argen-Co, a recognised cooperative company. Cooperative entrepreneurship is a form of sustainable development, of creation of prosperity and generation of income. A partner in a cooperative works with like-minded people. In Argen-Co these are all Argenta customers and branch managers. Both Investar and Argen-Co view their shareholdings as long-term relationships.

12.1.2 Material topics and stakeholder consultation (GRI 102-40, 102-42, 102-43, 102-44, 102-46, 102-47)

Argenta in dialogue with its stakeholders

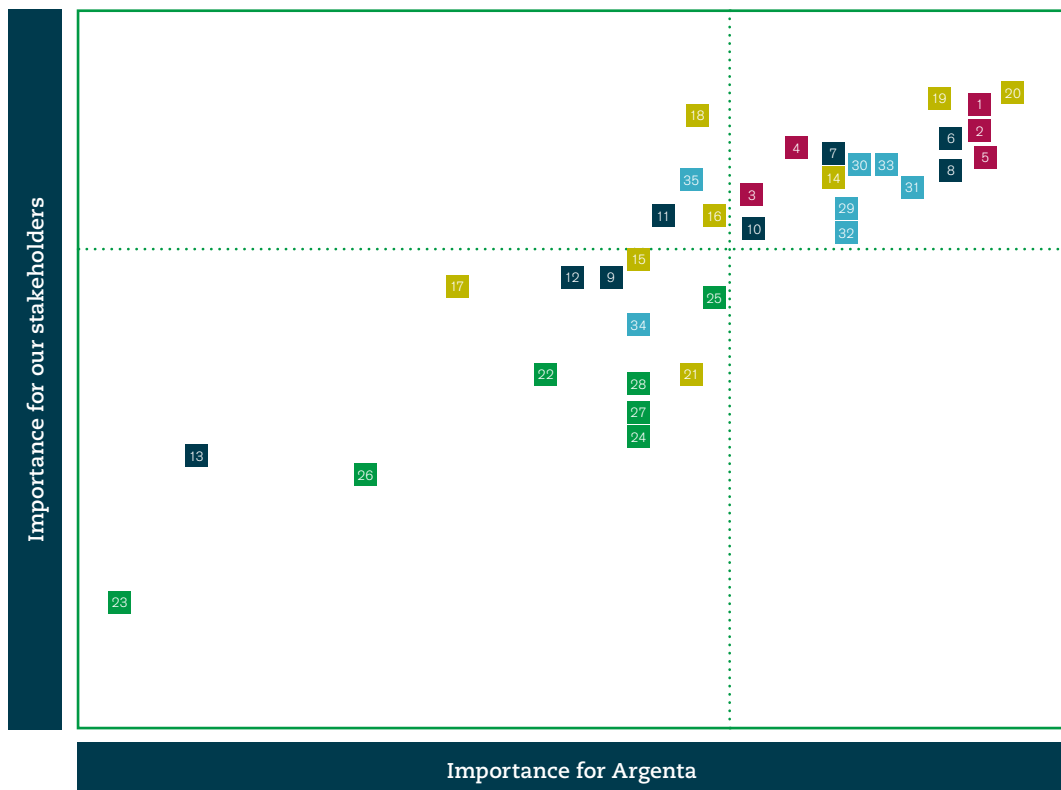
In 2015, Argenta developed a wide-based stakeholder consultation: 4,475 stakeholders (customers, branch managers, employees, shareholders, directors and organizations with a sustainability focus) contributed to this. The survey focused on the importance of five themes:

- Ethics and integrity
- Customer care
- Responsibility for employees
- Economic responsibility
- Social responsibility

Each main theme was fleshed out in sub-themes (35 in all) that respondents were asked to score by relevance and importance. The results of the survey were visualised in the materiality matrix. These material topics will be kept as a reference framework and apply to all entities within Argenta Bank- en Verzekeringsgroep.



Materiality matrix Argenta Bank- en Verzekeringsgroep



No material topics were identified in which Argenta has contributed to a negative impact. The themes in the upper right-hand quadrant are considered very important by all stakeholders surveyed. These themes prioritised in the 2016-2020 sustainability action plan.

Ethics and integrity

1. Fair sales methods, honest advertising, product transparency
2. Corporate governance
3. Correct and transparent wage policy, no bonus culture
4. Combating corruption, fraud and money laundering
5. Ethical conduct by Argenta employees

Economic responsibility

6. Financial stability
7. Quality of service and transparency in all areas
8. Long-term strategy
9. Access to financial services for everyone
10. Investing savings sustainably in the real and local economy
11. Correct payment of taxes and bank levies
12. Sustainable purchasing with supplier screening
13. Offering microcredit

Customer care

14. Product offering
15. Offering of sustainable investments
16. Proximity of Argenta
17. Innovation
18. Basic banking services offered free of charge
19. Each customer treated with respect
20. Protection of personal data.
21. Encouraging financial literacy

Social responsibility

22. Combating poverty
23. Support for sports events
24. Support for social initiatives
25. Attention to climate and environment
26. Sustainable investment policy
27. Encouraging financial literacy
28. Mapping the impact of investments and financing

Responsibility for our employees

29. Diversity and equal opportunity
30. Training opportunities and talent development
31. Well-being at work
32. Consultation, participation and employee dialogue
33. People-friendly entrepreneurship
34. Opportunity of social involvement
35. Attention to work-life balance



12.1.3 Sustainable development objectives

The last decade has witnessed the growth of an increasingly intense concern for the future of our planet and its people, right across the world. Several initiatives have arisen to map sustainability and to identify and develop sustainable actions. Sustainability is more clearly defined, and global standards are set. With its 2030 Agenda for Sustainable Development the United Nations has committed to further develop our planet and society in a sustainable way. This framework makes it easier to define sustainability and conduct activities.

17 Sustainable Development goals are universal for all countries and for all people. They are accepted world-wide as a framework for all sustainability initiatives. The goals include economic, social, political and environmental aspects of sustainability. Every citizen, government, business, school or organization can contribute.



The 17 Sustainable Development goals can be divided into five major themes: people, planet, prosperity, peace and partnership, as in the circle shown below. These pillars are crucial for humanity and the planet. The fifth pillar of partnership is fairly recent. It refers mainly to cooperation between organizations, enterprises, banks, NGOs, schools, universities, and governments. These play a key role in communicating on the goals and in achieving

them. The fifth pillar also makes clear that no one is alone and that an enhancing effect can be achieved through partnerships.

Detailed information on these sustainability objectives is available on www.sdg.be.



12.2 Sustainability Action Plan 2016-2020

The 2015 annual report reported extensively on the achievements of the Sustainability Action Plan 2013-2015. The objectives set were achieved thanks to the continuous efforts of many employees.

Meanwhile, Argenta has developed a successor action plan based on the stakeholder survey (see above). Sustainability is part of a continuous improvement process at Argenta.

Many action items are already included in Argenta's daily activities.

On a number of other points Argenta will be making extra efforts in the coming years via the Sustainability Action Plan.

The goal is for Argenta to meet the 17 Sustainable Development Goals in a growing number of areas and in so doing contribute to the 'Agenda 2030 for Sustainable Development' global action plan. The overall involvement of all stakeholders effectively shows that anyone can be part of greater sustainability.



Employees

- Diversity
- Equal chances
- Development of talent
- Satisfaction employees

Realized and yearly recurrent actions

- Integrating **diversity** and **equal chances** during hiring, evaluation and other HR processes
- Offering a training programme and develop a **talent plan** for the employees.
- Perform a yearly **Employee Opinion Survey** and define action points based on the results of this survey.
- Stimulate **integration** by training on the Argenta values during the welcome day for new employees

- Increase sustainability awareness
- Vision social support society
- Wellbeing of the employees
- Promoting homework

Actions to be completed by 2020 Deadline

- | | |
|---|----------|
| ● Elaborate sustainability actions together with the employees | yearly |
| ○ Define a social vision on the support of socially relevant projects | 31/12/19 |
| ● Attention for well being of the employees by FLOW, Bricks & Bytes projects | 31/12/18 |
| ● Create a adequate frame for home work | 31/12/18 |



Ethics and Integrity



- No bonusculture
- Renewed assessment policy
- Corporate Governance
- Ethical Charter
- Screening own investment portfolio
- Blacklist funds
- Offer sustainable investment funds

Realized and yearly recurrent actions

- Only fixed remuneration, no **bonus culture** in Argenta
- Drafting an agreement with the social partners on a renewed assessment policy
- Permanent check on the **'Suitability of Key Executives'**
- Signing of **Ethical Charter** by each Argenta collaborator
- Apply exclusion criteria on social and ecological aspects in composing funds and in managing the own **investment portfolio**.
- Offering sustainable investment funds: Argenta-Fund Government Bonds, Argenta Fund Responsible Growth, Argenta Fund Responsible growth Defensive

- Securing the integrity of the financial system
- Respecting values in daily business
- Permanent self-assessment sustainability goals

Actions to be completed by 2020

Deadline

- | | |
|--|----------|
| ● Expanding automatic monitoring on anti-money laundering and terrorism financing | 27/06/17 |
| ● Develop a general integrity policy and transition from compliance- to integrity culture | 31/12/17 |
| ● Rewrite the Ethical Charter and create awareness on ethics and integrity | |
| ● Permanent comparison of the own investment portfolio to the Norwish Sovereign Wealth Fund | 31/12/17 |



Clients



Realized and yearly recurrent actions

- Families
- Proximity
- Simple and honest products
- Client satisfaction (NPS)
- Prevention

- Focus on **families**
- Free banking Services
- **Local roots** and **proximity** in Belgium thanks to the network of more than 500 branch offices.
- Offering **simple, honest** and attractive solutions with a good price-quality ratio
- Measuring **Client satisfaction** (NPS) and draft of action plans based on the results
- Appointment of an internal **safety officer** who initiates actions to limit damage with clients.

Actions to be completed by 2020

Deadline

- Digitization
- Privacy personal data
- Cyber security
- Financial literacy
- Self-service
- Accessibility

- Designing a full **digital product offer**, combined with a personal service in the branch office 31/12/18
- Assess and implement measures on the **protection of personal data** (General Data Protection -GDPR) 31/12/17
- Launching an **ICT-security** department to control the IT-systems 31/12/17
- Improving **financial literacy** by organizing trainings and offering internships for students 31/08/19
- Improving the **online FAQ** in order to share information transparently 31/08/17
- Optimize **accessibility** to branch offices for disabled people 31/12/19



Economy



- Family shareholder
- Financial stability
- Investment in local economy
- Update values and strategy
- Quality services
- Low cost ratio

Realized and yearly recurrent actions

- Reinvestments by the **family shareholder** in order to support and stimulate the long term vision
- Permanent check of **equity and liquidity ratio**
- Use +/- **70 %** of deposits and insurance contracts for **loans to families**
- Invest in **Belgian bonds**, in **public-private sector** and in **local economy**
- Review strategy in comparison to other banks and **reassessment mission, vision and value** within the frame work of innovation and digitization
- Controlling the offer of **high quality products** for a **correct price**

- Financial stability
- Quality services
- Investment in local economy
- Product offer for older clients
- Sustainable procurement

Actions to be completed by 2020 Deadline

Raise cooperative capital through cooperants in order to diversify the capital base	31/12/17
Complement the service model with a digital channel	31/03/19
Ensure that asset allocation of re-investment of savings is used in local economy	yearly
Develop a product offer for older clients , focussed on care and ageing	31/12/17
Impose all new suppliers (next to the current ones) the charter of sustainability	31/12/18



Society



- Access to free basis bank services
- Adequate reporting on sustainability
- Transparant reporting on the contribution to society

Realized and yearly recurrent actions

- Accessibility of financial services for every one by **offering free basic bank services**
- Reporting in the Sustainability report on sustainable investments and **contribution to the society** conform GRI-norms
- Transparant reporting in the **Sustainability report** on the **contribution by Argenta to the government**



- Vision social support society
- Attention for the environment
- Attention for sustainable investments
- Sustainable mobility

Actions to be completed by 2020

Deadline

- | | |
|--|----------|
| ○ Define a social vision on the support of socially relevant projects | 31/12/18 |
| ● Develop actions on environment : paper use use of energy efficient techniques during the renovation of the head quarter | 31/12/19 |
| ○ Sustainable funds shift from niche to core | 31/12/20 |
| ● Promote and support sustainable mobility | 31/12/19 |

12.3 Sustainability-directed activities at Argenta

12.3.1 Sustainability Day

10 and 20 October 2016 Argenta again organized a sustainability exhibition for its employees. Argenta wants in this way to press home to the theme of sustainability to its employees.

Compliance installed a cosy conversation corner with a cup of fragrant Fairtrade coffee and a piece of cake.

Management & Buildings provided an interactive test area for ergonomic work and showed the progress of the sustainable renovation work.

With the superb cooperation of Sportoase, Public Banking was able to offer Argenta staff offer a genuine fitness moment on one of the fitness bikes.

Finally, O&T launched the idea of the concentrated elephant and compliment cards while everyone could taste the delicious brain food. This year's sustainability fair was again a great success.



12.3.2 Healthy breakfast

On 20 September 2016, no less than 270 Argentans enjoyed a healthy, environmentally-friendly and social breakfast. In putting together the breakfast, the socially inspired caterer opted deliberately for healthy and low-waste food. The breakfast guests were all employees who come to work in a sustainable way. Not only were physical and mental energy tanked up by the breakfast, but there was also a savings in CO₂ emissions.



12.3.3 Zuisdag - Work for change

Zuisdag is an organization for and by young people, which encourages them to commit themselves and to work together for a sustainable and just society. Every October Zuisdag organises its Work for Change campaign. More than 17,000 Flemish and Brussels school pupils aged 15 to 20 years don professional clothing for one day. Their pay goes to projects undertaken by committed young people worldwide.

In 2016, under this year's theme of diversity and discrimination, they set to work to earn money for, among others, the young people from the favela of Jardim Gramacho, the largest open-air rubbish tip in South America. Through Zuisdag young people are given the opportunity to develop their skills and grow into active citizenship. Argenta posted this year three vacancies, which were quickly taken up. Three students worked all day on Argenta's Sustainability Day.

12.3.4 Argenta Running Tour

In 2016, the Argenta Running Tour was present in several cities (Dendermonde, Knokke, Bruges, Kortrijk, Ghent, Antwerp, Hasselt, Namur, Liege, Brussels). Some 60,000 runners took part in these races.



12.3.5 Financial literacy

Target Audience	Action
Students	<p>Argenta supports WEDUC, founded by the Antwerp student associations Wikings-NSK, in order to offer student materials and equipment more cheaply to University of Antwerp students.</p> <p>For the second time, Argenta organised an Inhouse Day, where students can get acquainted with the Argenta work environment and employees during some practical workshops organised by Argenta. During these workshops the students learn how things work in a healthy bank.</p> <p>Senior management participation in university debates.</p> <p>Argenta offers internships and mentoring of dissertation students. In 2016, eight students did internships.</p> <p>Presence job fairs organised by student associations Ekonomika and Wikings.</p>
Customers	<p>Each customer receives identical treatment by the branches, regardless of financial situation or background.</p> <p>Argenta treats its clients wisely ('as a good family father'), offering lines of credit and credit cards as a function of its customers' risk profiles.</p> <p>Argenta holds regular information evenings on Healthy Investing for its customers.</p>

12.4 Sustainability in the workplace

12.4.1 Engagement in society

Interest representation in professional organizations



Argenta is a member of **ESBG** (European Savings and Retail Banking group), a grouping of European savings and retail banks. Through its ESBG membership, Argenta is also a member of the **WSBI** (World Savings Bank Institute). WSBI brings together savings and retail banks from 80 countries and in this way represents the interests of approximately 6,000 banks worldwide.

In Belgium and the Netherlands Argenta defends its positions in Febelfin, the umbrella federation for the Belgian financial sector and NVB (Dutch Banking Association). In Febelfin Argenta is a member of various working groups and committees, including the Sustainable Finance Committee. Argenta is also part of a structured consultation with eight Belgian retail banks.

Memberships of sustainable organizations

Argenta considers it important to engage in organizations that focus on sustainability and social responsibility. In this context, Argenta is member of The Shift, the meeting point for sustainability in Belgium. Together with its members and partners, this organization seeks to realise the transition to a sustainable society and economy.

Argenta is also a member of the board of directors and the advisory board of Cifal Flanders, a training

centre of UNITAR, the United Nations Institute for Training and Research. Flanders Cifal is a regional training with the aim of promoting the UN standards and principles. It has developed a special method (Action Learning for Sustainability) for anchoring these objectives strategically in corporate and government policy. With its innovative methodology Cifal Flanders is seeking to strengthen sustainability in businesses, organizations and governments, in an interactive and practical manner. Through training courses, business people, policy makers, leaders of civil society organizations, schools and universities can get to know Action Learning for Sustainability. Working with leaders gives a big leverage effect. Cifal Flanders has already held a number of workshops at Argenta where the 17 sustainability targets were explained in detail. After the explanations, employees and Cifal examined together which emphases could be placed in Argenta to achieve the objectives.

Argenta has been a Cifal partner since 2014, along with several government agencies and companies such as the Flemish government, the city of Antwerp, the World Jewelry Federation, the Diamond Industry Fund, the University of Antwerp, Flanders Investment and Trade, OECD, the Port of Antwerp, KMDA, Indaver, Antwerp Management School, ING and VITO.




12.4.2 Commitment by staff

Additionally individual branch managers, employees and board members are also committed as volunteers to all kinds of social projects.

Who?	Description of volunteering
Branch managers	<ul style="list-style-type: none"> The proximity of the Argenta branches ensures that they are very connected to the local community. Several branches support youth and sports associations on their own initiative.
Employees:	<ul style="list-style-type: none"> Many employees are committed social projects of every kind. They may propose these projects as a beneficiary of the proceeds of the annual staff quiz. In 2016 these included Villa Kapella, which offers a carefree and harmonious environment a group of adults with mental disabilities, and Little Hearts, which works for underprivileged children in Cambodia. Team building activities are inspired by Time4Society, an organization that facilitates engagement in companies.
Board of Directors	<ul style="list-style-type: none"> Argenta Board members also help manage such socially-inspired organizations. Walter Van Pottelberge, for example, chairs the board of directors of Oscare, an aftercare and a research centre for burns and scars. Carlo Henriksen is director at Beyond the Moon, an organization that organises carefree holidays for families with a sick child. Emiel Walkiers is executive secretary of Blindenzorg Licht en Liefde, a charity for the blind. Jan Cerfontaine is a member of the supervisory board of the 'Instituut voor de Nederlandse taal' (Dutch Language Foundation) and a board member of the Belgian foundation 'Conservatorium Antwerpen'.
Departmental directors	<ul style="list-style-type: none"> Nancy Ruys, Director Insurance, is a director of Noordheuveel, a protected workplace that gives people who are far off from the labour market an opportunity to pursue paid employment and receive training with the possibility of moving on into the normal economic circuit. Greet Pyckhout, Director of Compliance & Integrity, is a pioneer in Humus, a project that support parents and teachers in bringing up secondary schoolchildren. Rudi Maelbrancke, director of ICT Offices, Customer & Channels, is the founder of Clinicoders, a spinoff of volunteers who give initiation into programming and technology for long-term sick children, with the help of age peers belonging to Coderdojo Belgium. Christine Vermeylen, Corporate Secretary, serves on the board of CIFAL Flanders.



12.5 Respect for the environment

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

12.5.1 Paper consumption

As shown in the table below, the use of paper at Argenta decreased slightly compared to 2016. However, proportionately less use was made of environmentally friendly paper, primarily in printed matter for marketing purposes.

12.5.2 Energy consumption¹

In 2016 Argenta continued its growth pattern, which meant that energy consumption also increased. In September 2016 an additional group-owned building came into use. After purchasing the building was renovated, with the sustainability aspect as an important criterion. Thus, Argenta uses air/air heat pumps for cooling and heating the various rooms in the building. Using this technology, energy is exchanged between the various rooms. In this way 200 % more heat can be gained from the same

quantity of primary energy, with on top of this a 67 % reduction of the related CO₂ emissions. The offices also use dimmable LED lighting with time and presence control and daylight compensation.

In addition, the growth of Argenta led to the recruitment in 2016 of additional staff in functions that come with company cars. This also translates into increased energy consumption of the vehicle fleet.

Besides the growth of Argenta, the increase in electricity consumption is also explained by the fact that for 2016 Argenta has more accurate information on the electricity consumption of the rented buildings at a second temporary location in Antwerp.

Finally, we note that there is no more consumption of purchased heat. This energy consumption had in the past related to the Argenta office in the Netherlands, but this office has moved to a location that is heated by natural gas.



Type	Unit	2014	2015	2016
Paper with ecolabel/FSC label	Ton	327	392	353
Paper without ecolabel/FSC label	Ton	28	18	55
Total paper consumption	Ton	355	411	408
Environmentally friendly paper as % of total consumption	%	92 %	96 %	87 %

Type	Unit	2014	2015	2016
Generated energy (solar panels)	MWh	34	38	39
Electricity	MWh	2,259	2,426	3,155
Purchased heat	MWh	66	40	0
Natural gas	MWh	2,432	2,652	2,261
Car fleet	Litres of diesel	135,180	166,404	198,752
Car fleet	Tons of gas	0.75	0.64	0.42

¹ Data collection and calculations are documented in Argenta's Carbon Management Policy based on the GHG Protocol. Energy intensity is 5.53 MWh of electricity, gas and heat per employee. This is similar to 2015.

12.5.3 CO₂-Impact²

Total emissions per scope	Type	Unit	2014	2015	2016
Direct emissions - scope 1	Natural gas	CO ₂ Teq	510	551	473
	Vehicles	CO ₂ Teq	441	544	643
	Air conditioning	CO ₂ Teq	18	23	24
Direct emissions - scope 2	Electricity	CO ₂ Teq	0	206	285
	Heat	CO ₂ Teq	17	10	0
Indirect emissions - scope 3	Commuting	CO ₂ Teq	808	697	668
	Other ³	CO ₂ Teq	546	378	378

The increase in direct emissions on Scopes 1 and 2 is explained by the general growth of Argenta. In addition, the electricity consumption increases because in the Netherlands, in contrast to previous years, no use was made of green power (new office location). More detailed information from the rented second (temporary) location in Antwerp shows an increase in electricity consumption. For 2016, Argenta's share of consumption in the common areas of the building is also counted in. The direct emissions caused by air conditioning rise to a limited extent because the Argenta Nederland offices have air conditioning, unlike the previous location.

While Argenta Nederland did not purchase any green electricity in 2016 we note that Argenta Luxembourg switched to green electricity in 2016. This means that for 2016 as a whole, 66 % (2016: 63 %) of total electricity consumption falls into the green power category.

With respect to the emissions from Argenta's indirect impact (Scope 3) we see a reduction in commuting-related emissions. This is remarkable given that the total mileage travelled by the workforce has grown (in line with the growth of Argenta and its workforce). From this it can be deduced that employees are increasingly opting for sustainable mobility.

12.6 Reporting basis (GRI 102-45, GRI 102-48, GRI 102-49)

The sustainability report is intended for all customers, branch managers, employees, cooperative and family shareholders, community representatives and others who are interested in the performance of Argenta Bank- en Verzekeringsgroep and all its subsidiaries in the field of sustainability.

It covers the period from 1 January 2016 to 31 December 2016 and is based on the most recent reporting standards of the GRI, ie GRI - standards - comprehensive - see further.

12.6.1 Data collection and validation

The information was gathered from the following Argenta departments: Marketing, Branch Network, Product Management, ICT, Financial Management, Organization & Talent, Legal, Procurement & Facilities, Compliance & Integrity, and Internal Audit. The subsidiaries and the branch in the Netherlands were also consulted.

We worked mainly with data taken from internal reports. Argenta will take steps to be able to include in future sustainability reports those indicators that have not been available until now.

The information used for reporting on sustainability in this annual report has been monitored by the Secretary-General, reporting directly to the Chief Executive Officer (CEO). The CEO is also the

² Data collection and calculations are documented in Argenta's Carbon Management Policy based on the GHG Protocol - The CO₂ intensity was 1.46 CO₂ - Teq per employee for scope 1 and 2.

³ In the figures below the electricity use of leased assets is no longer taken into account. The heading 'other' captures paper consumption and waste.

director with designated responsibility for corporate social responsibility and its daily monitoring.

In addition, the Board of Directors involved in corporate social responsibility and reporting thereon. Each board member has proofread the report and where necessary given feedback.

The annual report has also been checked for full compliance with the GRI4 sustainability reporting requirements and principles (including the indicators of the Financial Sector Supplement (FSSS)).

This report was approved by the Board of Directors.

12.6.2 Reporting Standards

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

12.6.3 Scope (GRI 102-45)

Since 2012, Argenta has published every year a sustainability report as part of its full annual report. From 2014 onwards, the sustainability reporting has been woven into the traditional topics of the annual report and is therefore no longer captured in a separate chapter. This form of reporting is in line with the Argenta philosophy, in which sustainability is viewed as an integral part of the banking and insurance activities.

The scope of the 2016 sustainability report consists of Argenta Bank- en Verzekeringsgroep nv, and the underlying companies (Argenta Spaarbank nv, the branch in the Netherlands, Argenta Asset Management sa, Argenta Assuranties nv, Argenta-Life Nederland nv). Compared to the companies consolidated in the 2015 financial statements, Argenta Life Luxembourg sa and Argenta Nederland nv have been dissolved. Furthermore, Argenta Luxembourg sa has been renamed Argenta Asset Management sa.

The independent branches are not included since they are fall under the direct responsibility of the self-employed branch managers. Argenta nonetheless encourages them to endorse the commitments set out in this report, and supports them in so doing.

12.6.4 Differences in comparison to 2015 (GRI 102-48, 102-49)

The reporting for 2016 follows the latest guidelines of the GRI, the GRI 'Standards', whereas sustainability reporting in the 2015 annual report followed the 'GRI G4' guidelines. The GRI reference table was consequently structured in accordance with the GRI 'standards'. This new application means that the reporting on the number of employees is done, from 2016 onwards, by contract type (full-time/part-time), broken down both by region (BE / NL / LUX) and by (M / F).

With regard to the substantive scope and area of application there are no significant differences compared to last year. It is true that in the section on free products, the number of free subscriptions of online banking is no longer reported. Given that this type of product is generally offered free of charge in the banking and insurance sector, Argenta has decided no longer to emphasise it.

Finally, Argenta is keen to conduct a two-yearly stakeholder consultation. Since there was an extensive stakeholder consultation in 2015, no consultation was conducted in 2016.



12.7 GRI-verification of the General Standard Disclosures G4-17 until G4-27 (Materiality Disclosures Services)

The GRI Materiality Disclosure Service checks if the General Standard Disclosures G4-17 until G4-27 were correctly included in the GRI Content Index as well as in the final text of the annual report. However the GRI Materiality Disclosure does not verify the content of these disclosures.



12.8 GRI Content Index

De duurzaamheidsrapportering binnen dit jaarverslag werd opgesteld conform de GRI Standards: Comprehensive Option

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
100 Universal Standards					
GRI 102 General					
1. Profile of the organization					
102-1	Name of the organization	Complete	4. 'Description of the Argenta structure'		x
102-2	Primary products, activities and services	Complete	5. Description of the centrally organised activities, 6. Description of Argenta Spaarbank's activities, 7. Description of Argenta Assuranties' activities		x
102-3	Country where the headquarters is located	Complete	4. 'Description of the Argenta structure'		x
102-4	Operational structure (list of countries where the organization operates, or that are relevant for sustainability)	Complete	4. 'Description of the Argenta structure'		
102-5	Nature of ownership and legal form	Complete	4. 'Description of the Argenta structure'		
102-6	Markets (including geographic locations where products and services are offered, sectors and types of customers).	Complete	4. 'Description of the Argenta structure', 6. Description of Argenta Spaarbank's activities , 7. Description of Argenta Assuranties' activities		
102-7	Scale of the organization (including total number of employees, operations, net sales, total capitalization and quantity of products or services)	Complete	5.2.1 Organization & Talent, 9. Argenta Key figures		

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
102-8	<p>Total number of employees</p> <ul style="list-style-type: none"> - Number of employees by type of employment contract (permanent or temporary) and gender - Number of employees by type of employment contract (permanent or temporary) and region - Number of employees by type of work (full-time / part-time) and gender <p>- Please report whether a substantial part of the work of the organization is carried out by people who are not employees. If applicable, the nature and extent of the work done by non-Argenta employees.</p> <ul style="list-style-type: none"> - Please report significant deviations in the workforce - Explain how the data were collected including assumptions 	Complete	5.2.1 Organization & Talent		x
102-9	A description of the supply chain, including the main elements relating to activities of the organization, primary brands, products and services.	Complete	2. Argenta: mission and vision		
102-10	<p>Significant changes during the reporting period regarding the organization's size, structure, ownership or its value chain.</p> <ul style="list-style-type: none"> - Changes in the place of, or changes in activities, including openings, closings and expansions - Changes in the share capital structure and other assets - Changes in the location of the structure of the value chain, or in supplier relationships, including selection and termination. 	Not reported	Not applicable	No significant changes	
102-11	Information on the application of the precautionary principle at Argenta	Complete	2. Argenta: mission and vision		
102-12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it has endorsed	Complete	12.4 Sustainability in the workplace, 5.3.4 Product Management, 5.4.3. Treasury & Investment Management		
102-13	An overview of key memberships in associations (such as professional associations) or national/international advocacy organizations	Complete	12.4 Sustainability in the workplace		
2. Strategy					
102-14	Statement by the Chairman of the Board of Directors about the relevance of sustainability to the organization's strategy for addressing sustainability	Complete	1. Foreword		



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
102-15	Description of key impacts, risks and opportunities.	Complete	8.2. Impact of the general financial economic situation on Argenta Spaarbank and Argenta Assuranties, 12. Argenta and Sustainability		
3. Ethics and integrity					
102-16	Overview of the organization's values, principles, standards and norms of behaviour, such as dress codes and ethical codes	Complete	2. Argenta: mission and vision		x
102-17	Report internal and external mechanisms for reporting: - unethical or illegal behaviour (e.g. help lines or advice lines) - issues that impact organizational integrity (e.g. escalation to line management, whistleblower mechanisms and hotlines.)	Complete	5.2.1. Confidential contact person for Argenta employees, 5.2.2. Complaints Management		x
4. Governance					
102-18	Report the following information: Governance structure of the organization, including committees of the highest governance body - Committees responsible for decision-making on economic, environmental and social issues.	Complete	11. Corporate governance		
102-19	Governance structure including subordinate committees reporting to the highest governance body. Identify the person responsible for decision-making with respect to economic, environmental or social impact.	Complete	11. Corporate governance 11.4 Executive Committees of Argenta		
102-20	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Complete	12.1 Argenta's Sustainability Policy: the underlying principles		x
102-21	Process for consultation between stakeholders and the highest governance body on economic, ecological and social topics. If consultation is delegated, describe the feedback process to the highest governance body.	Complete	12.1 Argenta's Sustainability Policy: the underlying principles		x

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
102-22	<p>Composition of the highest governance body and its committees:</p> <ul style="list-style-type: none"> - Executive or non-executive - Independence - Duration of mandates - Each individual's other significant positions and commitments and the nature of those commitments - Gender - Membership of under-represented social groups - Competences relating to economic, social and environmental impacts - Stakeholder representation 	Partially	11. Corporate governance	Under-represented groups in society are not represented in the highest governing body.	
102-23	Indicate whether the chair of the highest governance body is an executive officer (and, if so, his or her function within the organization and the reasons for this situation).	Complete	11.1 Composition and functioning of the Argenta Boards of Directors		
102-24	Nomination and selection process for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members (diversity, independence, knowledge and experience relating to economic, environmental and social topics, how stakeholders (including shareholders) are involved.)	Complete	11.1.2 Suitability and assessment; 11.3 Remuneration Committee and Appointments Committee		
102-25	Processes introduced for the highest governance body to avoid conflicts of interest (e.g. membership of other boards, suppliers and other stakeholders controlling shareholder and related parties.	Complete	11.1.2 Suitability and assessment;		
102-26	Roles of the highest governance body and the senior executive in the development, approval, and updating of the organization's purpose, value and mission statements, , strategies, policies and goals relating to economic, social and environmental topics.	Complete	11.4. Executive Committees of Argenta		
102-27	Measures taken to develop and enhance the board of directors' collective knowledge of economic, environmental and social topics.	Complete	12.1 Argenta's Sustainability Policy: the underlying principles		
102-28	Processes for evaluation of the Board of Directors' performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency, and the evaluation methods used.	Partially	11.1.2 Suitability and assessment;		



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
102-29	Report the following information: - Board of Directors' role in the identification and management of economic, environmental and social topics and their impact, risks and opportunities. - Include the Board's role in the implementation of due diligence processes. - Report whether stakeholder consultation is used to support the Board of Directors' identification and management of economic, environmental and social themes and their impact, risks and opportunities.	Complete	5.2.1 Pay policy, 11.1 Composition and functioning of the Argenta Boards of Directors, 12.1.2 Material topics and stakeholder consultation		
102-30	Board of Directors' role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Complete	11.1 Composition and functioning of the Argenta Boards of Directors		
102-31	Frequency of the Board's review of economic, environmental and social themes and their impact, risks and opportunities.	Complete	11.1 Composition and functioning of the Argenta Boards of Directors		
102-32	The highest committee or position that formally reviews and approves the sustainability report and ensures that all material aspects are covered.	Complete	12.6.1 Data collection and validation		
102-33	Process for communicating critical concerns to the highest governance body.	Complete	11.2 Audit Committees and Risk Committees		
102-34	The nature and number of critical concerns communicated to the highest governance body and the mechanism(s) used to address and resolve them.	Not reported	Not applicable	No critical concerns were communicated. The various control functions within Argenta always have the option to map out concerns/risks cards and report these to the members of the Board of Directors. For Internal Audit and Compliance, this is done through the Aspa/BVg and Aras audit committees; for Risk & Validation via the Aspa/BVg and Aras risk committees. The committees meet five times a year. Between the meetings there is repeated consultation between the chairs of the committees on the one hand and the CRO and Director Internal Audit on the other. This makes it possible to discuss concerns also between meetings.	

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
102-35	The remuneration policy for the highest governance body and senior executives and the criteria in the remuneration policy that relate to the economic, ecological and social objectives of the highest governance body and senior executives.	Complete	11.1.4 Remuneration of senior Argenta Group management, 11.3 Remuneration Committee and Appointments Committee		
102-36	Process for determining remuneration. Report whether remuneration consultants are involved, and whether they are independent of management. Report any other relationships that the remuneration consultants have with the organization.	Complete	11.3 Remuneration Committee and Appointments Committee	No remuneration consultants are used. The committee is composed of three members: an independent director from the Board of Directors, a director representing the family shareholder, and the Chairman of the Board of Directors. The Committee is chaired by an independent director.	
102-37	Process for seeking stakeholders' views and taking them into account regarding remuneration, including the results of voting on remuneration policies.	Complete	11.3 Remuneration Committee and Appointments Committee 12.1 Argenta's Sustainability Policy: the underlying principles		
102-38	Ratio of the total annual compensation of the organization's best paid individual in each country of significant operations to the median annual compensation of all employees (excluding the highest paid individual) in the same country.	Complete	11.1.4 Remuneration of senior Argenta Group management	Argenta has interpreted the highest paid person in the organization as the highest salary of the executive directors	x
102-39	Ratio of the percentage increase in the total annual remuneration of the organization's best paid individual in each country of significant operations to the median percentage increase in the total annual remuneration of all employees (excluding the best paid individual) in the same country.	Complete	11.1.4 Remuneration of senior Argenta Group management	Given the overwhelming importance of the Belgian activity within the group the median base salary was calculated on a cross-country basis, as separate calculations for the Netherlands and Luxembourg would be of little relevance.	x



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
5. Stakeholder Engagement					
102-40	List of the organization's stakeholder groups	Complete	12.1.2 Argenta in dialogue with its stakeholders		x
102-41	Percentage of employees covered by collective bargaining agreements	Complete	5.2.1 Pay policy	Argenta Group's entire pay policy is aligned to the saving banks collective agreement (CAO - PC 308).	x
102-42	Basis for identification and selection of stakeholders with whom to engage	Complete	12.1.2 Argenta in dialogue with its stakeholders		x
102-43	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of this engagement was undertaken as part of the preparation of the Sustainability Report	Complete	5.1.3 Process Excellence, 5.2.1 Employee Opinion Survey, 12.1.2 Argenta in dialogue with its stakeholders		x
102-44	Key topics and concerns that have come up through stakeholder engagement, and how the organization has responded (including through its reporting). Report the stakeholder groups that raised each of the key topics and concerns.	Complete	5.1.3 Process Excellence, 5.2.1 Employee Opinion Survey, 12.1.2 Argenta in dialogue with its stakeholders		x

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
6. Reporting					
102-45	List of the entities included in the organization's consolidated financial statements (or equivalent documents) List of the entities that are not included in the sustainability report compared with the entities in the consolidated financial statements (or equivalent)	Complete	4. Description of the Argenta Structure, 12.6.3 Scope	Entities are identical because combined annual and sustainability report	x
102-46	Process for defining the report content and topic boundaries	Volledig	12.1.2 Material topics and stakeholder consultation, 12.6 Reporting basis		x
102-47	Explain how the reporting principles have been implemented in defining report content.	Complete	12.1.2 Material topics and stakeholder consultations, 12.6 Reporting basis		x
102-48	List the material topics identified in the process of defining report content	Complete	12.6.4 Differences in comparison to 2015		x
102-49	Restatement of information provided in previous reports, and the reasons	Complete	12.6.4 Differences in comparison to 2015		x
102-50	Reporting period	Complete	12.6 Reporting basis		x
102-51	Date of most recent previous report	Complete	12.6 Reporting basis		x
102-52	Reporting cycle	Complete	12.6 Reporting basis		x
102-53	Contact person	Complete	14. Contact data		
102-54	If a report has been prepared in accordance with the GRI standards, either: i. 'This report has been prepared in accordance with the GRI standards: Core option'; or ii. 'This report has been prepared in accordance with the GRI standards: Comprehensive option'.	Complete	12.6 Reporting basis		x



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
102-55	<p>The GRI index, which specifies each of the GRI Standards used and lists all disclosures included in the report. For each disclosure, the content index shall include:</p> <ul style="list-style-type: none"> - the number of the disclosure (for disclosures covered by the GRI Standards); - the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; - if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made 	Complete	12.8 GRI Content Index		x
102-56	<p>A description of the organization's policy and current practice with regard to seeking external assurance for the report. If the report has been externally assured:</p> <ul style="list-style-type: none"> - A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; - The relationship between the organization and the assurance provider; - Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report 	Complete	12.9 Auditor verification of the content of GRI indicators		x

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
200 Economic Indicators					
GRI 201 Economic performance indicators					
1. Profile of the organization					
103-1	<p>a) An explanation of why the topic is material.</p> <p>b) The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> - where the impacts occur; - the organization's involvement with the impacts. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		<p>8.1 The macro-economic and financial environment</p> <p>8.2 Impact of the general financial and economic situation on Argenta Spaarbank and Argenta Assuranties</p>		
201-1	Direct economic value generated and distributed	Complete	9. Argenta Key Figures, 10. Extracts from the 2016 Financial Statements		
201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	5.3.4 Product Management, 12.2 Sustainability Action Plan 2016-2020		
201-3	Coverage of the organization's defined benefit plan obligations.	Complete	5.2.1 Pay policy 5.2.1 Group insurance		
201-4	Significant financial assistance received from government	Not reported	Not applicable	No financial assistance received from the government	



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 202 Market presence					
103-1	a) Report why this aspect is material. b) The Boundary for each material topic includes a description of - where the impacts occur; - the organization's involvement with the impacts. c) Any specific limitation regarding the topic Boundary				
103-2	a) An explanation of how the organization manages the topic. b) A statement of the purpose of the management approach. c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.		5.4.3 Treasury & Investment Management, 5.2.1 Organization & Talent		
202-1	Ratio between the standard starting salary compared with the local minimum wage at significant locations of operation.	Complete	5.2.1 Pay policy	Argenta Group's entire pay policy is aligned to the saving banks collective agreement (CAO - PC 308).	
202-2	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Complete	5.2.1 Organization & Talent	All persons are recruited within the Benelux region.	

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 203 Indirect economic impact					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. c) Any specific limitation regarding the topic Boundary 	Not material.			
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		With regard to social investments Argenta is investigating financing public-private partnerships that invest in the local communities (such as public swimming pools). It also offers funds constructed around sustainability topics. The amount is not significant compared with the overall economy.		
203-1	<ul style="list-style-type: none"> - Extent of development of significant infrastructure investments and services supported - Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. - Whether these investments and services are commercial, in-kind, or pro bono engagements. 	Partially	5.4.3. Treasury & Investment Management		
203-2	<ul style="list-style-type: none"> - Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. - Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas. 	Partially	5.3.4. Product Management		



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 204 Procurement practices					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes: - where the impact is situated - the involvement of the organization in relation to the impact.</p> <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		12.2. Sustainability Action Plan 2016-2020 (Sustainable Procurement)		
204-1	Policy, practices and proportion of spending on local suppliers at significant operating locations.				



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 205 Anti-Corruption					
103-1	a) Report why this aspect is material. b) The scope of each material topic describes: - where the impact is situated - the involvement of the organization in relation to the impact. c) Any specific limitation regarding the topic Boundary				
103-2	a) An explanation of how the organization manages the topic. b) A statement of the purpose of the management approach. c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.	5.2.2 Compliance & Integrity			
205-1	Total number and percentage of operations analysed for risks related to corruption.	Partially	5.2.2 Compliance & Integrity	Procedure is disclosed, but not percentages	



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
205-2	<p>Communication and training on anti-corruption policy and procedures.</p> <ul style="list-style-type: none"> - Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region. - Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. - Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations. - Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. - Number and percentage of employees who have received training on anti-corruption, broken down by employee category and region. 	Partially			
205-3	Confirmed incidents of corruption and actions taken.	Complete	5.2.2 Compliance & Integrity		

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
300 Environmental performance indicators					
GRI 301 Materials					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes: - where the impact is situated - the involvement of the organization in relation to the impact.</p> <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		Paper is the most relevant material for the banking sector. Other materials should be considered as non- significant. For more information see 12.5 Respect for the environment and 12.2. Sustainability Action Plan 2016-2020		
301-1	Total materials used by weight or volume	Complete	12.5 Respect for the environment		x
301-2	Percentage of materials used that are recycled input materials	Complete	12.5 Respect for the environment		x
GRI 302 Energy					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes: - where the impact is situated - the involvement of the organization in relation to the impact.</p> <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		The main energy flows and related emissions are linked to lighting and heating/air conditioning. The significant flows were identified and monitored in the energy accounting. This includes all data from Belgium, the Netherlands and Luxembourg. The energy accounting is verified by the auditor.		



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
302-1	Energy consumption outside of the organization. Total energy consumption outside of the organization c. Standards, methodologies, assumptions, and/or calculation tools used d. Source of the conversion factors used	Complete	12.5 Respect for the environment		x
302-2	Energieverbruik buiten de organisatie b. Het totale energieverbruik buiten de organisatie c. de standaarden, methoden, assumpties en / of gebruikte rekentools d. Bron van de gebruikte omrekeningsfactoren	Complete	12.5 Respect for the environment		x
302-3	Energy intensity ratio a. Organization-specific metric (the denominator) chosen to calculate the ratio. b. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. c. Whether the ratio uses energy consumption within the organization, outside of it, or both.	Complete	12.5 Respect for the environment		x
302-4	Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, specifying the types of energy, the calculation basis and the standards, methodologies, assumptions, and/or calculation tools used.	Not reported		Reporting will be introduced following the efficiency improvements with the renovation of the headquarters building.	
302-5	Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples. This with a specification of the calculation bases, methodologies, assumptions used in the calculation.	Not reported		Not applicable to Argenta's activity (financial services provider).	

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 303 : Water					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes: - where the impact is situated - the involvement of the organization in relation to the impact.</p> <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		Not material. Water is used only for sanitary reasons. Consumption can be considered insignificant compared to the total CO ₂ footprint. Water used is purified city mains water.		
GRI 304 : Biodiversity					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes: - where the impact is situated - the involvement of the organization in relation to the impact.</p> <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		Not applicable to Argenta's activity (financial services provider). All premises are located in urban/residential areas.		



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 305 : Emissies					
103-1	a) Report why this aspect is material. b) The scope of each material topic describes: - where the impact is situated - the involvement of the organization in relation to the impact. c) Any specific limitation regarding the topic Boundary				
103-2	a) An explanation of how the organization manages the topic. b) A statement of the purpose of the management approach. c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.		Not applicable to Argenta's activity (financial services provider). All premises are located in urban/residential areas.		
305-1	Total direct greenhouse gas (GHG) emissions (scope 1) in tons of CO ₂ , including specifying the base year used for the calculation, origin of the data, GWP rates used.	Complete	12.5 Respect for the environment		x
305-2	Total indirect GHG emissions (scope 2) in tons of CO ₂ , including specifying the base year used for the calculation, origin of the data, GWP rates used.	Complete	12.5 Respect for the environment		x
305-3	Other relevant indirect GHG emissions (scope 3) in tons of CO ₂ , including specifying the base year used for the calculation, origin of the data, GWP rates used.	Complete	12.5 Respect for the environment		x
305-4	GHG emissions intensity ratio for the organization, including the organization-specific metric (the denominator) chosen to calculate the ratio, types of gasses used in calculating GHG emissions, i.e. direct (Scope 1), indirect energy (Scope 2) and/or other indirect (Scope 3).	Complete	12.5 Respect for the environment		x
305-5	Reduction in GHG emissions (scope 2) in tons of CO ₂ , including specifying the base year used for the calculation, the Scope in which the reductions took place, and methodologies used.	Complete	12.5 Respect for the environment		x

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
305-6	Emissions of ozone-depleting substances by weight	Not reported		Not applicable to Argenta's activity (financial services provider).	
305-7	NOx, SOx and other significant air emissions by type and weight	Not reported		Not applicable to Argenta's activity (financial services provider).	
GRI 306 : Waste					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>	Not material for Argenta's activity (financial services provider).			



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 307 : Compliance with Environmental Legislation					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>	Not material for Argenta's activity (financial services provider).			
GRI 308 : Assessment of suppliers for environmental effects					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		The banking sector is a major purchaser of, in particular, IT services. See 12.5 Respect for the environment and 12.2. Sustainability Action Plan 2016-2020		
308-1	Percentage of new suppliers that are screened using environmental criteria.	Partially	5.2.8 Procurement & Facilities		

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
308-2	Significant actual and potential negative environmental impacts in the supply chain, and measures taken.	Not reported		Not applicable to Argenta's activity (financial services provider).	

400 Social performance indicators

GRI 401 : Employment

103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		The banking sector is a major employer. See 5.2.1 Organization & Talent and 12.2. Sustainability Action Plan 2016-2020		
401-1	Total number and rate of employee turnover by age group, gender and region	Complete	5.2.1 Organization & Talent		x
401-2	Benefits provided to full-time employees that are not available for part-time employees, by broad activity sectors	Complete	5.2.1 Pay policy	There is no difference in extra-legal benefits between full- and part-time employees.	
401-3	Return to work and retention rates after parental leave, by gender.	Complete	5.2.1 Retention after parental leave		x



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 402: Labour relations					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>	Complete	See 103-1 and 103-2 Employment		
402-1	Minimum notice period(s) in respect of operational changes, including whether this is specified in collective agreements	Complete	5.2.1 Organization & Talent	This is part of the collective savings banks agreement (PC 308).	
GRI 403: Health and Safety					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		Not material for the sustainability report (financial services - not a production environment). Argenta has a safety officer to oversee Health and Safety.		

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 404: Training and Education					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		The banking sector is a major employer. See 5.2.1 Organization & Talent and 12.2. Sustainability Action Plan 2016-2020		
404-1	Average hours of training per year per employee by employee category and gender	Complete	5.2.1 Learning and development		x
404-2	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Complete			not reported
404-3	Percentage of employees receiving regular performance and career development information.	Partially	5.2.1 Performance and assessment interviews		The process itself is explained, but until now there are no precise data on how many employees effectively have assessment interviews. These are being accurately monitored in 2017.



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 405: Diversity and equal opportunity					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>	See 5.2.1 Organization & Talent (Equal opportunities and diversity)			
405-1	Composition of governance bodies and breakdown of employees according to gender, age group, minority group membership and other diversity indicators.	Complete	5.2.1 Organization & Talent (Equal opportunities and Diversity)		x



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 406: Non-discrimination					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>	Complete	See 5.2.1 Organization & Talent		
406-1	Total number of incidents of discrimination and measures taken	Complete	5.2.1 Equal Opportunities and Diversity	There were no known cases of discrimination on 2016.	
GRI 414: Supplier Assessment for Labour Practices					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		12.2. Sustainability Action Plan 2016-2020 (sustainable procurement) and 12.5 Respect for the environment		



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
414-1	The percentage of new suppliers that were screened using social criteria	Partially	5.2.8 Procurement & Facilities	Since 2015 the Argenta Sustainability Charter has been added to each standard contract with an external supplier. Sustainable labour practice principles are an integral part of this Charter.	
414-2	Report on the negative social consequences caused by the supply chain and on the measures taken.	Not reported		Not applicable to Argenta's activity (financial services provider).	
GRI 417: Product and service labelling					
103-1	a) Report why this aspect is material. b) The scope of each material topic describes: - where the impact is situated - the involvement of the organization in relation to the impact. c) Any specific limitation regarding the topic Boundary				
103-2	a) An explanation of how the organization manages the topic. b) A statement of the purpose of the management approach. c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.	5.2.2 Compliance & Integrity			
417-1	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Complete	5.3.4. Product Management		not reported
417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes If the organization has not identified any non-compliance with regulations and / or voluntary codes, a brief statement of this fact is sufficient.	Complete			not reported

Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
GRI 418: Customer data privacy					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>	5.2.2 Compliance & Integrity			
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Partially	5.2.2 Complaints management	For 2016, only the privacy-related complaints relating to the Belgian activities have been recorded.	x



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
Financial sector					
Product portfolio					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		The impact of Argenta's products and services on its customers and on society should be considered to be material. Argenta's role as a driving force of the economy is explained in Section 5.4.3 Treasury & Investment Management, and 5.3.4 Product Management.		
FS6	Percentage of portfolio by business line by region, size and sector.	Complete	Section 5.3.1. Distribution		
FS7	Monetary value of products and services developed in order to obtain specific social benefits by business line and goal	Partially	5.3.4. Product Management	Quantification in monetary terms is difficult in the other product lines/pillars Savings and Payments, Lending and Insurance (e.g. free accounts/cards services). These are reported in numbers in Section 5.3.4. Product Management	x



Nr	GRI standard description	Reporting status 2016.	Reference 2016 annual report	Not included in the 2016 reporting	Audited by auditor in 2016
Active share ownership (fund management).					
103-1	<p>a) Report why this aspect is material.</p> <p>b) The scope of each material topic describes:</p> <ul style="list-style-type: none"> - where the impact is situated - the involvement of the organization in relation to the impact. <p>c) Any specific limitation regarding the topic Boundary</p>				
103-2	<p>a) An explanation of how the organization manages the topic.</p> <p>b) A statement of the purpose of the management approach.</p> <p>c) A description of the following, if the management approach includes that component: policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, specific actions, such as processes, projects, programmes and initiatives.</p>		The approach to 'healthy investment' and the monetary value of the funds are discussed in Sections 5.4.3 Treasury and Investment Management and 12.2 Sustainability Action Plan 2016-2020		
FS10	Percentage and number of companies in the business portfolio with which the reporting organization has communicated with regard to environmental and social issues.	Complete	5.4.3 Treasury & Investment Management - to all external fund managers.		
FS11	Percentage of assets that have undergone positive or negative environmental and social screening.	Complete	Section 5.4.3 Treasury and Investment Management - minimum criteria apply to all funds.		



12.9 Auditor verification of the content of the GRI indicators

AUDITOR'S REPORT ON THE LIMITED REVIEW OF CSR INDICATORS PUBLISHED IN THE COMBINED ANNUAL REPORT OF ARGENTA BANK- EN VERZEKERINGSGROEP NV FOR THE YEAR ENDING ON 31 DECEMBER 2016

To the board of directors

In our capacity as statutory auditor of the company and as commissioned by you, we have undertaken assessment activities aimed at obtaining limited assurance regarding a selection of CSR indicators identified by a symbol 'X' in the GRI index table ('the Data') published in the Combined Annual Report of Argenta Bank- en Verzekeringsgroep NV for the financial year ending on 31 December 2016.

As it did last year, Argenta Bank- en Verzekeringsgroep NV reports in accordance with the guidelines of the 'Global Reporting Initiative' (GRI), but this year using the GRI Standards version. As a result, the Data are defined in accordance with the latest guidelines dd. October 2016 of the 'Global Reporting Initiative' (GRI) Standards – 'comprehensive'.

The Data apply to Argenta Bank- en Verzekeringsgroep NV, and to the underlying companies (Argenta Spaarbank NV, the branch in the Netherlands, Argenta Asset Management SA, Argenta Assuranties NV, Argenta-Life Nederland NV). The branches are not included since these are fall under the direct responsibility of the self-employed branch managers.

The scope of our work is limited to the Data relating to 2016. The following statement therefore applies solely to these Data. The remaining indicators and information included in the Combined Annual Report are not a part of this assessment commission. We also do not provide any assurance as to the feasibility of the forward-looking information included in the report, such as targets, expectations and ambitions of Argenta Bank- en Verzekeringsgroep NV.

Responsibility of the Board of Directors

The board of directors of Argenta Bank- en Verzekeringsgroep NV is responsible for the preparation of the Combined Annual Report in accordance with the statutory provisions. The board is also responsible for the efforts and achievements reported in the field of sustainability, the preparation of the Data themselves, and applying the Standards of the 'Global Reporting Initiative' (GRI).

This responsibility includes the selection and application of appropriate measuring methodology for preparing the Data, the reliability of the underlying information and the use of reasonable assumptions and estimates. Moreover, the responsibility of the board of directors also includes designing, implementing and maintaining internal control systems and procedures relevant to the preparation of the data.

Scope of the limited review (opinion)

We have performed a limited review in accordance with International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Information' to determine whether the Data have been prepared in line with the GRI guidelines.

Our most important review procedures consisted of:

- *Gaining insight into the structure and operation of the systems and methods used to collect and process the Data, and into the classification, consolidation and validation of these Data and assessing the effectiveness of these systems used for determining the Data;*
- *Interviews with responsible persons;*
- *Examining on a sample basis the internal and external sources of information to assess the reliability of the Data and carry out checks on the consolidation of these Data.*

The scope of a limited review is considerably narrower. For this reason the limited review does not allow us to obtain reasonable assurance that we will become aware of all matters of material significance that would be identified in an audit. Accordingly, we do not express an audit opinion.

Statement

Based on the limited review conducted by ourselves, we are not aware of any facts which lead us to believe that the Data were not prepared in all material respects according to the GRI guidelines.

Zaventem, 22 March 2017

The Statutory Auditor

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



13. Overview of the individual Argenta companies

Argenta Bank- en Verzekeringsgroep

HOLDING COMPANY

public limited company

Belgiëlei 49-53
B-2018 Antwerp
RPR Antwerpen
VAT BE 0475.525.276

Argenta Spaarbank

CREDIT INSTITUTION

public limited company

Belgiëlei 49-53
B-2018 Antwerp
RPR Antwerpen
VAT BE 0404.453.574

Netherlands branch office

Stadionstraat 2
NL-4815 NG Breda

Argenta Assuranties

INSURANCE COMPANY

public limited company

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

Argenta Asset Management

ASSET MANAGEMENT COMPANY

public limited company

under Luxembourg law

27, Boulevard du Prince Henri
L-1724 Luxembourg
R.C. Luxembourg B 35185

Argenta-Life Nederland

LIFE INSURANCE COMPANY

public limited company

under Dutch law

Stadionstraat 2
NL-4815 NG Breda
H.R. Amsterdam 33301491



14. Contact data

The annual report of Argenta Bank- en Verzekeringsgroep nv is published in Dutch, French and English. The French and English versions are translations of the original Dutch version and are published as a courtesy to stakeholders. In the event of any disparity between versions, the Dutch language version takes precedence. Questions related to the distribution of these reports should be directed to:

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B-2018 Antwerp
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www.argenta.be
pers@argenta.be

14.2 Complaints Management



If you have a complaint or comment concerning the Argenta Group's services, we request that you first get in touch with the branch where you are a customer. Our branch managers are always ready 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 mediation service for both Bank Pool and Insurance Pool issues.

Complaints Management

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B-2018 Antwerp
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In line with Argenta's sustainability philosophy, this report is printed on Cocoon Silk (fully recycled paper). The used inks are made on the basis of vegetable oil and moreover, are solvent free.





Active in 3 countries



2,523 co-workers

€ 246.3 million
Net Profit



€ 639.7 million
Insurance Premium
Income



€ 2.6 billion Balance
Sheet Equity



Argenta Bank- en Verzekeringsgroep nv

Belgiëlei 49-53

B-2018 Antwerp

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