



# Argenta Spaarbank

Interim Financial Statements 1H 2016





# Table of Contents

<b>Management certification of financial statements and quarterly report</b>	<b>4</b>
<b>The Statutory Auditor's Report</b>	<b>5</b>
<b>Report on the first six months</b>	<b>6</b>
<b>Condensed consolidated financial statements according to IFRS</b>	<b>7</b>
Condensed consolidated interim balance sheet	7
Condensed consolidated interim income statement	8
Condensed consolidated interim statement of comprehensive income	9
Interim statement of changes in equity	10
Condensed consolidated interim cash flow statement	11
<b>Notes to the condensed consolidated interim financial statements</b>	<b>13</b>
<b>Notes on segment reporting</b>	<b>14</b>
<b>Notes on related party transactions</b>	<b>15</b>
<b>Notes to the condensed consolidated interim balance sheet</b>	<b>16</b>
<b>Notes to the condensed interim consolidated income statement</b>	<b>23</b>
<b>Note on capital adequacy</b>	<b>26</b>
<b>Note on subsequent events</b>	<b>26</b>



## Condensed consolidated interim financial information of the Issuer for the first six months of the current financial year 2016, prepared in accordance with IAS34 as adopted by the European Union

### Management certification of financial statements and quarterly report

'I, Geert Ameloot, Chief Financial Officer, certify on behalf of the Executive Committee that, to the best of my knowledge, the condensed financial statements included in the present quarterly report are based on the relevant accounting standards and fairly present in all material respects the financial condition and results of Argenta Spaarbank (\*) including its consolidated subsidiaries, and that the quarterly report provides a fair view of the main events, of the main transactions with related parties in the period under review and their impact on the abbreviated financial statements, and an overview of the main risks and uncertainties for the remainder of the current year.'

*(\*) Argenta Spaarbank nv (hereinafter the Company, abbreviated to Aspa) is registered in Belgium under Belgian law. Its legal form is that of a public limited liability company that has made a public appeal to the savings system (statutory Belgian credit institution).*



# The Statutory Auditor's Report

## Report on review of the consolidated interim financial information for the six-month period ended 30 June 2016

### To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated interim balance sheet as at 30 June 2016, the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim cash flow statement for the period of six months then ended, as well as selective notes 1 to 16.

### Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Argenta Spaarbank NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting as adopted by the European Union*.

The condensed consolidated interim balance sheet shows total assets of 35.689.477 (000) EUR and the condensed consolidated income statement shows a consolidated profit (group share) for the period then ended of 73.681 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – *Interim Financial Reporting as adopted by the European Union*. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

### Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Argenta Spaarbank NV has not been prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting as adopted by the European Union*.

Diegem, 24 August 2016

**The statutory auditor**

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

# Report on the first six months

In a context of very low interest rates, limited economic growth and increased regulation, the Company continued to deliver stable results.

The consolidated result (including minority interests) for the first six months of the present 2016 financial year is EUR 73,685,581 compared to EUR 72,699,407 for the first six months of 2015. The main profit driver remains interest income, which has strengthened over recent years with the shift in asset mix towards retail mortgage loans and the unrealised gains in the liquidity investment portfolio.

The balance sheet grew by 5.4% (EUR 1.8 billion) to EUR 35.7 billion. Mortgage production both in Belgium and the Netherlands was strong and the total loan and receivables portfolio grew by 5.3% or EUR 1.2 billion to EUR 25.6 billion, while maintaining the conservative credit standards of previous years. Retail deposits increased by 4.6% or EUR 1.3 billion to EUR 30.9 billion. In addition, the successful issuance of a Tier 2 bond in May added EUR 500 million to liabilities while retail debt certificates decreased by 6.7% to EUR 1.3 billion.

Investments in available-for-sale assets and 'assets held to maturity' increased slightly. The Company maintains a cautious investment policy resulting in a portfolio of high quality investments with 47% rated AA and above and 99% invested in investment grade securities.

The bank's profit has remained solid and stable, despite continued investments in digitalization and professionalization of services and channels, reflected in the increase in 'general and administrative expenses' and depreciation.

The company's solvency position remains very robust with a CET1 ratio of 17.99% (Bill transitional with BI 80% floor) and a leverage ratio of 4.4%. Liquidity is also strong with an LCR of 167.6% and NSFR of 142.1%. The Company meets all regulatory ratios.



# Condensed consolidated financial statements according to IFRS

## Condensed consolidated interim balance sheet (in EUR)

Assets	Note	31/12/2015	30/06/2016
Cash and cash equivalents with central banks	5	512,327,845	517,712,593
Financial assets held for trading	9	28,792,623	9,041,665
Available-for-sale financial assets	6, 9	8,004,524,288	8,220,978,426
Loans and receivables	7	24,323,502,971	25,647,948,577
Loans to and receivables from credit institutions		15,350,000	56,380,000
Loans to and receivables from other clients		24,308,152,971	25,591,568,577
Financial assets held to maturity		404,465,119	421,204,233
Derivatives, hedge accounting	9	6,078,917	0
Fair value changes of the hedged items in a portfolio hedge of interest rate risk		304,086,209	521,968,211
Property, plant and equipment		37,032,746	35,014,105
Buildings, land, equipment		35,508,011	33,940,919
Investment properties		1,524,735	1,073,186
Goodwill and other intangible assets		50,011,324	54,699,915
Tax assets		4,917,451	13,354,345
Other assets		186,306,132	247,554,956
<b>Total assets</b>		<b>33,862,045,625</b>	<b>35,689,477,026</b>
<b>Liabilities, equity and minority interest</b>			
Financial liabilities held for trading	9	10,317,361	4,429
Financial liabilities measured at amortised cost	8	31,405,282,167	32,913,770,396
Deposits from credit institutions		100,914,580	681,623
Deposits from other than credit institutions		29,529,673,674	30,874,514,839
Debt certificates, including bonds		1,372,724,660	1,280,820,214
Subordinated liabilities		401,969,253	757,753,720
Derivatives, hedge accounting	9	496,161,248	733,653,341
Provisions		10,406,788	10,417,362
Tax liabilities		74,941,227	42,883,118
Current tax liabilities		29,545,117	3,358,316
Deferred tax liabilities		45,396,110	39,524,802
Other liabilities		192,120,099	242,979,325
<b>Total liabilities</b>		<b>32,189,228,890</b>	<b>33,943,707,971</b>
Equity attributable to the shareholders	10	1,672,757,634	1,745,713,520
Equity attributable to the minority interests	10	59,101	55,535
<b>Total liabilities, equity and minority interests</b>		<b>33,862,045,625</b>	<b>35,689,477,026</b>



## Condensed consolidated interim income statement (in EUR)

Six months period to	Note	30/06/2015	30/06/2016
Net interest income	11	279,621,401	289,526,928
Interest income		505,293,023	478,169,337
Interest expenses		-225,671,622	-188,642,409
Dividend income		1,125	10,346
Net income from commissions and fees	12	-29,275,356	-30,748,521
Income from commissions and fees		46,524,877	46,437,592
Expenses related to commissions and fees		-75,800,233	-77,186,113
Realised gains and losses on financial assets and liabilities not measured at fair value in the income statement		4,435,219	6,550,041
Gains and losses on financial assets and liabilities held for trading		-2,279,203	-2,750,052
Gains and losses from hedge accounting		-1,264,750	-1,183,182
Gains and losses on derecognition of assets other than held for sale		115,035	110,010
Other net operating income		11,037,632	22,753,608
Other operating income		18,440,195	30,042,824
Other operating expenses		-7,402,563	-7,289,216
<b>Financial and operational income and expenses</b>		<b>262,391,103</b>	<b>284,269,178</b>
<b>Administration expenses</b>	<b>13</b>	<b>-156,557,156</b>	<b>-175,456,553</b>
Employee expenses		-23,948,744	-29,435,279
General and administrative expenses		-132,608,412	-146,021,274
<b>Depreciation</b>		<b>-11,220,151</b>	<b>-12,575,064</b>
Property, plant and equipment		-2,514,816	-3,085,249
Investment properties		-26,421	-20,355
Intangible assets		-8,678,914	-9,469,460
<b>Provisions</b>		<b>483,606</b>	<b>-10,574</b>
<b>Impairments</b>		<b>2,534,687</b>	<b>-1,418,087</b>
Available-for-sale financial assets		0	1,452,331
Loans and receivables		2,534,687	-2,870,418
<b>Total profit before taxes</b>		<b>97,632,089</b>	<b>94,808,900</b>
Income tax expenses	14	-24,932,682	-21,123,319
<b>Net profit or loss</b>		<b>72,699,407</b>	<b>73,685,581</b>
Net profit or loss attributable to shareholders		72,696,180	73,680,576
Net profit or loss attributable to minority interests		3,227	5,005





## Condensed consolidated interim statement of comprehensive income (in EUR)

Six months period to	30/06/2015	30/06/2016
<b>Net profit or loss</b>	<b>72,699,407</b>	<b>73,685,581</b>
Net profit or loss attributable to shareholders	72,696,180	73,680,576
Net profit or loss attributable to minority interests	3,227	5,005
<b>Total other comprehensive income</b>	<b>-32,823,157</b>	<b>-724,692</b>
Net change in revaluation reserve of available-for-sale financial assets	-33,562,547	1,126,780
Available-for-sale financial assets	-50,844,749	1,616,959
Deferred taxes	17,282,202	-490,178
Net change in hedging reserve of cash flow hedge	739,390	-1,851,472
Fair value hedged item	985,853	-2,468,630
Deferred taxes	-246,463	617,158
<b>Total profit or loss including comprehensive income</b>	<b>39,876,250</b>	<b>72,960,889</b>
Total profit or loss attributable to shareholders	39,873,023	72,955,884
Total profit or loss attributable to minority interests	3,227	5,005



## Interim statement of changes in equity (in EUR)

	Paid-in share capital	Retained earnings	Profit of current period	Revaluation reserve of available -for-sale financial assets	Cash flow hedge reserves	Shareholders' equity	Minority interests	Total equity
<b>Equity 31/12/2014</b>	<b>579,077,650</b>	<b>673,416,407</b>	<b>173,058,525</b>	<b>137,852,251</b>	<b>-13,729,427</b>	<b>1,549,675,406</b>	<b>74,294</b>	<b>1,549,749,700</b>
Net profit (loss)	0	0	72,696,180	0	0	72,696,180	3,227	72,699,407
Other comprehensive income for the period	0	0	0	-33,562,547	739,390	-32,823,157	0	-32,823,157
Other changes	0	0	0	0	0	0	-22,803	-22,803
Transfer to retained earnings	0	173,058,525	-173,058,525	0	0	0	0	0
<b>Equity 30/06/2015</b>	<b>579,077,650</b>	<b>846,474,932</b>	<b>72,696,180</b>	<b>104,289,704</b>	<b>-12,990,037</b>	<b>1,589,548,429</b>	<b>54,718</b>	<b>1,589,603,147</b>
<b>Equity 31/12/2015</b>	<b>616,252,150</b>	<b>783,954,184</b>	<b>192,866,907</b>	<b>93,963,258</b>	<b>-14,278,863</b>	<b>1,672,757,636</b>	<b>59,099</b>	<b>1,672,816,735</b>
Net profit (loss)	0	0	73,680,576	0	0	73,680,576	5,005	73,685,581
Other comprehensive income for the period	0	0	0	1,126,780	-1,851,472	-724,692	0	-724,692
Other changes	0	0	0	0	0	0	-8,569	-8,569
Transfer to retained earnings	0	192,866,907	-192,866,907	0	0	0	0	0
<b>Equity 30/06/2016</b>	<b>616,252,150</b>	<b>976,821,091</b>	<b>73,680,576</b>	<b>95,090,038</b>	<b>-16,130,335</b>	<b>1,745,713,520</b>	<b>55,535</b>	<b>1,745,769,055</b>



## Condensed consolidated interim cash flow statement (in EUR)

Six months period to	30/06/2015	30/06/2016
<b>Cash and cash equivalents at the start of the period</b>	<b>500,103,683</b>	<b>527,677,845</b>
<b>Operating activities</b>		
Net profit attributable to shareholders	72,696,180	73,680,576
Payable and deferred tax expenses, recognised in the income statement	24,932,682	21,123,319
Minority interests recognised in the group's income statement	3,227	5,005
Depreciations	11,220,151	12,575,064
Net provisions (reversals)	-483,606	10,574
Net income (loss) on the sale of investments	-115,035	-110,010
Impairment losses	-2,534,687	1,418,087
Other adjustments (including interest expenses on financing activities)	8,471,552	7,475,140
<b>Cash flows from operating profits before changes in operating assets and liabilities</b>	<b>114,190,464</b>	<b>116,177,755</b>
Changes in operating assets (except cash and cash equivalents)		
Changes in loans and receivables	-1,966,914	-1,286,286,024
Changes in available-for-sale assets	-659,728,282	-213,875,027
Changes in financial assets held for trading	3,135,301	19,750,958
Changes in financial assets held to maturity	483,697,533	-16,739,114
Changes in assets – derivatives, used for hedging	-3,509,367	6,078,917
Changes in cumulative fluctuations in value of covered positions	95,402,324	-217,882,002
Changes in other assets	-23,950,881	-69,685,718
Changes in operating liabilities (except cash and cash equivalents)		
Changes in deposits from central banks	0	0
Changes in deposits from credit institutions	-306,606,469	-100,232,957
Changes in deposits from other than credit institutions	701,022,700	1,344,841,165
Changes in debt certificates	-153,266,355	-91,904,446
Changes in financial liabilities held for trading	236,385	-10,312,932
Changes in liabilities – derivatives used for hedging	-114,573,402	235,640,621
Changes in other liabilities	-5,692,841	44,987,918
Changes in working capital, net	14,199,732	-355,618,641
Cash flow from operational activities	114,190,464	116,177,755
(Paid) Refunded income taxes	-38,608,182	-47,310,120
<b>Net cash flow from operating activities</b>	<b>89,782,014</b>	<b>-286,751,006</b>
<b>Investing activities</b>		
(Cash payments to acquire property, plant and equipment)	-2,608,518	-2,116,842
Cash proceeds from disposal of property, plant and equipment	337,469	571,545
(Cash payments to acquire intangible assets)	-11,141,325	-13,893,953
Cash proceeds from disposal of intangible assets	0	0
Changes concerning consolidated companies	0	0
<b>Net cash flow from investing activities</b>	<b>-13,412,374</b>	<b>-15,439,249</b>



<b>Financing activities</b>		
(Paid dividends)	0	0
Cash proceeds from the issue of subordinated liabilities	0	497,950,000
(Cash repayments of subordinated liabilities)	-67,529,158	-149,344,997
Cash proceeds from a capital increase	0	0
<b>Net cash flow from financing activities</b>	<b>-67,529,158</b>	<b>348,605,003</b>
<b>Total cash and cash equivalents at the end of the period</b>	<b>508,944,165</b>	<b>574,092,593</b>
<i>Components of cash and cash equivalents:</i>		
Cash in hand	23,515,436	34,369,625
Cash balances at agents	12,312,833	11,764,370
Cash balances with central banks	7	0
Central bank reserves	358,931,251	445,355,194
Cash balances with other financial institutions	111,254,638	26,223,404
Other advances	2,930,000	56,380,000
<b>Total cash and cash equivalents at the end of the period</b>	<b>508,944,165</b>	<b>574,092,593</b>
<i>Cash flow from operating activities</i>		
Received interest income	505,293,023	478,169,337
Dividends received	1,125	10,346
Paid interest expenses	-216,996,301	-181,462,945
<i>Cash flow from financing activities:</i>		
Interest paid	-8,675,321	-7,179,464

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




# Notes to the condensed consolidated interim financial statements (in EUR)

## Statement of compliance and changes in accounting policies

### **Note 1 : Statement of compliance (Note 2 in the annual statements of 2015)**

The condensed consolidated financial statements of the Company have been prepared in accordance with IAS 34 as adopted in the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2015.

IFRIC 21 (Levies) is applicable as from 1 January 2015. The main consequence of the application of IFRIC 21 is that certain levies are recognised upfront, which negatively impacted the first half-year results. The following table contains the results with and without application of IFRIC 21.



	30/06/2015	30/06/2016
<b>Net profit or loss (with application of IFRIC 21)</b>	<b>72,699,407</b>	<b>73,685,581</b>
Administration expenses	32,892,695	35,270,739
Income tax expenses	-11,854,468	-11,913,229
Total impact of IFRIC 21	21,038,227	23,357,510
<b>Net profit or loss (without application of IFRIC 21)</b>	<b>93,737,634</b>	<b>97,043,091</b>

For more information, see 'Note – Administrative Expenses'.

### **Note 2 : Summary of significant accounting policies (Note 2 in the annual statements of 2015)**

A summary of the main accounting policies is provided in the annual financial statements as at 31 December 2015.

# Notes on segment reporting (in EUR)

## **Note 3 : Segment reporting according to the management structure of the group (Note 10 in the annual statements of 2015)**

The operational segmentation is based on geographical areas where the Bank Pool is active. The Bank Pool delivers services under the heading of 'retail banking' which until further notice is treated in internal reporting as a single operational segment. Retail banking provides financial services to individuals, and to a lesser extent to self-employed persons and small and medium-sized enterprises. In the Benelux, it has a combination of banking, saving, lending and investment operations.

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

<b>Consolidated balance sheet 31/12/2015</b>	<b>Belgium</b>	<b>Netherlands and Luxembourg</b>	<b>Total</b>
Total assets	20,166,804,718	13,695,240,907	33,862,045,625
Total liabilities	29,400,996,889	2,788,232,001	32,189,228,890

<b>Consolidated income statement 30/06/2015</b>	<b>Belgium</b>	<b>Netherlands and Luxembourg</b>	<b>Total</b>
Net Financial and operational income and expenses	142,677,780	119,713,323	262,391,103
Non-operational items			-164,759,014
Tax on profits			-24,932,682
<b>Total profit after taxes</b>			<b>72,699,407</b>

<b>Consolidated balance sheet 30/06/2016</b>	<b>Belgium</b>	<b>Netherlands and Luxembourg</b>	<b>Total</b>
Total assets	20,133,142,206	15,556,334,820	35,689,477,026
Total liabilities	30,949,733,911	2,993,974,062	33,943,707,973

<b>Consolidated income statement 30/06/2016</b>	<b>Belgium</b>	<b>Netherlands and Luxembourg</b>	<b>Total</b>
Net Financial and operational income and expenses	147,772,627	136,496,551	284,269,178
Non-operational items			-189,460,278
Tax on profits			-21,123,319
<b>Total profit after taxes</b>			<b>73,685,581</b>

The non-operational items (in the consolidated income statement) consists of the administrative expenses, depreciation, provisions and impairments.



# Notes on related party transactions (in EUR)

## Note 4: Related party transactions (Note 9 in the annual statements of 2015)

The Company regularly conducts transactions with related parties as part of its operations. In the interim financial statements the transactions with the parent companies and the other group entities are listed below.

Balance sheet	31/12/2015		30/06/2016	
	Parent companies	Other related group entities	Parent companies	Other related group entities
Loans and receivables from other clients				
Other receivables	62,869	3,792,250	0	52,469,189
<b>Total assets</b>	<b>62,869</b>	<b>3,792,250</b>	<b>0</b>	<b>52,469,189</b>
Financial liabilities measured at amortised cost				
Deposits	75,698,871	356,598,632	57,081,103	456,309,458
Debt certificates	0	6,851,500	0	1,150,500
Other liabilities	462,892	0	501,357	0
<b>Total Liabilities</b>	<b>76,161,763</b>	<b>363,450,132</b>	<b>57,582,460</b>	<b>457,459,958</b>
Guarantees issued by the group	0	0	0	0
Guarantees received by the group	47,100	0	47,100	0

Income statement	30/06/2015		30/06/2016	
	Parent companies	Other related group entities	Parent companies	Other related group entities
Interest expenses	84,968	65,514	188,872	50,184
Expenses related to commissions and fees	0	4,881,552	0	5,159,871
Other operating expenses	3,358,695	558,908	3,171,472	1,406,348
<b>Total expenses</b>	<b>3,443,663</b>	<b>5,505,974</b>	<b>3,360,344</b>	<b>6,616,403</b>
Interest income	316	389,202	0	1,394
Income from commissions and fees	0	1,575,255	0	4,609,129
Other operating income	237,934	11,993,974	208,452	15,442,874
<b>Total income</b>	<b>238,250</b>	<b>13,958,431</b>	<b>208,452</b>	<b>20,053,397</b>



# Notes to the condensed consolidated interim balance sheet (in EUR)

## **Note 5: Cash and cash equivalents (Note 11 in the annual statements of 2015)**

	31/12/2015	30/06/2016
Cash	47,911,356	46,133,995
Cash balances with central banks	363,566,585	445,355,194
Cash balances with other financial institutions	100,849,904	26,223,404
<b>Total</b>	<b>512,327,845</b>	<b>517,712,593</b>

Monetary policy requires financial institutions to maintain deposits with central banks in the countries where the Company operates. For this reason, the Company maintains deposits at the NBB and the DNB. The minimum central bank reserves are determined on a monthly basis.

## **Note 6: Available-for-sale financial assets (Note 13 in the annual statements of 2015)**

	31/12/2015	30/06/2016
<b>Total available-for-sale financial assets</b>	<b>8,004,524,288</b>	<b>8,220,978,426</b>
of which hedged via micro-hedges (nominal values)	955,569,300	955,569,300
Breakdown by interest rate type (fixed or variable)		
Variable	3,108,146,041	3,430,206,220
Fixed	4,896,116,721	4,789,333,582
Undefined	261,527	1,438,624
Impairments	-1,935,920	-483,590





The amortised cost, the unrealized gains or losses and the fair value of the available-for-sale instruments per 31 December 2015 and 30 June 2016 can be summarised as follows:

31/12/2015	Amortised cost price	Accrued interest	Unrealised results	Impairments	Fair value
Fixed-income securities					
- public institutions	3,364,384,101	46,312,695	200,669,162	0	3,611,365,958
- credit institutions	1,807,202,910	11,408,299	21,024,207	0	1,839,635,416
- securities other counterparties	2,528,655,055	11,294,493	15,247,758	-1,935,920	2,553,261,386
Variable-yield securities					
- investment funds / other shares	262,153		-625	0	261,528
<b>Total</b>	<b>7,700,504,219</b>	<b>69,015,487</b>	<b>236,940,502</b>		<b>8,004,524,288</b>

30/06/2016	Amortised cost price	Accrued interest	Unrealised results	Impairments	Fair value
Fixed-income securities					
- public institutions	3,152,603,780	49,436,359	220,014,101	0	3,422,054,240
- credit institutions	2,076,734,921	9,889,407	16,688,066	0	2,103,312,394
- securities other counterparties	2,653,408,928	9,415,174	31,832,656	-483,590	2,694,173,168
Variable-yield securities					
- investment funds / other shares	1,264,414		174,210	0	1,438,624
<b>Total</b>	<b>7,884,012,043</b>	<b>68,740,940</b>	<b>268,709,033</b>	<b>-483,590</b>	<b>8,220,978,426</b>

The breakdown by different counterparty classes (e.g. public administrations, credit institutions, 'securities – other counterparties' or investment funds/other shares) follows the breakdown that is applicable for the Belgian prudential reporting at bank solo level. The fair value amounts that are applied are obtained from external sources such as Bloomberg and Euroclear (the Company's main clearing and custody counterparty). The same sources were used as in previous years.



**Note 7: Loans and receivables (Note 14 in the annual statements of 2015)**

	31/12/2015	30/06/2016
<b>Total loans and receivables</b>	<b>24,323,502,971</b>	<b>25,647,948,577</b>
Of which from credit institutions	15,350,000	56,380,000
Of which from other clients	24,308,152,971	25,591,568,577

**Loans and receivables from other clients**

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

	31/12/2015	30/06/2016
<b>Total loans and receivables from other clients</b>	<b>24,308,152,971</b>	<b>25,591,568,577</b>
Breakdown by loan type		
Consumer loans	97,424,542	96,677,851
Mortgage loans	23,842,271,932	25,089,622,893
Term loans	335,622,758	368,007,862
Deposits on demand	5,808,705	13,089,328
Other loans and receivables – MBS portfolio	27,025,034	24,170,643
Where following impairments are included:		
Impairments specific	29,161,958	26,151,885
Impairments collective	7,735,699	9,985,143

There are no significant changes in the composition of loans and receivables from other clients.

**Note 8: Financial liabilities measured at amortised cost (Note 20 in the annual statements of 2015)**

	31/12/2015	30/06/2016
<b>Total financial liabilities measured at amortised cost</b>	<b>31,405,282,167</b>	<b>32,913,770,396</b>
Of which deposits from credit institutions	100,914,580	681,623
Of which deposits from other than credit institutions	29,529,673,674	30,874,514,839
Of which debt certificates and retail savings certificates	1,372,724,660	1,280,820,214
Of which subordinated liabilities	401,969,253	757,753,720

**Deposits from credit institutions**

The deposits from credit institutions are composed as follows:

	31/12/2015	30/06/2016
<b>Total deposits from credit institutions</b>	<b>100,914,580</b>	<b>681,623</b>
Breakdown by type		
Deposits on demand	928,443	681,623
Repo's	99,986,137	0
Collateral with financial institutions	0	0

## Deposits from other than credit institutions

Deposits from institutions other than credit institutions - essentially deposits by retail customers – can be broken down as follows:

	31/12/2015	30/06/2016
<b>Other than credit institutions</b>	<b>29,529,673,674</b>	<b>30,874,514,839</b>
Breakdown by type		
Retail deposits on demand	2,801,613,286	3,273,170,072
Fixed-term retail deposits	2,534,666,602	2,769,041,534
Regulated retail saving deposits	21,825,332,441	22,431,298,993
Mortgage-linked retail deposits	404,852,910	431,031,413
Other retail deposits	1,963,208,435	1,969,972,827

The portfolio of regulated savings deposits is steadily increasing.

## Debt certificates and retail savings certificates

	31/12/2015	30/06/2016
Debt certificates and retail savings certificates	1,372,724,660	1,280,820,214

The downward trend of recent years in the debt and retail savings certificate segment continues. This trend reflects on the one hand the current low interest rates, i.e. flat interest rate curve on this type of funding, and on the other hand the fact that the Company has ceased promoting this funding source and is gradually replacing it with term deposits.

## Subordinated liabilities

In the past, the Company placed normal subordinated liabilities with the retail public. A hybrid perpetual bond was issued in 2016 and offered to institutional investors with a first optional redemption date in October 2016. In May 2016, a Tier 2 bond of nominal EUR 500 million was successful issued and subscribed by institutional investors.

The subordinated liabilities are composed as follows:

	31/12/2015	30/06/2016
<b>Total subordinated liabilities</b>	<b>401,969,253</b>	<b>757,753,720</b>
Breakdown by type		
Subordinated bonds (retail funding)	332,485,004	188,421,699
Subordinated bonds (corporate funding)	69,484,249	569,332,021

Since 2015, no subordinated certificates have been issued to retail customers. As a result, this portfolio is in run-off.



**Note 9: Financial instruments recognised at fair value (Note 23.2 in the annual statements of 2015)**

The following tables show the fair value of the financial instruments that are recognised at their fair value on the balance sheet.

The fair values of the 'available-for-sale' assets originate from the same external sources as used in previous years, i.e. Bloomberg and Euroclear (the Company's largest clearing and custody counterparty). To support the level attributions, the Company has calculated market values where necessary.

The fair values of derivative instruments are calculated internally using a FINCAD application. The market values are calculated daily in line with the European Market Infrastructure Regulation (EMIR). The vanilla derivatives (vanilla IRSs and caps) are valued on the basis of the interest rate curves and implied volatilities that are observable in the market (Level 2 inputs). The fair value of these transactions is therefore considered as Level 2.

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

More information about the fair valuation technique's and inputs can be found in the IFRS Annual Statements (note 23).

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

31/12/2015	level 1	level 2	level 3
<b>Financial assets recognised at fair value</b>	<b>6,120,755,343</b>	<b>1,854,279,067</b>	<b>64,361,418</b>
Assets held for trading	2,141,843	9,647,762	17,003,018
Available-for-sale assets	6,118,613,500	1,838,552,388	47,358,400
Derivatives for hedging purposes	0	6,078,917	0
<b>Financial liabilities recognised at fair value</b>	<b>0</b>	<b>477,128,660</b>	<b>29,349,949</b>
Liabilities held for trading	0	5,896	10,311,465
Derivatives used for hedging	0	477,122,764	19,038,484
30/06/2016	level 1	level 2	level 3
<b>Financial assets recognised at fair value</b>	<b>6,387,874,998</b>	<b>1,809,830,848</b>	<b>32,314,245</b>
Assets held for trading	2,128,711	5,400,972	1,511,982
Available-for-sale assets	6,385,746,287	1,804,429,876	30,802,263
Derivatives for hedging purposes	0	0	0
<b>Financial liabilities recognised at fair value</b>	<b>0</b>	<b>711,793,643</b>	<b>21,864,127</b>
Liabilities held for trading	0	0	4,429
Derivatives used for hedging	0	711,793,643	21,859,698

Sporadic switches between Level 1 and Level 2 may occur in the 'available-for sale' portfolio as a result of changes in availability of market values. These changes in level comply with the defined policy and are consistently applied.

The following table provides a reconciliation of Level 3 fair values between January 2015 and 31 December 2015, as well as a reconciliation of changes in Level 3 fair values for 30 June 2016. It refers to the derivative instruments (under 'assets and liabilities held for trading' and under 'derivatives used for hedging') and to the securities held under 'available-for-sale assets'.

	Derivatives, asset side	Derivatives, liabilities side	AFS portfolio fixed-income securities	AFS portfolio shares
Opening total as of 1 January 2015	22,120,576	-29,466,177	79,109,392	27,152
Purchases/new contracts	0	0	9,962,256	0
Matured instruments	0	0	-38,557,614	0
Repayments (partial)	0	0	0	0
Changes to other levels	0	0	0	0
Changes from other levels	0	0	0	0
Other changes (including value changes)	-5,117,558	116,228	-3,217,086	34,300
Closing total as of 31 December 2015	17,003,018	-29,349,949	47,296,948	61,452
Purchases/new contracts	0	0	0	0
Matured instruments	0	0	0	0
Repayments (partial)	0	0	0	0
Changes to other levels	0	0	-15,079,489	0
Changes from other levels	0	0	0	0
Other changes (including value changes)	-15,491,036	7,485,822	-1,476,648	0
Closing total as of 30 June 2016	1,511,982	-21,864,127	30,740,811	61,452

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

#### **Note 10: Equity attributable to the shareholder (Note 3 in the annual accounts for 2015)**

The Company is the consolidating company and 99.99% of its shares are owned by Argenta Bank- en Verzekeringsgroep (the holding company).

The IFRS equity attributable to the shareholders as of 30 June 2016 is EUR 1,745,769,055 compared with EUR 1,672,816,735 as of 31 December 2015.

Overview IFRS equity	31/12/2015	30/06/2016
Share capital	616,252,150	616,252,150
Revaluation reserves available-for-sale financial assets	93,963,258	95,090,038
Retained earnings	783,954,182	976,821,091
Profit current period	192,866,907	73,680,576
Cash flow hedge reserves	-14,278,863	-16,130,335
<b>Equity attributable to shareholders</b>	<b>1,672,757,634</b>	<b>1,745,713,520</b>
Minority interests	59,101	55,535
<b>Total equity</b>	<b>1,672,816,735</b>	<b>1,745,769,055</b>

The increase in equity can mainly be explained by the addition of the profit for the period, partly offset by a decrease due to changes in the fair value of the 'available-for-sale financial assets'.

The elements of the IFRS equity are further described in the text below.

### Paid-in capital

The fully paid-in capital, represented by 168.975 no par shares, is EUR 616,252,150.

### Revaluation surplus on available-for-sale assets

Available-for-sale (AFS) financial assets are measured at fair value, with the fluctuations in fair value recognised on a separate line in equity until the assets are sold or until an impairment occurs. These changes in fair value are found under 'revaluation reserve for available-for-sale financial assets'. This reserve evolved from EUR 93,963,258 as of 31 December 2015 to EUR 95,090,038 as of 30 June 2016.

<b>Reconciliation of revaluation reserve</b>	<b>31/12/2015</b>	<b>30/06/2016</b>
Unrealized capital gains and losses on fixed-income securities	236,941,126	268,534,820
of which used in micro hedges	-86,873,644	-117,745,184
Latent taxes on fixed income securities	-51,007,938	-51,253,398
Unrealized capital gains and losses on non-fixed income securities	-625	174,210
Unrealized capital loss on reclassified assets	-7,719,530	-6,999,560
Latent taxes on reclassified assets	2,623,868	2,379,150
<b>Total revaluation reserve</b>	<b>93,963,257</b>	<b>95,090,038</b>

### Cash flow hedging

The Company concluded in 2011 an interest rate swap in the context of hedge accounting, which is treated a cash flow hedge. In this way, the market value of the swap (net of tax) is shown in a separate line in equity.

### Reserves

The reserves position (EUR 976,821,091 as of 30 June 2016) increases due to the distribution of the profit for the financial year 2015. No dividend distribution has been paid in 2016 related to the profit for the financial year 2015.

### Profit from the current year

The consolidated result (excluding minority interests) for the period ending on 30 June 2016 amounted to EUR 73,680,576.



# Notes to the condensed interim consolidated income statement

(in EUR)

## **Note 11: Net interest income (Note 25 in the annual statements of 2015)**

The breakdown of interest income and charges by type of interest-generating financial instrument is presented in the table below:

	<b>30/06/2015</b>	<b>30/06/2016</b>
<b>Interest income</b>	<b>505,293,022</b>	<b>478,169,337</b>
Available-for-sale financial assets	74,429,007	59,218,171
Loans and receivables	420,162,850	412,394,347
Held-to-maturity investments	7,060,958	4,607,519
Derivatives – hedge accounting	3,640,207	1,949,300
<b>Interest expenses</b>	<b>-225,671,622</b>	<b>-188,642,409</b>
Deposits from credit institutions	-205	-161,374
Deposits from other than credit institutions	-124,279,046	-96,762,683
Debt certificates (including retail savings certificates) and subordinated liabilities	-29,894,748	-26,111,341
Derivatives – hedge accounting	-71,497,623	-65,607,011
<b>Net interest income</b>	<b>279,621,400</b>	<b>289,526,928</b>

Interest income from available-for-sale financial assets and held-to-maturity investments has decreased, reflecting the lower average yield on the outstanding portfolio as bonds with historically higher yields mature and the re-pricing of floating rate bonds.

The decrease in interest expense from deposits from other than credit institutions reflects the lower interest rates paid on retail customer deposits as market interest rates fell.



**Note 12 : Net income from commissions and fees (Note 27 in the annual statements of 2015)**

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

	30/06/2015	30/06/2016
<b>Income from commissions and fees</b>	<b>46,524,879</b>	<b>46,437,592</b>
Securities: buy and sell order and other	10,060,040	5,313,448
Management fees received	20,263,096	28,264,718
Payment services	5,564,620	5,624,311
Premium hospitalisation insurance	2,063,269	927,718
Other items	8,573,854	6,307,397
<b>Expenses relating to commissions and fees</b>	<b>-75,800,233</b>	<b>-77,186,113</b>
Acquisition costs (commissions and/or transaction costs)	-58,643,070	-63,215,828
Custody	-1,043,425	-750,907
Premium hospitalisation insurance	-5,207,173	-2,166,840
Payment services	-9,384,746	-10,169,582
Other items	-1,521,819	-882,956
<b>Net commission result</b>	<b>-29,275,354</b>	<b>-30,748,521</b>

**Note 13: Administrative expenses (Note 33 in the annual statements for 2015)**

Employee expenses consist of the following components:

	30/06/2015	30/06/2016
<b>Employee expenses</b>		
Wages and salaries	16,933,911	19,028,100
Social security charges	4,750,505	5,297,292
Pension expenses	1,490,859	3,010,050
Share-based payments	0	0
Other	773,469	2,099,837
<b>Total employee expenses</b>	<b>23,948,744</b>	<b>29,435,279</b>

The increase in employee expenses follows the increased FTE. There are no 'share-based payments'.

General and administrative expenses can be summarised as follows:

	30/06/2015	30/06/2016
<b>General and administrative expenses</b>		
Marketing expenses	1,901,328	1,850,985
Professional fees	17,335,136	20,812,105
IT expenses	18,505,620	21,738,481
Rental expenses	3,584,005	3,548,781
Other taxes and bank levies	66,470,063	66,376,742
Other	24,812,260	31,694,180
<b>Total general and administrative expenses</b>	<b>132,608,412</b>	<b>146,021,274</b>

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

A large portion of the increase in "general and administrative expenses" (see also note 1; Statement of compliance) is due to the application of IFRIC 21 (Levies) as from 1 January 2015. The main consequence of the application of IFRIC 21 is that levies are recognised upfront, which has negatively impacted the first half results of 2015 and 2016.



**Note 14: Income tax expenses (Note 35 in the annual accounts for 2015)**

The details of current and deferred taxes are shown below:

	30/06/2015	30/06/2016
Current tax expense on result of current year	33,366,447	32,456,007
Current tax expense on result of previous years	609,365	-2,194
Deferred tax expenses (income)	-9,043,130	-11,330,494
<b>Total taxes (effective rate)</b>	<b>24,932,682</b>	<b>21,123,319</b>

	30/06/2015	30/06/2016
Reconciliation of statutory tax rate to effective tax rate		
Net profit before taxes	97,632,089	94,808,900
Statutory tax rate	33.99%	33.99%
Income tax liability calculated using statutory rate	33,185,147	32,225,545
Difference between effective tax and tax using the statutory rate	8,252,465	11,102,226
Of which tax effect of rates in other countries' jurisdictions	6,945,961	10,528,290
Of which tax benefit notional interest deduction	1,699,614	815,547
Tax on profit	24,932,682	21,123,319
Effective tax rate	25.54%	22.28%



# Note on capital adequacy (in EUR)

## **Note 15: Capital adequacy (note 6 in the annual accounts for 2015)**

The capital adequacy is calculated as determined by the Capital Requirement Regulation (CRR) and the Capital Requirement Directive (CRD) of the European Union. This regulation has been gradually coming into force since 1 January 2014, and will be fully implemented by 1 January 2022.

The Internal Rating Based (IRB) approach is the primary approach applied in calculating Argenta's risk weighted assets. But as a result of the transitional provisions, the Basel I calculations remain the basis for the calculation of the ratios for the Company (80% floor on the required equity calculated according to Basel I norms).

The Tier 1 core capital ratio (CET 1) has now become the most important ratio. This calculation uses core Tier 1 equity instead of total equity. With total regulated qualifying equity at 30 June 2016 exceeding the applicable requirements, the Company fully complied with all equity requirements.

The table below shows the Company's various capital ratios, with both the impact of the Basel I floor and the ratios without applying the Basel I floor.

	31/12/2015	30/06/2016
Qualifying equity	1,571,451,533	2,114,920,851
Total CET 1 equity	1,546,738,145	1,614,570,716
Equity adjustment IRB shortfall)	14,248,677	12,534,241
Total CET 1 equity (with Basel I floor applied)	1,560,986,822	1,627,104,957
Risk-weighted items (without Basel I floor)	6,073,886,390	6,763,319,299
Risk-weighted items (with Basel I floor applied)	8,375,464,288	9,043,671,675
CET1 capital ratio	25.47%	23.87%
Tier 1 capital ratio	25.47%	23.87%
Total capital ratio	25.87%	31.27%
CET 1 capital ratio with the Basel I floor	18.64%	17.99%

# Note on subsequent events

## **Note 16: Post-balance sheet events (note 39 in the annual accounts for 2015)**

No material events have occurred since the balance sheet date that require an adjustment of the Company's consolidated financial statements as of 30 June 2016.

The Brexit outcome introduced volatility in the financial markets. Argenta Spaarbank has no securities in foreign currency so fluctuations of the pound do not impact it. In addition, the positions on specific countries and financial institutions are monitored and there are no negative indications for the positions held by the company.