Argenta Spaarbank NV

(incorporated with limited liability under the laws of Belgium)

EUR 500,000,000

Fixed Rate Reset Callable Subordinated Notes due 24 May 2026

Issue Price: 99.590 per cent.

This prospectus (the "**Prospectus**") constitutes a listing prospectus in relation to the issue of EUR 500,000,000 fixed rate reset callable subordinated notes (the "**Notes**") due 24 May 2026 by Argenta Spaarbank NV (the "**Issuer**"), a public limited liability company incorporated under the laws of Belgium.

The Notes will bear interest at the fixed rate of 3.875 per cent. per annum from (and including) 24 May 2016 (the "**Issue Date**") to (but excluding) 24 May 2021 (the "**Call Date**"), and at an interest rate per annum which shall be equal to the annualised equivalent of 3.95 per cent. above the then prevailing 5 year swap rate, from (and including) the Call Date to (but excluding) 24 May 2026. Interest on the Notes will be payable annually in arrear on 24 May in each year, with the first interest payment to be made on 24 May 2017. The Notes will be issued on and will start to accrue interest on the Issue Date. The Notes will have a final maturity date of 24 May 2026.

The Notes are subject to redemption, in whole but not in part, at their principal amount together with accrued interest, at the option of the Issuer but subject to any required prior approval of the European Central Bank (the "**ECB**"), the National Bank of Belgium (the "**NBB**") or any successor or replacement entity having primary responsibility for the prudential oversight and supervision of the Issuer (the "**Relevant Regulator**"), at any time, (a) on the Call Date, (b) upon the occurrence of a Capital Disqualification Event (as defined herein) or (c) upon the occurrence of a Tax Event (as defined herein). If a Capital Disqualification Event (as defined herein) has occurred, the Issuer may at its sole discretion substitute all of the Notes or vary the terms of all of the Notes, without the consent of the holders of the Notes (the "**Noteholders**"), so that they become or remain Qualifying Securities (as defined herein). Any such redemption, substitution or variation is subject to certain conditions. See Condition 5 (*Redemption and repurchase*) in *"Terms and Conditions of the Notes"*.

The Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves, as more fully described in Condition 3 (*Status and subordination of the Notes*) in *"Terms and Conditions of the Notes"*. The Notes are expected to constitute Tier 2 Capital (as defined herein) of the Issuer.

Investing in the Notes involves certain risks. See "Risk Factors". Investors should review and consider these risk factors carefully before purchasing any Notes.

The Notes will be issued in denominations of EUR 100,000 and integral multiples thereof. The Notes will be issued in dematerialised form under Articles 468 et seq. of the Belgian Companies Code and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the securities settlement system operated by the NBB or any successor thereto, as operator of the X/N book-entry clearance and settlement system (the "**Securities Settlement System**"). Ownership of beneficial interests in the Notes will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by the Securities Settlement System, Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking, société anonyme, Luxembourg ("**Clearstream Luxembourg**") and their respective participants. Access to the Securities Settlement System is available through the Securities Settlement System participants whose membership extends to securities such as the Notes. Accordingly, the Notes will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream Luxembourg and investors may hold their Notes within securities accounts in Euroclear and Clearstream Luxembourg.

This Prospectus has been approved by the Luxembourg Commission de Surveillance du Secteur Financier (the "**CSSF**") in its capacity as competent regulator under the Luxembourg Act of 10 July 2005 *on prospectuses for securities* (the "**Luxembourg Prospectus Act**"). Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange (the "**Market**") on or around the Issue Date. References in this Prospectus to Notes being "listed" (and all related references) shall mean that Notes have been listed and admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and the Council of 21 April 2004 *on markets in financial instruments* ("**MiFID**").

The Notes are expected to be assigned on issue a rating of "BBB-" by Standard & Poor's Credit Market Services Europe Limited, a division of the McGraw-Hill Companies, Inc. ("**Standard & Poor's**"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating organisation. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes. Standard & Poor's is established in the European Union (the "**EU**"), domiciled in the United Kingdom, and is included in the list of credit rating agencies registered in accordance with Regulation (EC) No. 1060/2009 of 16 September 2009 *on credit rating agencies* as amended by Regulation (EU) No. 513/2011 (the "**CRA Regulation**"). This list is published by the European Securities and Markets Authority ("**ESMA**") on its website.

The Notes will be offered and sold in offshore transactions outside the United States to non-U.S. persons in reliance on Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Notes have not been and will not be registered under the Securities Act, or any State securities law, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. Person (as such terms are defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Structuring Adviser
Rothschild

Joint Lead Managers

BNP PARIBAS **HSBC**

Date of this Prospectus

20 May 2016

IMPORTANT INFORMATION

This Prospectus is published after approval by the CSSF on 20 May 2016 in accordance with the Luxembourg Prospectus Act. By approving this Prospectus, the CSSF does not give any undertaking as to the economical and financial soundness of the operation or the quality or solvency of the Issuer.

This Prospectus comprises a prospectus in respect of Notes issued for the purposes of Article 8 of the Luxembourg Prospectus Act.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Market data and other statistical information used in this Prospectus has been extracted from a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an "**Independent Source**"). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Joint Lead Managers and the Structuring Adviser (as defined in "Subscription and Sale") have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Structuring Adviser as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection thereto. None of the Joint Lead Managers and the Structuring Adviser accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection thereto. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Prospectus.

To the fullest extent permitted by law, no Joint Lead Manager or the Structuring Adviser accepts any responsibility for the contents of this Prospectus, and neither the Issuer nor any Joint Lead Manager or the Structuring Adviser accepts any responsibility for any statement made, or purported to be made, by any other Joint Lead Manager or the Structuring Adviser or on their behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Issuer and any Joint Lead Manager and the Structuring Adviser accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement.

No person is or has been authorised by the Issuer, the Joint Lead Managers or the Structuring Adviser to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with this Prospectus or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or by any of the Joint Lead Managers or the Structuring Adviser.

Neither this Prospectus nor any other information supplied in connection with this Prospectus or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or by any of the Joint Lead Managers or the Structuring Adviser that any recipient of this Prospectus or any other information supplied in connection with the Prospectus or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither this Prospectus nor any other information supplied in connection with the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Lead Managers or the Structuring Adviser to any person to subscribe for or to purchase any Notes.

This Prospectus contains or incorporates by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuer's business strategies, trends in its business, competition and competitive advantage, regulatory changes, and restructuring plans. Words such

as believes, expects, projects, anticipates, seeks, estimates, intends, plans or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer does not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include (amongst others): (i) the ability to maintain sufficient liquidity and access to capital markets; (ii) market and interest rate fluctuations; (iii) the strength of global economy in general and the strength of the economies of the countries in which the Issuer conducts operations; (iv) the potential impact of sovereign risk, particularly in certain EU countries which have recently come under market pressure; (v) adverse rating actions by credit rating agencies; (vi) the ability of counterparties to meet their obligations to the Issuer; (vii) the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; (viii) the possibility of the imposition of foreign exchange controls by government and monetary authorities; (ix) operational factors, such as systems failure, human error, or the failure to implement procedures properly; (x) actions taken by regulators with respect to the Issuer’s business and practices in one or more of the countries in which the Issuer conducts operations; (xi) the adverse resolution of litigation and other contingencies; (xii) the Issuer’s success at managing the risks involved in the foregoing. The foregoing list of important factors is not exclusive; when evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Prospectus.

This Prospectus contains various amounts and percentages which have been rounded and, as a result, when those amounts and percentages are added up, they may not total.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFER OF THE NOTES GENERALLY

This Prospectus has been approved for the purposes of the listing and admission to trading of the Notes on the Market and does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of any Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor the Joint Lead Managers or the Structuring Adviser represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Lead Managers or the Structuring Adviser which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of any Notes. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see *"Subscription and Sale"* below.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and/or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In connection with the issue of the Notes, HSBC Bank plc (the "**Stabilisation Manager**") may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or any person acting on behalf of any Stabilisation Manager in accordance with all applicable laws and rules).

In this Prospectus, unless otherwise specified or the context otherwise requires, references to "**U.S.$**" are to the lawful currency of the United States, and to "**euro**", "**EUR**" and "**€**" are to the lawful currency of the Member States of the EU that have adopted or adopt the single currency in accordance with the Treaty establishing the EU, as amended.

The Notes will be offered and sold in offshore transactions outside the United States to non-U.S. persons in reliance on Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Notes have not been or will be registered under the Securities Act, or any State securities law, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. Person (as such terms are defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes have not been and will not be offered to persons who are retail clients (as defined in article 4, 1, 12 of MiFID and the relevant implementing legislation of the Member States of the EU) or persons who are treated as professional clients upon request (as defined in Annex II, II of MiFID and the relevant implementing legislation of the Member States of the EU (such as Annex A, II of the Belgian Royal Decree of 3 June 2007 *laying down detailed rules on the implementation of the directive on markets in financial instruments*)).

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OVERVIEW OF THE NOTES

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of, this Prospectus (including any documents incorporated by reference). Words and expressions defined or used in "Terms and Conditions of the Notes" shall have the same meaning in this overview.

Issuer	Argenta Spaarbank NV
Information relating to the Issuer	Argenta Spaarbank NV is a credit institution, incorporated as a limited liability company under the laws of Belgium, having its registered office at Belgiëlei 49-53, 2018 Antwerp, Belgium, and is registered with the Crossroads Bank for Enterprises under business identification number 0404.453.574 (Antwerp, division Antwerp).
Parent	Argenta Bank- en Verzekeringsgroep NV, a mixed financial holding company pursuant to article 3, 39° of the Act of 25 April 2014 *on the legal status and supervision of credit institutions*, incorporated as a limited liability company under the laws of Belgium, having its registered office at Belgiëlei 49-53, 2018 Antwerp, Belgium, and is registered with the Crossroads Bank for Enterprises under business identification number 0475.525.276 (Antwerp, division Antwerp).
The Notes	EUR 500,000,000 fixed rate reset callable subordinated notes.
Denomination	EUR 100,000 and integral multiples thereof.
Form of the Notes	The Notes will be issued in dematerialized form in accordance with Article 468 et seq. of the Belgian Companies Code via the book-entry system maintained in the records of the NBB as operator of the Securities Settlement System (the "**NBB-SSS**").
Issue credit rating	BBB- (Standard & Poor's).
Interest	The Notes will bear interest (i) from (and including) the Issue Date to (but excluding) the Call Date, at an interest rate of 3.875 per cent. per annum and (ii) from (and including) the Call Date to (but excluding) the Maturity Date, at an interest rate per annum which shall be the annualised equivalent of 3.95 per cent. above the then prevailing 5 year swap rate, in each case payable annually in arrear on each Interest Payment Date, as more fully described under Condition 4.
Interest Payment Date	Interest will be payable on 24 May in each year, commencing on 24 May 2017.
ISIN	BE6282030194
Common Code	141967711
Issue Price	99.590 per cent.
Issue Date	24 May 2016
Maturity Date	24 May 2026
Clearing Systems	The Securities Settlement System. Access to the Securities Settlement System is available through those of the participants in the Securities Settlement System whose membership extends to securities such as the Notes. Participants in the Securities Settlement System include certain banks, stockbrokers

	(*beursvennootschappen / sociétés de bourse*), Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream Luxembourg**"). Accordingly, the Notes will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream Luxembourg, and investors can hold their interests in the Notes within securities accounts in Euroclear and Clearstream Luxembourg.
Early Redemption	The Notes may be redeemed prior to their Maturity Date, in whole but not in part, at their principal amount together with accrued interest, at the option of the Issuer, (a) on the Call Date (see Condition 5 (*Redemption and Repurchase*)), (b) upon the occurrence of a Capital Disqualification Event, or (c) upon the occurrence of a Tax Event.
Status	The Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. In the event of an order being made, or an effective resolution being passed, for the liquidation, dissolution or winding-up of the Issuer by reason of bankruptcy (*faillissement/faillite*) or otherwise (except, in any such case, a solvent liquidation, dissolution or winding-up solely for the purposes of a reorganization, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer), the rights and claims of the Noteholders against the Issuer in respect of or arising under (including any damages awarded for breach of any obligation under) the Notes shall, subject to any obligations which are mandatorily preferred by law, rank (a) junior to the claims of all Senior Creditors (as defined below) of the Issuer; (b) at least *pari passu* with (i) the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer and (ii) any obligation which ranks or is expressed to rank *pari passu* with the Notes; and (c) senior to (1) the claims of holders of all share capital of the Issuer, (2) the claims of holders of all obligations of the Issuer which constitute Tier 1 Capital of the Issuer and (3) the claims of holders of all obligations of the Issuer which are or are expressed to be subordinated to the Notes (including, without limitation, the claims of holders of the Issuer's 5.855 per cent. directly issued subordinated perpetual callable fixed to floating rate debt securities). Subject to applicable law, no Noteholder may exercise or claim any right of set off in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of his subscription, purchase or holding of any Note, be deemed to have waived all such rights of set off.
Cross Default	None.
Negative Pledge	None.
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of Belgian withholding taxes unless the withholding is required by law.

	In such event, the Issuer shall pay such additional amounts as may be necessary in order that the net payment received by the Noteholders will be equal to the amount which they would have received in the absence of such taxes imposed by the tax authorities in Belgium upon payments made by or on behalf of the Issuer in respect of the Notes, except that no such additional amounts shall be payable in the circumstances defined in Condition 8 of the Terms and Conditions of the Notes.
Selling Restrictions	The Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred within the United States except in a transaction pursuant to the exemption provided by Regulation S or such other available exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them in Regulation S. The Notes will only be offered to Eligible Investors (see "Subscription and Sale"). The Notes have not been and will not be offered to persons who are retail clients (as defined in article 4, 1, 12 of MiFID and the relevant implementing legislation of the Member States of the EU) or to persons who are treated as professional clients upon request (as defined in Annex II, II of MiFID and the relevant implementing legislation of the Member States of the EU (such as Annex A, II of the Royal Decree of 3 June 2007 *laying down detailed rules on the implementation of the directive on markets in financial instruments*)). Please also refer to "Subscription and Sale" for other selling restrictions.
Listing and admission to trading	Application has been made to list the Notes on the Market. The Luxembourg Stock Exchange is a regulated market for the purposes of MiFID.
Structuring Adviser	N M Rothschild & Sons Limited.
Joint Bookrunners and Joint Lead managers	HSBC Bank plc and BNP Paribas.
Calculation Agent, Domiciliary Agent, Paying Agent or Agent	BNP Paribas Securities Services SCA, Belgian branch, having its registered office at 2, Boulevard Louis Schmidt, 1040 Brussels, Belgium, or any other entity appointed from time to time by the Issuer as Agent pursuant to the terms of the Agency Agreement.
Stabilisation Manager	HSBC Bank plc
Governing law	The Notes, except for conditions governing (i) their form, denomination and title; (ii) their status and subordination; (iii) the waiver of rights pursuant to Article 1184 of the Belgian Civil Code and Article 487 of the Belgian Companies Code; and (iv) meetings of Noteholders and modifications, (the "**Excluded Matters**") and any non-contractual obligations arising out of or in connection with the Notes are governed by and shall be construed in accordance with English law.

	The Excluded Matters and any non-contractual obligations arising out of or in connection with the Notes shall be governed by and shall be construed in accordance with Belgian law.
Use of Proceeds	The net proceeds of the issue of the Notes will be used by the Issuer for its general corporate purposes.

RISK FACTORS

Prior to making an investment decision, prospective purchasers of the Notes should consider carefully, in light of the circumstances and their investment objectives, the information contained in this entire Prospectus.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under this offering. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on the information currently available to it or which it may not currently be able to anticipate. The Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The sequence in which the risk factors are listed is not an indication of their likelihood to occur or of the extent of their consequences. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision and consult with their own professional advisers (if they consider it necessary).

"**Argenta Group**" means Argenta Bank- en Verzekeringsgroep NV and its subsidiaries from time to time (including the Issuer).

"**Insurance Pool**" means Argenta Assuranties NV and its subsidiaries from time to time. The Insurance Pool effectively relates to sister companies which have no relation to the Notes.

"**Bank Pool**" means the Issuer and its subsidiaries from time to time.

Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in "Terms and Conditions of the Notes" below.

RISK FACTORS RELATING TO THE ISSUER

General

The Issuer is exposed to various risks. The primary risks are market risks, including general and specific interest rate risk and credit risk. Other significant risks are the evolution of economic activity in Belgium and the Netherlands, where the Issuer operates, risks associated with the Issuer's limited geographical spread of business activities, operational risk, liquidity risk, strategic risk, business risk, reputation risk, risks associated with debt financing, and risks associated with changes in laws and regulations. Failing to maintain control over these risks can negatively affect the financial performance and reputation of the Issuer.

Risks relating to the market in which the Issuer operates

Current market conditions and recent developments

The global economy, the condition of the financial markets and adverse macro-economic developments can all significantly influence the Issuer’s performance. Sustained actions by the monetary authorities in both the United States and the eurozone have created the conditions necessary to achieve stability in the financial system and to permit the start of an economic recovery. By injecting money into the economy and by creating proper financing systems, substitutes for the interbank market have been created and confidence within the banking system is being restored. The creation of a banking union in the EU and the subsequent requirements imposed upon financial institutions by that banking union is expected to further strengthen the confidence in the stability of the financial systems. However,

financial institutions can still be forced to seek additional capital, merge with larger and stronger institutions and, in some cases, be resolved in an organized manner.

The capital and credit markets have experienced a reduction in the volatility and disruption it has experienced over past years. In some cases, this has resulted in upward pressure on stock prices and bonds, and has also resulted in increased business and consumer confidence. Subsequently, the economy has left a period of distress and entered a prolonged phase of low economic growth and low interest rates, including negative interest rates in some of the areas where the Issuer operates. However, should the economy fall back into recession, a lack of confidence, increased volatility in the financial markets and reduced business activity may materially and adversely affect the Issuer's business, financial condition and operational results, which could in turn affect the Issuer's ability to meet its payments under the Notes.

Uncertain economic conditions

The Issuer's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, the state of the economies the Issuer does business in, market interest rates and other factors that affect the economy. Also, the market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other countries. There can be no assurance that current events in Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. The profitability of the Issuer's businesses could, therefore, be adversely affected by a worsening of general economic conditions in its markets, as well as by foreign and domestic trading market conditions and/or related factors, including governmental policies and initiatives. An economic downturn or significantly higher interest rates could increase the risk that a greater number of the Issuer's customers would default on their loans or other obligations to the Issuer, or would refrain from seeking additional borrowing. As the Issuer currently conducts the majority of its business in Belgium and the Netherlands, its performance is influenced by the level and cyclical nature of business activity in these countries, which is in turn affected by both domestic and international economic and political events. There can be no assurance that a lasting weakening in the Belgian or Dutch economy will not have a material adverse effect on the Issuer's future results.

European sovereign debt crisis

In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these EU "peripheral" Member States to continue to service their sovereign debt obligations. Significant concerns regarding the sovereign debt of these countries, as well as certain other countries, of the "core" EU Member States are on-going and, in some cases, have required countries to obtain emergency financing. These concerns impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations. If these or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited.

Despite the creation of a European Financial Stability Facility as a temporary rescue mechanism in May 2010, assistance packages to Greece, Ireland, Portugal and Cyprus, the approval of a further bailout of Greece by the relevant government and monetary bodies of the Eurozone and the International Monetary Fund in March 2012, and the establishment of the European Stability Mechanism in October 2012 (which provided its first financial assistance in February 2013 for the recapitalisation of Spain's banking sector and which approved a financial assistance agreement in May 2013 for Cyprus after the Eurozone finance ministers (Eurogroup) backed a bailout of Cyprus), uncertainty over the outcome of the EU governments' financial support programs and concerns regarding sovereign finances persisted during the course of 2014.

Market concerns over the direct and indirect exposure of European banks to the EU sovereign debt further resulted in a widening of credit spreads and increased costs of funding for some European financial institutions. In December 2011, European leaders agreed to implement steps to encourage greater long-term fiscal responsibility on the part of the individual Member States and bolster market confidence in the Euro and European sovereign debt; to this end, the Treaty on Stability, Coordination and Governance ("Fiscal Treaty") was signed by 25 EU Member States in March

2012 and entered into force on 1 January 2014 and ratified by and entered into force for all signatory Member States in April 2014. However, the Fiscal Treaty needs to be implemented into national law of the relevant Member States within one year of the Fiscal Treaty entering into force and incorporated into the existing EU treaties, which is expected to take many years, and, even if such steps are implemented, there is no guarantee that they will ultimately and finally resolve uncertainties regarding the ability of Eurozone states to continue to service their sovereign debt obligations.

In the event of any default or similar event with respect to a sovereign issuer, some financial institutions may suffer significant losses, following which they would require additional capital, and such capital may not be available. Market and economic disruptions stemming from the crisis in Europe have affected, and may continue to affect, consumer confidence levels and spending as well as bankruptcy rates and levels of incurrence of, and default on, consumer debt and home prices, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain government and financial institutions, will not spread, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilise the affected countries and markets in Europe or elsewhere. To the extent uncertainty regarding the economic recovery continues to negatively impact consumer confidence and consumer credit factors, the Issuer's business and results of operations could be significantly and adversely impacted.

In addition, the possible exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies could create significant uncertainties regarding the enforceability and valuation of Euro denominated contracts to which the Issuer (or its counterparties) is a party and thereby materially and adversely affect the Issuer and/or its counterparties' liquidity, financial condition and operations. Such uncertainties may include the risk that (i) an obligation that was expected to be paid in Euros is redenominated into a new currency (which may not be easily converted into other currencies without incurring significant cost), (ii) currencies in some Member States may depreciate relative to others, (iii) former Eurozone Member States may impose capital controls that would make it complicated or illegal to move capital out of such countries, and/or (iv) some courts (in particular, courts in countries that have left the Eurozone) may not recognise and/or enforce claims denominated in Euros (and/or in any replacement currency). The possible exit from the Eurozone of one or more Member States and/or the replacement of the Euro by one or more successor currencies could also cause other significant market dislocations and lead to other adverse economic and operational impacts that are inherently difficult to predict or evaluate, and otherwise have potentially materially adverse impacts on the Issuer and its counterparties, including its depositors, lenders, borrowers and other customers.

These factors, combined with volatile oil prices, reduced business and consumer confidence and/or continued high unemployment, have negatively affected the economy of main geographic regions where the Issuer conducts its business. The Issuer's results of operations, liquidity position, capital position, investment portfolio and AUM are exposed to these risks and may be adversely affected as a result.

On 13 January 2012, Standard & Poor's Ratings Group, Inc. proceeded to downgrade the credit ratings of France, Austria, Italy, Spain, Portugal and a handful of other EEA states (while reaffirming the credit ratings of Germany, The Netherlands, Ireland and other EEA states and changing the outlook to "negative" for 15 Eurozone countries). Further related downgrades of European sovereign ratings and of corporate ratings have occurred since that date, including the downgrade of The Netherlands' sovereign debt rating from AAA to AA+ by Standard & Poor's Ratings Group, Inc. on 29 November 2013. These announcements, as well as any future changes, are of high importance to the Issuer, because they affect its financing costs and, as a result, its profitability.

Risk associated with the highly competitive environment in which the Issuer operates and which could further intensify as a result of global market conditions

As part of the financial services industry, the Issuer faces substantial competitive pressures that could adversely affect the results of its banking, insurance and asset management operations and, as well as its other products and services.

In its Belgian home market, the Issuer faces substantial competition. Competition is also affected by consumer demand, technological changes, regulatory actions and/or limitations and other factors. Moreover, competition on the Issuer's business can increase as a result of internet and mobile technologies changing customer behaviour, the rise of mobile banking and the threat of banking business being developed by non-banks. These competitive pressures could result in

increased pricing pressures on a number of the Issuer's products and services, and in the loss of market share in one or more such markets.

Market risk

General

The principal financial risk factor for the Issuer is market risk, which also comprises fluctuations in the fair value or future cash flows of a financial instrument as a result of changes in market prices. Within this market risk, the following four types of risks are particularly relevant for the Issuer: interest rate risk, spread widening risk, equity risk and property risk.

Changes in interest rate levels, yield curves, and fluctuating rates of return can affect the interest margin between the cost of lending and the cost of borrowing for the Issuer.

Similarly, the level of credit spread or the volatility thereof – without this necessarily being caused by a change in the creditworthiness of the Issuer – impacts the return and the economic value of the investment- and loan portfolio.

The performance of the financial markets can cause the value of the Issuer's investment and trading portfolio to fluctuate.

The Issuer uses a range of instruments and strategies to partly hedge against certain market risks. If these instruments and strategies prove ineffective or only partially effective, the Issuer may suffer losses. Unforeseen market developments may significantly reduce the effectiveness of measures taken by the Issuer to hedge risks. Gains and losses from ineffective risk-hedging measures may heighten the volatility of results achieved by the Issuer and could therefore have a material adverse effect on the Issuer's business, results of operations and financial condition.

Interest rate and inflation risk

The principal market risk factor for the Issuer is interest rate risk, which primarily results from changes in market prices on investments and liabilities, unexpected changes in investment yields and changes in the correlation between the interest rates of various financial instruments.

As a financial services group headed by a mixed financial holding, both the earnings and the capital position of the Issuer are subject to fluctuations caused by market risks. Interest rate fluctuations affect the return that the Issuer earns on fixed interest investments, and can also affect the value of the Issuer's investment and trading portfolio. Interest rate changes can also affect the market values of the amounts of capital gains or losses the Issuer takes on and the fixed interest securities it holds. The professional management of these market risks (considering the specific strategic positioning of the Issuer as a savings bank), is mainly geared towards the management of interest rate risk as the principal component of market risk.

The operating results and capital position of the Issuer are sensitive to interest rate volatility, as a major component of its business strategy consists of attracting short to medium-term funds (primarily via savings deposits and bank savings certificates placed by retail customers), and investing these through a variety of loans and investments. The terms of these reinvestments do not necessarily match with the duration of the attracted funding. This causes a maturity mismatch, on the one hand, that generates a transformation result.

On the other hand, the valuation of the Issuer's financial position will depend on the fluctuations in these interest rates. As a result, the business's gross value (the difference between the investments measured at market value and the financing thereof) is affected by the fluctuations in these interest rates. The intensity of the volatility, in the valuation of the Issuer's financial position as a result of interest rate fluctuations is determined by the order of magnitude of the selected duration gap. This parameter serves as a benchmark for the weighted maturity mismatch, based on which management of interest rate sensitivity is undertaken.

Inflation and expected inflation can influence interest rates. An increase in inflation may: i) decrease the value of certain fixed income instruments which the Issuer holds, ii) result in surrenders in certain savings products with fixed

rates below market rates by banking customers of the Issuer, iii) require the Issuer to pay higher interest rates on the securities that it issues; and iv) cause a general decline in financial markets.

Credit risk

Credit default risk exposure

As a large credit institution, the Issuer's business is subject to credit risk. Credit risk is the risk that a counterparty cannot meet its payment obligations. This can be as a result of the insolvency of a customer or a counterparty. This risk arises in both traditional loan portfolios as well as investment portfolios.

Risks relative to changes in the credit quality and recoverability of loans and amounts due from counterparties are inherently linked to a large part of the activities of the Issuer. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include, among others, borrowers under loans entered into by the Issuer, issuers whose securities the Issuer holds, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, guarantors and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

Credit institutions have witnessed a significant increase in default rates over the past few years as a result of worsening economic conditions. Any adverse changes in the credit quality of the Issuer's borrowers, counterparties or other obligors could affect the recoverability and value of its assets and require an increase in the Issuer's provision for bad and doubtful debts. In addition to the credit quality of the borrower, adverse market conditions such as declining real estate prices could negatively affect the results of the Issuer's credit portfolio since these impact the recovery value of the collateral. All this could be further exacerbated in the event of a prolonged economic downturn or worsening market conditions.

The Issuer's banking business makes provisions for loan losses that correspond to its provision for impairment losses in its income statement, in order to maintain appropriate allowances for loan losses based on an assessment of prior loan loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the collectability of the loan portfolio. This determination is primarily based on the Issuer's historical experience and judgment. Any increase in provision for loan losses, any loan losses in excess of the previously determined provisions or changes to estimates of the risk of loss inherent in the portfolio of non-impaired loans could have a material adverse effect on the Issuer's business, results of operation or financial condition.

A decrease in the credit quality of borrowers and counterparties of the Issuer, a general deterioration of the Belgian or global economic condition or a decrease caused by systemic risks can affect the recoverability of outstanding loans and the value of the Issuer's assets. It can also require an increase of the provision for non-performing loans, as well as other provisions.

The events described above have and may continue to adversely affect, the Issuer's ability to engage in routine transactions as well as the performance of various loans and other assets it holds.

Concentration of credit risk

The Issuer is exposed to an increased credit risk due to a concentration of credit risk, resulting from the Issuer's sector and geographical concentration.

The Issuer has a concentration in lending to private individuals, more specifically mortgage loans to individuals, in Belgium and the Netherlands. As a result, the Issuer is highly dependent on developments in the housing market and the repayment capacity of private borrowers in Belgium and the Netherlands.

In addition, although the Issuer has a highly diversified investment portfolio, there is a concentration due to its holdings of debt instruments of the Belgian government.

Risks associated with the limited geographic spread of the business activities

The Issuer carries out the majority of its business activities in Belgium and the Netherlands. It also carries out limited activities in Luxembourg, where Argenta Asset Management S.A. acts as agent and administrator of Argenta Fund sicav and Argenta Fund of Funds sicav.

Consequently, the performance of the Issuer is primarily affected by the level and the cyclical nature of the business activities in Belgium and the Netherlands, which in turn are influenced by domestic and international economic and political events.

With regard to taxation, the Issuer’s structure ensures that deposits, including the branch office in the Netherlands, falls within the Belgian government's deposit guarantee scheme, resulting in a sensitivity to changes in bank levies.

Rules of conduct governing investment products are primarily established at a European level and consequently implemented into national law by the individual Member States. The Issuer markets its investment products mainly in Belgium. For the practical implementation of these regulations in Belgium by the Financial Services and Markets Authority ("**FSMA**"), the Issuer follows the guidelines and the interpretations of Febelfin, the Belgian financial industry sector organisation. In the Netherlands, attention is paid to the broad theme "Client’s Interest First", as steered by the AFM.

Liquidity risk

The procurement of liquidity for the Issuer's operations and access to long term finance is crucial to achieve the Issuer's strategic goals, as they enable the Issuer to meet payment obligations in cash and on delivery, scheduled or unscheduled, so as not to prejudice the Issuer's activities or financial situation.

Liquidity risk is the risk that an insufficient amount of assets can be realised in order to repay financial liabilities at the moment these become due. Although the Issuer believes it currently has a satisfactory liquidity position, its procurement of liquidity could be adversely impacted by:

- an unexpected prolongation of the outstanding receivables, e.g. the default of a loan;
- the risk, in the Bank Pool, of a greater proportion of credit lines being drawn down or more savings deposits being withdrawn;
- the risk that the necessary corporate finance transactions cannot be undertaken (or can be undertaken at disadvantageous conditions);
- the risk that assets may be liquidated only at a serious discount due to a lack of interested counterparties on the market;
- the inability to access the debt market, sell products or refinance existing obligations as a result of the deterioration of market conditions, a lack of confidence in financial markets, uncertainty and speculation regarding the solvency of market participants, rating downgrades, and/or operational problems of third parties.
- substantial outflows in deposits, asset management products and life insurance products.

Like any bank, the Bank Pool pays particular attention to monitoring liquidity risk.

The inability of the Issuer to raise required funds on terms that are favourable to the Issuer, difficulties in obtaining long-term financings on terms which are favourable to the Issuer or addressing the consequences of substantial outflows could adversely affect the Issuer's business, financial condition and results of operations. In this respect, the adoption of new liquidity requirements under Basel III and CRD IV must also be taken into account since these could give rise to an increased competition leading to an increase in the costs of attracting necessary deposits and funding.

Furthermore, protracted market declines can reduce the liquidity of markets that are typically liquid. If, in the course of its activities, the Issuer requires significant amounts of cash on short notice (in excess of anticipated cash requirements), the Issuer may have difficulty selling investments at attractive prices, in a timely manner, or both. In such circumstances, market operators may fall back on support from central banks and governments by pledging securities as collateral. Unavailability of liquidity through such measures, or the decrease or discontinuation of such measures could

result in a reduced availability of liquidity on the market and higher costs for the procurement of such liquidity when needed, thereby adversely affecting the Issuer's business, financial condition and results of operations.

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

Operational risk

General

The Issuer, like many other financial institutions has to contend with operational risk, including fraudulent and other criminal activities (both internal and external), breakdowns in processes or procedures and systems failure or non-availability.

The activities of the Bank Pool depend on its ability to process a very large number of transactions efficiently, accurately, and in accordance with internal policies and external legislation and regulations. Potential operational risks include violation of the money laundering legislation, breach of confidentiality obligations and the execution of unauthorized transactions. Operational risks and losses result from inadequate or failed internal processes (such as processes not aligned with the legal requirements), human actions (including fraud, employee errors), systems failure, or due to external events (such as cybercrime, breaches of data security, natural disasters or malfunctions of external systems, including those of the Issuer's suppliers or counterparties). The consequences of these may extend to financial or reputational loss, as well as loss of data. Additionally, the loss of key personnel could adversely affect the Issuer's operations and results.

The Bank Pool has a fairly limited number of products and services, limiting the Issuer's operational risks. In general, however, it is assumed that operational risks will gradually increase in the Issuer's various businesses, owing to, amongst other things, the rapidly changing technological environment (including the internet and e-commerce), the increasing complexity and growing range of products, as well as a general trend towards outsourcing of non-core business activities.

Although the Bank Pool has taken measures to control the risks and limit any losses, as well as earmarking substantial funds for the development of efficient procedures and staff training, it is not possible to implement procedures that can completely exclude these operational risks in a completely effective manner.

External service providers

The Issuer is exposed to the risk of termination of key contracts with external service providers. Such a termination can lead to discontinuation of, or delays in, important business processes.

Litigation or other proceedings or actions may adversely affect the Issuer's business, financial conditions and business results

The Issuer's business is subject to the risk of litigation by customers, employees, shareholders or others through private actions, administrative proceedings, regulatory actions or other litigation. Given the complexity of the relevant circumstances and corporate transactions underlying these proceedings, together with the issues relating to the interpretation of applicable law, it is inherently difficult to estimate the potential liability related to such liability risks, to evaluate the outcome of such litigation or the time when such liability may materialize. Management makes estimates regarding the outcome of legal, regulatory and arbitration matters and creates provisions when losses with respect to such matters are deemed probable and can be reasonably estimated. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including but not limited to the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel and other advisers, possible defences and previous experience in similar cases or proceedings. Legal proceedings with remote or non quantifiable outcomes are not provided for, and the Issuer may be required to cover litigation losses which are not covered by such provision, including for example series of similar proceedings. As a result, there can be no assurance that provisions will be sufficient to fully cover the possible losses arising from litigation proceedings, and the Issuer

cannot give any assurance that a negative outcome in one or more of such proceedings would not have a material adverse effect on the Issuer's business, results of operations or financial condition.

Furthermore, plaintiffs in legal proceedings may seek recovery of large or indeterminate amounts or other remedies that may affect the Issuer's ability to conduct business, and the magnitude of the potential loss relating to such actions may remain unknown for substantial periods of time. Also, the cost to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of its services, regardless of whether the allegations are valid or whether they are ultimately found liable.

As a result, litigation may adversely affect the Issuer's business, financial condition and results of operations.

Strategic risk

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

Business risk

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

In order to best cushion the business risk which it faces, the Bank Pool has, in addition to its traditional activities, initiated a strategic policy of selling products that generate fee income. Alongside the "Insurance", "Lending", and "Savings & Payments" key market sector, this fourth market sector – "Investments" – should produce greater diversification of generated earnings. Another important factor here is the attention paid to cross-selling, in order to attract as many customers as possible to several market sectors concurrently.

For determining the profit contribution of each product, funds transfer pricing is applied when pricing Bank Pool products.

Reputational risk

The Bank Pool runs the permanent risk of a deterioration of its reputation or standing caused by a negative perception of the organisation's image by its customers, counterparties, shareholders, and/or regulatory bodies, which could result in material adverse effects to the Issuer's business, results of operation and financial condition.

Risks associated with debt financing

The Issuer raises funding by incurring debt in the form of retail savings certificates, securities, Tier 1 Capital securities, and subordinated securities. Although the Issuer believes that its financing structure is appropriate, the Issuer and its subsidiaries need to generate sufficient available cash flows to be able to repay these debts. If the Issuer wishes to refinance its debt, either before or at maturity (e.g. to meet the equity requirements), there is no absolute guarantee that new funding can be found on terms that the Issuer considers acceptable.

Regulatory risk

Increased and changing regulations of the financial services industry may have an adverse effect on the Issuer

Wherever the Issuer operates, it is subject to laws, regulations, administrative measures, and policies governing financial services. Changes in the supervisory framework and regulations may affect the activities, products, and services that the Issuer offers, or the value of its assets. Current regulation and future regulatory developments could have an adverse impact on the business of the Issuer.

Significant regulatory developments have taken place in response to the global financial crisis, including various initiatives and measures by the EU and individual national governments, the stress test coordinated by the European

Banking Authority in collaboration with the ECB, liquidity risk assessments at European and national level and the adoption of a new regulatory framework.

This framework includes:

- New prudential requirements under Basel III, which have been implemented in the EU through the adoption of Regulation (EC) nr. 575/2013 of the European Parliament and of the Council of 26 June 2013 *on prudential requirements for credit institutions and investment firms* ("**CRR**") and Directive 2013/36/EC of the European Parliament and of the Council of 26 June 2013 *on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms* ("**CRD**", and together with the CRR, "**CRD IV**").

- Regulation (EC) nr 1024/2013 of the Council of 15 October 2013 *conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions* ("**Single Supervisory Mechanism**" or "**SSM**") conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions. Under the SSM, the ECB has assumed certain supervisory responsibilities in relation to the Issuer, which were previously handled by the NBB. The ECB may interpret the applicable banking regulations, or exercise discretions given to the regulator under the applicable banking regulations, in a different manner than the NBB.

- Regulation 806/2014 of the European Parliament and the Council of 15 July 2014 *establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Bank Resolution Fund and amending Regulation (EU) No 1093/2010 of the European Parliament and the Council* ("**Single Resolution Mechanism**" or "**SRM**"). The Single Resolution Mechanism entered into force on 19 August 2014 and applies to credit institutions which fall under the supervision of the ECB (i.e., including the Issuer). The SRM has established a Single Resolution Board (SRB) which, since 1 January 2016, is the authority in charge of vetting resolution plans and carrying out the resolution of a credit institution that is failing or likely to fail. The Single Resolution Board will act in close cooperation with the European Commission, the European Central Bank and the national resolution authorities (including the resolution college of the NBB within the meaning of Article 21*ter* of the Act of 22 February 1998 *establishing the organic statute of the National Bank of Belgium*) (the Single Resolution Board together with the resolution college of the NBB (where applicable), the "**Resolution Authority**"). Moreover, the SRM established a Single Resolution Fund (SRF) which will be built up with contributions of the banking sector to provide funding support for the resolution of credit institutions. The overall aim of the SRM is to ensure an orderly resolution of failing banks with minimal costs to taxpayers and the real economy.

- Directive 2014/59/EC of the European Parliament and of the Council of 15 May 2014 *establishing a framework for the recovery and resolution of credit institutions and investment firms*, which provides for a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**"). The aim of the BRRD is to provide supervisory and resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

- Lastly, changes have been made to the International Financing Reporting Standards ("**IFRS**").

Although the Issuer works closely with its regulators and continually monitors regulatory developments, there can be no assurance that additional regulatory or capital requirements will not have an adverse impact on the Issuer, or its business, financial condition or business results.

There can be no assurance that the implementation of these new standards, or any other new regulation, will not require the Issuer to issue securities that qualify as regulatory capital, or to liquidate assets or curtail business, all of which may have adverse effects on its business, financial condition or business results.

The business operations of the Issuer are subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in Belgium and other countries in which the Issuer operates.

Changes in supervision and regulation could materially affect the Issuer's business, products and services offered by it, or the value of its assets. In addition, the level of supervision by the governments and supervisory authorities and the enforcement of the applicable rules seems to have increased with the start of the global economic crisis, combined with increased pressure to impose further regulation and levies on the financial services sector. There can be no assurance that such increased scrutiny or charges will not require the Issuer to take additional measures, which in turn may have adverse effects on its business, financial condition or business results.

Minimum regulatory capital and liquidity requirements

The Issuer is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Under Basel II and III, capital requirements are inherently more sensitive to market movements compared to previous regimes. Capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of the Issuer to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse impact on the Issuer's results of operations. A shortage of available capital may restrict the Issuer's opportunities for expansion.

The Issuer is required to meet certain capital and liquidity requirements under CRD IV, which implements the Basel III proposals ("**Basel III**"). Such requirements will be gradually phased in and have an impact on the Issuer and its operations, as it imposes higher capital requirements. Moreover, any failure of the Issuer to maintain such increased capital and liquidity ratios could result in administrative actions or sanctions, which may have an adverse effect on the Issuer's results of operations.

The Liquidity Coverage Ratio ("**LCR**") is defined as the unencumbered stock of high quality liquid assets relative to the total net cash outflows over a 30 day time period. The Net Stable Funding Ratio ("**NSFR**") is defined as the amount of available stable funding relative to the amount of required stable funding. These ratios must at all times be equal to or greater than 100%. As of 31 December 2015, the Issuer's consolidated LCR stood at 180%, and its NSFR was at 144%.

The counter-cyclical capital buffer, which aims to protect the Issuer against future losses, hereby maintaining the extension of credit to the economy and tries to avoid the build-up of systemic risk, is deteremined on a quarterly basis by the NBB, based on indicators specified in the Belgian Banking Act. This buffer, between 0 and 2.5% CET1, has been set at 0% for the first quarter of 2016.

The Issuer will also be subject to a leverage ratio.

In this respect, the BRRD requires that institutions meet at all times robust minimum requirements for own funds and eligible liabilities ("**MREL**") expressed as a percentage of the total liabilities and own funds of the institutions. Hence, the MREL should ensure that shareholders and creditors primarily bear losses in situations of financial distress regardless of which resolution tool (e.g. the bail-in or bridge bank tools) is applied. This means that, should the Issuer not be able to meet the MREL requirements, it may have to reduce its lending or investments in other activities, which may have a material impact on the Issuer's business and financial position.

The Belgian Banking Act also allows the NBB to impose an additional capital buffer on domestic systemically important instutions, and which may be set at an amount up to 2% CET1. The Issuer is subject to an additional capital buffer of 0,75% which will be phased in over three years, starting with 0.25% as from 1 January 2016.

Belgian Banking Act

On 25 April 2014 a law has been approved in Belgium on the status and supervision of credit institutions ("**Belgian Banking Act**"). The Belgian Banking Act replaces the Act of 22 March 1993 *on the status and supervision of credit institutions* and imposes various guidelines, including but not limited to CRD IV and BRRD, as well as various

measures which have been introduced since the financial crisis. The Banking Act imposes various restrictions on certain activities (including trading activities, which may need to be separated when certain thresholds are exceeded), and prohibits certain proprietary trading activities.The Belgian Banking Act, however, has an impact that goes beyond the mere transposition of the aforementioned CRD IV and BRRD. This is, in particular, but not solely, due to (i) the increased regulatory attention to, and regulation of, corporate governance (including executive compensation), (ii) the need for strategic decisions to be pre-approved by the regulator, and (iii) the prohibition (subject to limited exceptions) of proprietary trading.

For these purposes, strategic decisions include decisions having significance relating to each investment, disinvestment, participation or strategic cooperation agreement of the financial institution, including decisions regarding the acquisition of another institution, the establishment of another institution, the incorporation of a joint venture, the establishment in another country, the conclusion of cooperation agreement, the contribution of or the acquisition of a branch of activities, a merger or a demerger. The Relevant Regulator will have the benefit of extensive discretionary power in this area.

It should be noted that (i) certain elements of the Belgian Banking Act require further detailed measures to be taken by other authorities, in particular the NBB, (ii) certain elements of the Belgian Banking Act will be influenced by further regulations (including through technical standards) taken or to be taken at European level, and (iii) the application of the Belgian Banking Act may be influenced by the recent assumption by the ECB of certain supervisory responsibilities which were previously handled by the NBB and, in general, by the allocation of responsibilities between the ECB and the NBB.

Finally, it should be noted that certain of the European initiatives (in particular the prohibition on proprietary trading) to be transposed into Belgian law pursuant to the Belgian Banking Act are still in draft form, or subject to political discussion, at the European level. Whilst the Belgian Banking Act contains powers to allow the government to conform the Belgian Banking Act to developments at a European level in certain areas through a royal decree, it cannot be ruled out that there will be differences between the regulatory regime promulgated by the relevant European directives and the regulatory regime of the Belgian Banking Act.

European Resolution regime

The BRRD grants powers to resolution authorities that include (but are not limited to) the introduction of a statutory "write-down and conversion power" in relation to Tier 1 Capital instruments and Tier 2 Capital instruments (including the Notes) and a "bail-in" power in relation to eligible liabilities (as defined in BRRD). These powers allow the Relevant Regulator to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (potentially including the Notes) of a failing financial institution and/or to convert certain debt claims (which could be the Notes) into another instrument of ownership, including ordinary shares of the Issuer or any other surviving group entity, if any. The "write down and conversion" and "bail-in" powers are part of a broader set of resolution powers provided to the resolution authorities under the BRRD in relation to distressed credit institutions and investment firms. These resolution tools include the ability for the resolution authorities to force, in certain circumstances of distress, the sale of a credit institution's business or its critical functions, the separation of assets, the replacement or substitution of the credit institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including amending the maturity date, any interest payment date or the amount of interest payable and/or imposing a temporary suspension of payments) and/or discontinue the listing and admission to trading of debt instruments issued by the credit institution.

Belgian Bank Recovery and Resolution regime

Under the Belgian bank recovery and resolution regime, the supervisory authorities are able to take a number of measures *(herstelmaatregelen/mesures de redressement)* in respect of any credit institution it supervises if deficiencies in such credit institution's operations are not adequately remedied. In case these measures are not complied with by the credit institution, or if the credit institution's situation has not improved after implementation of such measures, the supervisory authorities can take exceptional measures (*uitzonderlijke herstelmaatregelen/measures de redressement exceptionnelles*). Such measures include: the appointment of a special commissioner whose consent is required for all or some of the decisions taken by the institution's corporate bodies; the imposition of additional requirements in terms

of solvency, liquidity, risk concentration and the imposition of other limitations; requesting limitations on variable remuneration; the complete or partial suspension or prohibition of the institution's activities; the requirement to transfer all or part of the institution's participations in other companies; replacing the institution's directors or managers; and revocation of the institution's license, the right to impose the reservation of distributable profits, or the suspension of discretionary payments.

Furthermore, the Relevant Regulator can impose specific measures on an important financial institution (including the Issuer, and whether systemic or not) when the Relevant Regulator is of the opinion that (a) such financial institution has an unsuitable risk profile or (b) the policy of the financial institution can have a negative impact on the stability of the financial system.

The Belgian Banking Act allows the Resolution Authority to take resolution actions (please see the paragraph on *European Resolution Regime* above). Such powers include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an entity created for that purpose which is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to a bridge institution or one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down.

In addition, the Belgian Banking Act grants a "bail in" power to the Resolution Authority. This bail-in tool entered into force on 1 January 2016. Such bail-in power allows the Resolution Authority to decide to write down or convert into shares or other proprietary instruments all or part of a credit institution's eligible liabilities in order to (i) recapitalize the credit institution to the extent sufficient to restore its ability to comply with its licensing conditions and to continue to carry out the activities for which it is licensed and to sustain sufficient market confidence in the institution, or (ii) convert or reduce the principal amount of debt instruments that are transferred to a bridge institution with a view to providing capital for that bridge institution or as part of a sale of the business or transfer of assets.

Importantly, the Resolution Authority must write down or convert all Tier 1 Capital instruments and Tier 2 Capital instruments (including the Notes) at the institution's point of non-viability (i.e., the point at which the relevant authority determines that the institution meets the conditions for resolution or would cease to be viable (within the meaning of Article 251 of the Belgian Banking Act) if those capital instruments were not written down or converted) and in other limited circumstances set out in Article 250 of the Belgian Banking Act.

In addition, all Tier 1 Capital instruments and the Tier 2 Capital instruments (including the Notes) must be written-down or converted before, or at least together with, the application of any resolution tool as set out above (including the exercise of the bail-in powers). Accordingly, the Notes would in any event be written-down or converted at the latest at the same time with any bail-in of senior debt claims and possibly before, if deemed necessary in order to avoid that the institution becomes non-viable. See also risk factor "*Noteholders will be required to absorb losses in the event the Issuer becomes non-viable or if the conditions for the exercises of resolution powers are not met*".

For the purpose of the Resolution Authority's bail-in powers, credit institutions (including the Issuer) must at all times meet a minimum requirement for own funds and eligible liabilities. This minimum requirement is an amount of own funds and eligible liabilities, expressed as a percentage of the credit institution's total liabilities and own funds.

Eligible liabilities shall be included in the amount of own funds and eligible liabilities if they satisfy the following conditions:

1. the instrument is issued and fully paid up;
2. the liability is not owed to, secured by or guaranteed by the institution itself;
3. the purchase of the instrument was not funded directly or indirectly by the institution;
4. the liability has a remaining maturity of at least one year;
5. the liability does not arise from a derivative; and

6. the liability does not arise from a preferential deposit (within the meaning of Article 389 of the Belgian Banking Act).

When applying the bail-in tool the Resolution Authority takes one or both of the following actions in respect of shareholders and holders of other proprietary instruments:

1. cancel existing shares or other proprietary instruments or transfer them to bailed-in creditors;
2. provided that the institution under resolution has a positive net value, dilute existing shareholders and holders of other proprietary instruments as a result of the conversion into shares or other proprietary instruments of relevant capital instruments issued by the institution pursuant to the Resolution Authority's conversion power or eligible liabilities issued by the institution under resolution. Such conversion shall be conducted at a rate of conversion that severely dilutes existing holdings of shares or other proprietary instruments.

The draft technical standards on the criteria for determining the minimum requirement for own funds and eligible liabilities do not provide details on the implications of a failure by an institution to comply with its MREL requirements. However, if the approach set out by the Financial Stability Board in respect of the Total Loss-Absorbing Capacity ("TLAC") for G-SIBs is adopted in respect of MREL, there is a possibility that a failure by an institution to comply with MREL could be treated in the same manner as a failure to meet minimum regulatory capital requirements. Accordingly, a failure by the Issuer to comply with its MREL requirement may have a material adverse effect on the Issuer's business, financial conditions and results of operations. As indicated above, under the Belgian Banking Act, the powers of the supervisory and resolution authorities are significantly expanded. Implementation by the supervisory and/or resolution authorities of any of their powers of intervention could have an adverse effect on the interests of the Noteholders.

Risk of breaches of regulatory and compliance-related requirements

The Issuer is subject to the risk of inadequate or erroneous, internal and external processes and systems, regulatory problems, breaches of compliance-related provisions in connection with the exercise of business activities, such as rules to prevent money laundering, human errors and deliberate legal violations such as fraud. The Issuer endeavours to mitigate such risks by implementing appropriate control processes tailored to its business, the market and regulatory environment in which it operates. Nevertheless, it is possible that these measures could prove to be ineffective in relation to some or all regulatory risk(s) to which the Issuer is exposed. Even though the Issuer endeavours to insure itself against the most significant regulatory risks, it is not possible to obtain insurance cover for all the operational risks on commercially acceptable terms. Should one, some or all of the risks described in this paragraph materialise, the Issuer's business, results of operations and financial condition could be materially adversely affected.

Approximately 14% of the shares in the Argenta Group are owned by Argen-Co

Approximately 14% of the shares in the Argenta Group are owned by Argenta Coöperatieve cvba ("**Argen-Co**"), which is a recognised cooperative undertaking in accordance with the Act of 20 July 1955 *on a National Council for Cooperatives*.

The prudential treatment by the NBB and European supervisory authorities of cooperative undertakings as shareholder of credit institutions is currently uncertain. Discussions on the qualification of cooperative capital as Tier 1 Capital within financial groups as well as the conditions for such qualification are ongoing on a national and European level.

Accordingly, the Issuer is subject to the risk that all or part of the cooperative capital that is currently being held by Argen-Co may be disqualified by the NBB or the European supervisory authorities as Tier 1 Capital. The Issuer is also subject to the risk that new, additional prudential requirements will be imposed by the NBB or the European supervisory authorities regarding cooperative capital as to ensure that such cooperative capital will continue to qualify as Tier 1 Capital. These new prudential requirements might require Argen-Co and/or the Issuer to change organizational or corporate governance structures or to impact its balance sheet structure. Should the risks described in this paragraph materialise, the Issuer's business, results of operations and financial condition could be materially adversely affected.

Geopolitical developments

Concerns about geopolitical developments (such as tensions surrounding North Korea and Iran's nuclear programme), social unrest (such as the continuing turmoil in Ukraine and Syria), oil prices and natural disasters, among other things, can affect the global financial markets. Since the beginning of the 21st century, accounting and corporate governance scandals and financial crises have significantly undermined investor confidence from time to time. The occurrence of any such developments and events could have a material adverse effect on the Issuer's results of operations.

Catastrophic events, terrorist attacks and other acts of war

Catastrophic events, terrorist attacks, other acts of war or hostility, and responses to those acts may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of operations of the Issuer in ways that cannot be predicted.

Changes in certain fiscal regimes could adversely impact the Issuer's financial position

All members of the Issuer's group account for and pay tax in their local jurisdictions. Significant changes in the basis or rate of corporation tax, withdrawal of allowances or credits, or imposition of new taxes in such local jurisdictions, may have a material impact upon the group’s tax charges which, in turn, could have a negative impact on its results of operations and its financial position.

RISK FACTORS RELATING TO THE NOTES

Subordination

The Notes constitute subordinated Notes in the manner as set out below.

In the event of an order being made, or an effective resolution being passed, for the liquidation, dissolution or winding-up of the Issuer by reason of bankruptcy or otherwise (except, in any such case, a solvent liquidation, dissolution or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer), the rights and claims of the Noteholders against the Issuer in respect of or arising under (including any damages awarded for breach of any obligation under) the Notes shall, subject to any obligations which are mandatorily preferred by law, rank:

(a) junior to the claims of all Senior Creditors (as defined below) of the Issuer,

(b) at least *pari passu* with

  a. the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer; and

  b. any obligation which ranks or is expressed to rank *pari passu* with the Notes,

(c) senior to

  a. the claims of holders of all share capital of the Issuer,

  b. the claims of holders of all obligations of the Issuer which constitute Tier 1 Capital of the Issuer; and

  c. the claims of holders of all obligations of the Issuer which are or are expressed to be subordinated to the Notes (including, without limitation, the claims of holders of the Issuer’s 5.855 per cent. directly issued subordinated perpetual callable fixed to floating rate debt securities).

"**Senior Creditors**" means creditors of the Issuer whose claims are in respect of obligations which are unsubordinated or which otherwise rank, or are expressed to rank, senior to obligations which constitute Tier 2 Capital of the Issuer (including the Notes).

"**Tier 1 Capital**" and "**Tier 2 Capital**" have the respective meanings given to such terms in the Applicable Banking Regulations from time to time.

"**Applicable Banking Regulations**" means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of the Relevant Regulator, Belgium, the European Commission or of the European Parliament and Council or any implementing guidelines or policies thereto then in effect in Belgium relating to capital adequacy and applicable to the Issuer or the Argenta Group.

Accordingly, in case the Issuer defaults on its obligations, creditors with subordinated debt such as the Notes will not get paid out until after the Senior Creditors are paid in full.

Therefore, if the Issuer were to be wound up, liquidated or dissolved, the liquidator would first apply assets of the Issuer to satisfy all rights and claims of such Senior Creditors. If the Issuer does not have sufficient assets to settle such claims in full, the claims of the Noteholders will not be met and, as a result, the holders will lose the entire amount of their investment in the Notes. The Notes will share equally in payment with other *pari passu* claims. If the Issuer does not have sufficient funds to make full payments on all of the *pari passu* claims, holders could lose all or part of their investment. Accordingly, although the Notes may pay a higher rate of interest than comparable senior notes or other debt instruments, which are not subordinated, there is a real risk that an investor in Notes will lose all or some of its investment should the Issuer become insolvent.

The Notes may not be suitable for all investors

The Notes may not be a suitable investment for all investors. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal and/or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices, interest rates and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Noteholders will be required to absorb losses in the event the Issuer becomes non-viable or if the conditions for the exercise of resolution powers are met

Noteholders will lose some or all of their investment as a result of a statutory write-down or conversion of the Notes if the Issuer fails or is likely to fail, becomes non-viable, requires extraordinary public support or if otherwise the conditions for the exercise of resolution powers are met.

Under the Belgian Banking Act, the Resolution Authority may decide to write-down the Notes or to convert the Notes into common equity tier 1 capital of the Issuer if one or more of the following circumstances apply:

(a) the Resolution Authority determines that the Issuer meets the conditions for resolution specified in Article 244, §1 of the Belgian Banking Act; i.e., if the national resolution authority considers that all of the following conditions are met:

(i) the determination that the Issuer is failing or is likely to fail has been made by the Relevant Regulator or the Resolution Authority (in each case, after consulting each other), which means that one or more of the following circumstances are present:

- the Issuer infringes or there are objective elements to support a determination that the Issuer will, in the near future, infringe the requirements for continuing authorisation in a way that would justify the withdrawal of the authorisation by the competent authority, including but not limited to because the Issuer has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds;
- the assets of the Issuer are or there are objective elements to support a determination that the assets of the Issuer will, in the near future, be less than its liabilities;
- the Issuer is or there are objective elements to support a determination that the Issuer will, in the near future, be unable to pay its debts or other liabilities as they fall due; or
- the Issuer requests extraordinary public financial support.

(ii) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action taken in respect of the Issuer would prevent its failure within a reasonable timeframe; and

(iii) a resolution action is necessary in the public interest; a resolution action will be deemed necessary in the public interest if it is necessary to meet one or more objectives referred to in Article 243, §1 of the Belgian Banking Act and a liquidation of the credit institution would not allow such objectives to be met in the same measure, in which case the national resolution authority shall, in any event, exercise its write-down and conversion powers before taking any resolution action (including the use of the bail-in tool);

(b) the Resolution Authority determines that unless the write-down or conversion power is exercised in relation to the Notes, the Issuer will no longer be viable; or

(c) the Issuer requests extraordinary public financial support.

The purpose of the statutory write-down and conversion powers is to ensure that the Tier 2 Capital instruments of the Issuer (including the Notes) fully absorb losses if one or more of the above circumstances apply and before any resolution action (including the use of the bail-in tool) is taken.

The exercise by the national resolution authority of its write-down or conversion powers in relation to the Notes, or the (perceived) prospect of such exercise, could have a material adverse effect on the value of the Notes and could lead to the Noteholders losing some or all of their investment in the Notes.

The Notes are subordinated obligations which do not provide for events of default allowing acceleration of payment other than in a dissolution or liquidation

The Terms and Conditions of the Notes do not provide for events of default allowing for acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any of its obligations under the Notes, investors will not have the right to accelerate the payment of principal, which shall only be due in the event of the Issuer's dissolution or liquidation. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of dissolution or liquidation proceedings to the extent permitted under Belgian law in order to enforce such payment.

Moreover, in any such proceedings, the Notes will be subordinated in right of payments in accordance with Clause 3(ii) of the Conditions. Noteholders should further be aware that, in or prior to any such dissolution or liquidation scenario, the resolution authorities could decide to write down the principal amount of the Notes to zero or convert such principal amount into equity or Tier 1 Capital instruments. See also risk factor "*Regulatory risk*" on page 17 of this Prospectus.

Impact of conversion powers on listings

To the extent the Notes are converted or written-down pursuant to the Belgian Banking Act or otherwise, the Issuer does not expect any securities issued upon conversion of the Notes to meet the listing requirements of any securities exchange, and the Issuer expects outstanding listed securities to be delisted from the securities exchanges on which they are listed. It is likely that any securities the Noteholders will receive upon the exercise of the bail-in power will not be listed for at least an extended period of time, if at all. Additionally, there may be limited, if any, disclosure with respect to the business, operations or financial statements of the Issuer of any securities issued upon conversion of the Notes, or the disclosure may not be current to reflect changes in the business, operations or financial statements as a result of the exercise of the conversion or bail-in power. As a result, there may not be an active market for any securities Noteholders may hold after the exercise of the conversion or powers.

The Issuer is not prohibited from issuing additional debt

There is no restriction on the amount of debt that the Issuer or its subsidiaries may issue, which may rank *pari passu* with or senior to the Notes. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's bankruptcy. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including suspension of interest and reduction of interest and principal and, if the Issuer were liquidated (whether voluntarily or involuntarily), the Noteholders could suffer loss of their entire investment.

The Notes are subject to early redemption by the Issuer, subject to certain conditions

Optional redemption of Notes on the Call Date

The Issuer will be entitled to redeem all, but not some only, of the Notes early on the Call Date at their principal amount together with any accrued but unpaid interest up to (but excluding) the Call Date. Such an optional redemption feature is likely to limit the market value of the Notes.

Redemption of Notes for Taxation reasons

The Issuer will be entitled to redeem the Notes early if, as a result of a Tax Law Change (as defined in the Terms and Conditions of the Notes), it becomes obliged to pay additional amounts or it can no longer deduct payments in respect of the Notes for Belgian income tax purposes. On the occurrence of any such Tax Event (as defined in the Terms and Conditions of the Notes), the Issuer may at its option redeem all, but not some only, of the Notes at the applicable Early Redemption Amount (as defined in the Terms and Conditions of the Notes).

Redemption of Notes upon the occurrence of a Capital Disqualification Event

The Issuer will be entitled to redeem Notes early if it determines that, as a result of a change in the regulatory classification of such securities, the Notes cease to count wholly or partly towards Tier 2 Capital of the Issuer. On the occurrence of any such Capital Disqualification Event, the Issuer may at its option (but subject to certain conditions, including Condition 5 (f)) redeem all, but not some only, of the Notes at the applicable Early Redemption Amount.

Variation of Notes upon the occurrence of a Capital Disqualification Event

A Capital Disqualification Event may occur. A Capital Disqualification Event will occur if, as a result of a change to the regulatory classification, the Issuer would no longer be able to count the Notes wholly or in part towards its Tier 2 Capital. A Capital Disqualification Event entitles the Issuer in such circumstances to vary the terms of such Notes (subject to certain conditions) in order to ensure that they remain or become Qualifying Securities (as defined in the Terms and Conditions of the Notes), i.e. qualify again as Tier 2 Capital of the Issuer. Importantly, the Issuer would in such circumstances be entitled to vary, subject to the conditions set out in Condition 7, the terms of the Notes without the consent of the Noteholders. The variation of the terms of the Notes may be unfavourable to the Noteholders.

Modifications, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including modifications to the terms and conditions and/or the substitution of the Issuer. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The Terms and Conditions of the Notes will be governed by the laws of England, except for Conditions 2 (*Form, Denomination and Title*), 3 (*Status and subordination of the Notes*) and 11 (*Meeting of Noteholders and modifications*) which shall be governed by, and construed in accordance with, Belgian law.

No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Belgium or administrative practice after the date of this Prospectus.

Any such changes in law may include, but are not limited to, the implementation of a variety of statutory resolution and loss-absorption tools, which may affect the rights of holders of securities issued by the Issuer, including the Notes. Such tools may include the ability to write off sums otherwise payable on such securities (see risk factor "*Regulatory risk*" on page 17 of this Prospectus for further details).

Legal investment considerations may restrict certain investments

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation, by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for it, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

No active trading market at time of issuance - the secondary market generally

The Notes will have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of securities.

Similarly, liquidity is likely to be very limited if the Notes are delisted or no listing is obtained.

Moreover, although pursuant to Condition 5(e) Repurchases (and subject, in the case of Notes, to Condition 5(f)) the Issuer can purchase Notes at any time, the Issuer is not obliged to do so. Purchases made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

Furthermore, the Notes may trade with accrued interest, which may be reflected in the trading price of the Notes.

Finally, it should be noted that in case the subscription in respect of the Notes is less than the minimum amount specified in relation thereto, Noteholders will not have the ability to cancel or revoke their subscription. In such circumstances, the Issuer may nevertheless, in its sole discretion, cancel the offer.

The Notes are not covered by any government compensation or insurance scheme and do not have the benefit of any government guarantee

An investment in the Notes will not be covered by any compensation or insurance scheme of any government agency of Belgium or any other jurisdiction, and the Notes do not have the benefit of any government guarantee. The Notes are

the Issuer's obligation only and holders must solely look to the Issuer for the performance of the Issuer's obligations under the Notes. In the event of the Issuer's insolvency, a holder may lose all or some of its investment in the Notes.

The Notes are not covered by the "Deposit and financial instrument protection scheme" as established by the Act of 17 December 1998 *on the establishment of a deposit and financial instrument protection scheme*, nor is it covered by the "Special protection funds for deposits and life insurances", as established by article 5 of the Royal Decree of 14 November 2008 *on measures to promote financial stability and, in particular, to set up a State guarantee for loans granted and other transactions in the context of financial stability, as regards the protection of deposits, life insurance and the capital of authorised cooperative societies*. Accordingly, the Notes will not be repaid, recovered or refunded by the "Deposit and financial instrument protection scheme", nor by the "Special protection funds for deposits and life insurances".

A holder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional — domestic or foreign — parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, holders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), holders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

The interest rate on the Notes will be reset on the Call Date, which may affect the market value of the Notes

The Notes will initially earn interest at a fixed rate of interest to, but excluding, the Call Date (as defined in the Terms and Conditions of the Notes). The market price of securities bearing a fixed rate of interest may be adversely impacted by changes in prevailing market interest rates.

From, and including, the Call Date, the interest rate will be reset to the Reset Rate of Interest (as defined in the Terms and Conditions of the Notes). The Reset Rate of Interest could be less than the Initial Fixed Interest Rate (as defined in the Terms and Conditions of the Notes), which could affect the secondary market for, and market value of, the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks and may be lowered, suspended, withdrawn or not maintained

At the date of this Prospectus, the Notes are expected to be rated BBB- by Standard & Poor's. Other independent credit rating agencies could decide to assign credit ratings to the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under

the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case maybe, has not been withdrawn or suspended). The list of registered and certified credit rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant credit rating agency included in such list, as there may be delays between certain supervisory measures taken against the relevant credit rating agency and the publication of the updated ESMA list.

There is no guarantee that any ratings will be assigned or maintained. The ratings may furthermore not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors (including a change of control affecting the Issuer) that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

Reliance on the procedures of the Securities Settlement System, Euroclear and Clearstream Luxembourg for transfer, payment and communication with the Issuer

The Notes will be issued in dematerialized form under the Belgian Companies Code and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the Securities Settlement System. Access to the Securities Settlement System is available through its Securities Settlement System participants whose membership extends to securities such as the Notes. Securities Settlement System participants include certain banks, stockbrokers (*beursvennootschappen/societes de bourse*), and Euroclear and Clearstream Luxembourg.

Transfers of interests in the Notes will be effected between the Securities Settlement System participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System participants through which they hold their Notes.

Neither the Issuer nor the Agent will have any responsibility for the proper performance by the Securities Settlement System or the Securities Settlement System participants of their obligations under their respective rules and operating procedures.

A holder must rely on the procedures of the Securities Settlement System, Euroclear and Clearstream Luxembourg to receive payments under the Notes. The Issuer will have no responsibility or liability for the records relating to the Notes within the Securities Settlement System.

No Agent is required to segregate amounts received by it in respect of Notes cleared through the Securities Settlement System

The Agency Agreement (as defined in the Terms and Conditions of the Notes) provides that the Agent (as defined in the Terms and Conditions of the Notes) will debit the relevant account of the Issuer and use such funds to make payment to the Noteholders.

The Agency Agreement also provides that the Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Noteholder, directly or through the NBB, any amounts due in respect of the Notes. However, no Agent is required to segregate any such amounts received by it in respect of the Notes, and in the event that such Agent were subject to insolvency proceedings at any time when it held any such amounts, Noteholders would be required to claim such amounts from such Agent in accordance with applicable Belgian insolvency laws.

Potential conflicts of interest

Potential conflicts of interest may exist between the Issuer, the Agents, the Joint Lead Managers and the Noteholders. The Calculation Agent in respect of the Notes may be the Issuer, and this gives rise to potential conflicts including (but not limited to) with respect to certain determinations and judgments that the Calculation Agent may make pursuant to the Terms and Conditions of the Notes that may influence any interest amount due on, and for the amount receivable

upon redemption of, the Notes. The Issuer may act as the principal paying agent under the Agency Agreement, and would, if applicable, be arranging for payments to be made through the NBB in respect of the Notes. The Issuer and its affiliates (including, if applicable, any Joint Lead Manager or Agent) may engage in trading activities (including hedging activities) related to the Notes, for its proprietary accounts or for other accounts under their management.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available in relation to the tax treatment of financial instruments such as the Notes.

Potential investors are advised not to rely solely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only such adviser is in a position to duly consider the specific situation of the potential investor. This risk factor should be read in connection with the taxation sections of this Prospectus.

Belgian withholding tax

If the Issuer, the NBB, the Paying Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Notes, the Issuer, the NBB, the Paying Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

The Issuer will pay such additional amounts as may be necessary in order that the net payment received by the Noteholders, after withholding for any taxes imposed by tax authorities in Belgium upon payments made by or on behalf of the Issuer in respect of the Notes, will be equal to the amount which they would have received in the absence of any such taxes, except that no such additional amounts shall be payable in the circumstances defined in Condition 8 of the Terms and Conditions of the Notes.

The Issuer is subject to the risk that a withholding tax may have to be levied which will in certain circumstances not lead to a gross-up and thus represent a cost for the investor.

Since the Notes may exclusively be offered to and held by Eligible Investors (see "Subscription and Sale"), payments of coupons on the Notes will not give rise to withholding tax and, as such, the increase of the Belgian withholding tax as mentioned above, should not be relevant for them.

Belgian catch all provision

A so-called "catch all provision" was introduced in Belgian income tax law on the basis of which Belgian income tax at the rate of 16.5% is due on certain income generated by non-resident taxpayers if (i) such income would be taxable in the hands of Belgian resident taxpayers and (ii) the cost such income is borne by Belgian resident companies. The tax becomes due on income of which the beneficiary (i) cannot rely on a convention with respect to taxes on income and capital (generally referred to as "double tax treaty") concluded by Belgium and does not prove to be effectively taxed in its residence state on such income, or (ii) can rely on a convention with respect to taxes on income and capital concluded by Belgium but such convention allows Belgium to tax the relevant income, possibly at a reduced rate.

The above 16.5% tax is levied in the form of a withholding tax which must be withheld by the debtor of the income.

On 23 July 2014, a notice to the debtors of withholding tax was issued in which the Belgian tax administration indicated that the income referred to in the "catch all provision" is the profit and benefit generated through the provision of certain services. Based thereon, it can be expected that the withholding obligation under the "catch all provision" should not apply to interest payments made by the Issuer with respect to the Notes. It can, however, not be excluded that a broader application of the provision would be made going forward as the relevant legal provisions do not restrict the application to a specific type of income.

Financial Transaction Tax

On 14 February 2013, the European Commission published a proposal for a Council Directive (the "**Draft Directive**") *implementing enhanced cooperation in the area of financial transaction tax* (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). Please note that Estonia has stated that it will withdraw from the negotiations on the proposal for the FTT. The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain transactions related to the Notes (including secondary market transactions) in certain circumstances.

Pursuant to the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (inter alia) primary market transactions referred to in Article 5 (c) of the European Commission Regulation (EC) No 1287/2006 of 10 August 2006 *implementing Directive 2004/39/EC of the European Parliament and of the Council as regards record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading, and defined terms for the purposes of that Directive*, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

Pursuant to the Draft Directive, the rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Prospective holders should therefore note, in particular, that any sale, purchase or exchange of the Notes will be subject to the FTT provided the abovementioned prerequisites are met, and the Draft Directive is adopted and implemented into domestic law of the Participating Member States. The holder may be liable to itself pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Treasury Notes.

Notwithstanding the European Commission proposals, a joint statement made by the Participating Member States (other than Slovenia) on 6 May 2014 indicates that a progressive implementation of the FTT is being considered, and that the FTT may initially apply only to transactions involving shares and certain derivatives. However, full details are not available.

The proposed FTT remains subject to negotiation between the participating Member States and the timing remains unclear. Additional Member States may decide to participate.

Prospective Noteholders are strongly advised to seek their own professional advice in relation to the FTT.

Possible FATCA withholding after 2016

Whilst the Notes are held within the Securities Settlement System, in all but the most remote circumstances, it is not expected that the foreign account tax compliance tax provisions of the Hiring Incentives to Restore Employment Act of 2010, commonly referred to as "FATCA", will affect the amount of any payment received by the clearing system. However, FATCA may affect payments made to custodians or intermediaries in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any Intergovernmental Agreement (IGA) legislation, if applicable) and provide each custodian or

intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

Notes may trade significantly below their value in certain circumstances

In circumstances of financial distress (whether related to the economy or markets generally or events specific to the Issuer), there may be uncertainty as to the likelihood that resolution authorities could in the future decide to write down or convert Notes into equity or Tier 1 Capital instruments. Due to the uncertainty as to whether any such write down or conversion could occur, the trading price of the Notes could drop significantly. Moreover, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of Notes that have been or will be issued by the Issuer. Notes may have a greater price volatility compared to conventional interest-bearing securities (potentially more aligned with the trading behaviour of the shares or other Tier 1 or Tier 2 Capital instruments issued by the Issuer).

Any indication that the Issuer's securities may run the risk of being required to absorb losses in the future is likely to have an adverse effect on the market price of the Notes. Under such circumstances, investors may not be able to sell their Notes or at prices comparable to the prices of more conventional investments.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the audited consolidated accounts and non-consolidated accounts of the Issuer for the years ended 31 December 2014 and 31 December 2015, including the reports of the statutory auditors in respect thereof which are incorporated by reference in this Prospectus. Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of all documents incorporated by reference in this Prospectus may be obtained without charge from the offices of the Issuer and the website of the Issuer and on the website of the Luxembourg Stock Exchange (https://www.bourse.lu/home).

The table below sets out the relevant page references for the (i) consolidated balance sheet, (ii) consolidated statement of income, (iii) consolidated cash flow statement, (iv) audit report on the consolidated accounts, (v) notes to the consolidated financial statements, (vi) non-consolidated balance sheet, (vii) non-consolidated statement of income and (viii) audit report on the non-consolidated accounts of the Issuer as set out in the 2014 and 2015 annual reports of the Issuer.

Information contained in the documents incorporated by reference other than information listed in the table below does not form part of this Prospectus. The non-incorporated parts of such documents are not relevant for the investor or are covered elsewhere in this Prospectus.

	Consolidated financial statements 2014 **(English version)**	**Consolidated financial statements 2015** **(English version)**
Consolidated balance sheet	page 7	page 7
Consolidated statement of income	page 8	page 8
Consolidated cash flow statement	page 11	page 11
Audit report on the consolidated accounts	page 5	page 5
Notes to the consolidated financial statements	page 13	page 13
	Non-consolidated financial statements 2014 **(English version)**	**Non-consolidated financial statements 2015** **(English version)**
Non-consolidated balance sheet	VOL 2.1, 2.2, 2.3	VOL 2.1, 2.2, 2.3
Non-consolidated statement of income	VOL 3.1, 3.2	VOL 3.1, 3.2
Audit report on the non-consolidated accounts	VOL 9	VOL 9

TERMS AND CONDITIONS OF THE NOTES

The EUR 500,000,000 3.875 per cent. subordinated notes (the "**Notes**") of the Issuer are issued subject to and with the benefit of an Agency Agreement dated 20 May 2016 (such agreement as amended and/or supplemented and/or restated from time to time) made between the Issuer and the Agent as calculation agent, paying agent and domiciliary agent ("**Agent**").

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection free of charge during normal business hours by the Noteholders at the specified office of the Agent. The Noteholders are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1. Definitions

In these Conditions the following expressions have the following meanings:

"**Agency Agreement**" means the agency agreement dated 20 May 2016 between the Issuer and the Agent, as amended and/or supplemented and/or restated from time to time.

"**Agent**" means BNP Paribas Securities Services SCA, Belgian branch and any successor or replacement Agent appointed from time to time pursuant to the terms of the Agency Agreement.

"**Alternative Clearing System**" has the meaning given to it in Condition 2 (*Form, denomination and title*).

"**Applicable Banking Regulations**" means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of the Relevant Regulator, Belgium, the European Commission or of the European Parliament and Council or any implementing guidelines or policies thereto then in effect in Belgium relating to capital adequacy and applicable to the Issuer or the Argenta Group.

"**Belgian Companies Code**" means the Belgian Companies Code enacted by the law 7 May 1999, as amended (*Wetboek van Vennootschappen/Code des Sociétés*).

"**Business Day**" means (i) a day other than a Saturday or Sunday on which the NBB-SSS is operating and (ii) a day on which banks and forex markets are open for general business in Belgium and (iii) (if a payment in euro is to be made on that day), a day which is a business day for the TARGET2 System.

"**Calculation Agent**" means BNP Paribas Securities Services SCA, Belgium branch, as calculation agent, who is appointed and maintained by the Issuer in accordance with Condition 4(i)(e) and any successor appointed under the Agency Agreement.

"**Calculation Period**" has the meaning given to it in Condition 4 (*Interest and other calculations*).

"**Call Date**" means 24 May 2021.

"**Capital Disqualification Event**" means an event that shall be deemed to have occurred if the Issuer determines, in good faith, and after consultation with the Relevant Regulator, that by reason of a change to the regulatory classification of the Notes, at any time after the Issue Date, the Notes cease (or would cease) to be included, in whole or in part, in or count towards the Tier 2 Capital of the Issuer (excluding, for these purposes, any non-recognition as a result of applicable regulatory amortization in the five years immediately preceding maturity).

"**Clearstream Luxembourg**" means Clearstream Banking, *société anonyme*.

"**Code**" means the U.S. Internal Revenue Code.

"**Condition**" or "**Conditions**" means one or all of these terms and conditions of the Notes.

"**Day Count Fraction**" has the meaning given to it in Condition 4 (*Interest and other calculations*).

"**Determination Date**" has the meaning given to it in Condition 4 (*Interest and other calculations*).

"**Determination Period**" has the meaning given to it in Condition 4 (*Interest and other calculations*).

"**Early Redemption Amount**" means 100 per cent. of the principal amount of the Notes, together (if applicable) with any accrued but unpaid interest up to (but excluding) the date fixed for redemption.

"**Eligible Investor**" means from time to time a person who is allowed to hold securities through a so-called "X account" (being an account exempted from withholding tax) in the Securities Settlement System in accordance with Article 4 of the Belgian Royal Decree of 26 May 1994 *on the deduction and compensation of withholding tax in accordance with chapter I of the Act of 6 August 1993 in relation to transactions with certain securities*, as amended or replaced from time to time.

"**Euroclear**" means Euroclear Bank SA/NV.

"**Excluded Matters**" has the meaning given to it in Condition 14 (*Governing law and jurisdiction*).

"**Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with these Conditions and the Belgian Companies Code by a majority of at least 75 per cent. of the votes cast.

"**Initial Fixed Interest Rate**" means 3.875 per cent. per annum.

"**Interest Payment Date**" means 24 May in each year, commencing with the Interest Payment Date falling on 24 May 2017.

"**Interest Rate**" means the Initial Fixed Interest Rate or the Reset Rate of Interest.

"**Issue Date**" means 24 May 2016.

"**Issuer**" means Argenta Spaarbank NV.

"**Margin**" means 3.95 per cent.

"**Market**" means the regulated market of the Luxembourg Stock Exchange.

"**Maturity Date**" means 24 May 2026.

"**Mid-Swap Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (a) has a term commencing on the Call Date which is equal to 5 years; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

"**NBB**" means the National Bank of Belgium or any successor of the National Bank of Belgium as operator of the Securities Settlement System.

"**Proceedings**" has the meaning given to it in Condition 14 (*Governing law and jurisdiction*).

"**Qualifying Securities**" means, at any time, any securities issued by the Issuer that:

(a) rank equally with the ranking of the Notes;

(b) have terms not materially less favourable to investors than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank or financial adviser of international standing, and provided that a certification to such effect of two members of the management board of the Issuer shall have been delivered to the Agent prior to the issue of the relevant securities), provided that such securities shall in any event:

(i) contain terms such that they comply with the then Applicable Banking Regulations in relation to Tier 2 Capital; (ii) do not contain terms which would cause a Capital Disqualification Event or a Tax Event to occur as a result of such substitution or variation; (iii) include terms which provide for the same (or, from an investor's perspective, more favourable) Interest Rate from time to time and the same Interest Payment Dates, (if not yet passed) Call Date and Maturity Date as apply from time to time to the relevant Notes; (iv) shall preserve any existing rights under the Conditions to any accrued interest, principal which has not been satisfied; (v) do not contain terms providing for the mandatory or voluntary deferral of payments of principal and/or interest; and (vi) do not contain terms providing for loss absorption through principal write down, write-off or conversion to ordinary shares;

(c) are listed on (i) the Market or (ii) such other regulated market in the European Economic Area as selected by the Issuer; and

(d) where the Notes which have been varied had a published rating from a Rating Agency immediately prior to their variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the Notes.

"**Rating Agency**" means each of Fitch Ratings Limited, Moody's Investors Service Limited and Standard & Poor's Credit Market Services Europe Limited or their respective successors.

"**Relevant Date**" means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been duly received by the Agent on or prior to such date) the date on which notice is given to the Noteholders that such moneys have been so received.

"**Relevant Regulator**" means the ECB, the NBB or any successor or replacement entity having primary responsibility for the prudential oversight and supervision of the Issuer.

"Reset Determination Date" means, in respect of the Reset Period, the day falling two TARGET Business Days prior to the first day of such Reset Period.

"**Reset Period**" means the period from and including the Call Date to but excluding the Maturity Date.

"**Reset Rate of Interest**" has the meaning given to it in Condition 4(i)(c).

"**Reset Reference Rate**" means in respect of the Reset Period, (i) the applicable annual mid-swap rate for swap transactions in euro (with a maturity equal to 5 years) as displayed on the Screen Page at 11.00 a.m. (Central European time) on the Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date, the Reset Reference Bank Rate.

"**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 11:00 a.m. (Central European time) on the Reset Determination Date and, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be determined by the Calculation Agent in its sole discretion following consultation with the Issuer.

"**Reset Reference Banks**" means five leading swap dealers in the principal interbank market relating to euro selected by the Calculation Agent in its discretion after consultation with the Issuer.

"**Screen Page**" means Reuters screen page "ISDAFIX2", or such other screen page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Thomson Reuters,

in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates.

"**Securities Settlement System**" means the book-entry clearance and settlement system operated by the NBB.

"**Senior Creditors**" means creditors of the Issuer whose claims are in respect of obligations which are unsubordinated or which otherwise rank, or are expressed to rank, senior to obligations which constitute Tier 2 Capital of the Issuer (including the Notes).

"**Standard & Poor's**" means Standard & Poor's Credit Market Services Europe Limited or any affiliate thereof.

"**TARGET Business Day**" means a day on which TARGET System is operating.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

"**Tax Deductibility Event**" has the meaning given to it in Condition 5(c).

"**Taxes**" means any taxes, duties, assessments or governmental charges of whatever nature.

"**Tax Gross-up Event**" has the meaning given to it in Condition 5(c).

"**Tax Law Change**" means any change in, or amendment or proposed amendment to, the laws or regulations of Belgium, including any treaty to which Belgium is a party, or any change in the application or official interpretation of such laws or regulations, including a decision of any court, or any interpretation or pronouncement by any relevant tax authority, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Issue Date, or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted) on or after the Issue Date.

"**Tier 1 Capital**" and "**Tier 2 Capital**" have the respective meanings given to such terms in the Applicable Banking Regulations from time to time.

2. Form, denomination and title

The Notes are issued in dematerialized form in accordance with Article 468 et seq. of the Belgian Companies Code. The Notes will be represented exclusively by book entry in the records of the securities settlement system operated by the NBB or any successor thereto.

The Notes can be held by their holders through participants in the Securities Settlement System, including Euroclear and Clearstream Luxembourg and through other financial intermediaries which in turn hold the Notes through Euroclear and Clearstream Luxembourg, or other participants in the Securities Settlement System. The Notes are accepted for clearance through the Securities Settlement System, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian Act of 6 August 1993 *on transactions in certain securities*, its implementing Belgian Royal Decrees of 26 May 1994 *on the deduction and compensation of withholding tax in accordance with chapter I of the Act of 6 August 1993 in relation to transactions with certain securities* and 14 June 1994 *concerning the determination of the rules applicable to the keeping of an account of dematerialized instruments expressed in foreign currencies* (each as amended or re-enacted or as their application is modified by other provisions from time to time) and the rules of the Securities Settlement System and its annexes, as issued or modified by the NBB from time to time. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership trust or an interest in it and no person shall be liable for so treating the holder.

Possession and title to the Notes will pass by account transfer. The Notes cannot be physically delivered and may not be converted into bearer Notes (*effecten aan toonder/titres au porteur*).

In these Conditions, "**Noteholder**" and "**holder**" means each person evidenced as holding a Note by the book-entry system.

If at any time the Notes are transferred to another clearing system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system, an "**Alternative Clearing System**").

Noteholders are entitled to exercise the rights they have, including voting rights, making requests, giving consents, and other associative rights (as defined for the purposes of Article 474 of the Belgian Companies Code) upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream Luxembourg or any other participant duly licensed in Belgium to keep dematerialized securities accounts showing such holder's position in the Notes (or the position held by the financial institution through which such holder's Notes are held with the NBB, Euroclear, Clearstream Luxembourg or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

The denomination of the Notes shall be EUR 100,000 and integral multiples thereof.

The rights of Noteholders with regard to payments under the Notes will be subordinated in the manner described under Condition 3(ii) below with a fixed redemption date and with terms capable of qualifying as Tier 2 Capital.

In these Conditions, any reference to any law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.

3. Status and subordination of the Notes

(i) Status

The Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the Noteholders in respect of the Notes are subordinated in the manner provided in Condition 3(ii) below.

(ii) Subordination

In the event of an order being made, or an effective resolution being passed, for the liquidation, dissolution or winding-up of the Issuer by reason of bankruptcy (*faillissement/faillite*) or otherwise (except, in any such case, a solvent liquidation, dissolution or winding-up solely for the purposes of a reorganization, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer), the rights and claims of the Noteholders against the Issuer in respect of or arising under (including any damages awarded for breach of any obligation under) the Notes shall, subject to any obligations which are mandatorily preferred by law, rank (a) junior to the claims of all Senior Creditors of the Issuer, (b) at least *pari passu* with (1) the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer and (2) any obligation which ranks or is expressed to rank *pari passu* with the Notes and (c) senior to (1) the claims of holders of all share capital of the Issuer, (2) the claims of holders of all obligations of the Issuer which constitute Tier 1 Capital of the Issuer and (3) the claims of holders of all obligations of the Issuer which are or are expressed to be subordinated to the Notes (including, without limitation, the claims of holders of the Issuer's 5.855 per cent. directly issued subordinated perpetual callable fixed to floating rate debt securities).

(iii) Set-Off

Subject to applicable law, no Noteholder may exercise or claim any right of set off in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of his subscription, purchase or holding of any Note, be deemed to have waived all such rights of set off.

4. Interest and other calculations

Interest in the Notes will be payable in arrear at 3.875 per cent. per annum with the first interest payment to be made on 24 May 2017.

(i) Interest Rate and Interest Payment Dates

(a) General

Each Note bears interest on its outstanding principal amount at a rate per annum equal to the relevant Interest Rate from and including the Issue Date, payable annually in arrear on each Interest Payment Date.

(b) Initial Fixed Interest Rate

For each Interest Period ending on or before the Call Date, the Notes bear interest at the Initial Fixed Interest Rate.

(c) Reset Rate of Interest

The Interest Rate will be reset (the "**Reset Rate of Interest**") in accordance with this Condition 4 on the Call Date. The Reset Rate of Interest will be determined by the Calculation Agent on the Reset Determination Date as the sum of the Reset Reference Rate and the Margin.

(d) Publication of Reset Rate of Interest

The Calculation Agent shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 4 in respect of the Reset Period to be given to the Agent, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 12, the Noteholders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

(e) Maintenance of the Calculation Agent

With effect from no later than the Call Date, the Issuer will maintain a Calculation Agent until the Reset Rate of Interest has been determined.

The Issuer may, from time to time replace the Calculation Agent with another leading financial institution in London. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails duly to determine the Reset Rate of Interest as provided in Condition 4(i)(c), the Issuer shall forthwith appoint another leading financial institution in London to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(f) Determinations of Calculation Agent shall be binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Agent and all Noteholders and holders of coupons and (in the absence as aforesaid) no liability to the Agent, the Noteholders and holders of coupons or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(ii) Accrual of Interest

Each Note will cease to bear interest from and including its due date for redemption thereof unless payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which case interest will continue to accrue at the rate specified in Condition 4(i) (Interest and other calculations –Interest Rate and Interest Payment Dates) (both before and after judgment and if necessary to be increased with judicial interest) until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.

(iii) *Calculation of interest amounts*

The amount of interest payable in respect of each Note for any period shall be calculated by:

1) applying the applicable Interest Rate to EUR 100,000;
2) multiplying the product thereof by the Day Count Fraction; and
3) rounding the resulting figure to the nearest cent (half a cent being rounded upwards) on any amount due and payable.

In these Conditions, "**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any period of time (the "**Calculation Period**"),

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the number of days in such Determination Period;

(b) and if the Calculation Period is longer than one Determination Period, the sum of:

   a. the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the number of days in such Determination Period; and

   b. the number of days in such Calculation Period falling in the next Determination Period divided by the number of days in such Determination Period,

Where "**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and "**Determination Date**" means 24 May.

(iv) *Rounding*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), and (y) all figures shall be rounded to seven significant figures (with halves being rounded up).

5. Redemption and repurchase

(a) *Redemption at maturity*

Unless previously purchased and cancelled or redeemed as herein provided, the Notes will be redeemed at their principal amount (together with interest accrued and unpaid to the Maturity Date) on the Maturity Date.

(b) *Issuer's call option*

Subject to Condition 5 (f), the Issuer may elect, in its sole discretion, to redeem all, but not some only, of the Notes on the Call Date at the Early Redemption Amount.

(c) *Redemption upon the occurrence of a Capital Disqualification Event*

The Issuer may at its option but subject to Condition 5(f), having given not less than 30 nor more than 60 days' notice to the holders in accordance with Condition 12 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at any time at the Early Redemption Amount if a Capital Disqualification Event has occurred and is continuing.

(d) *Redemption upon the occurrence of a Tax Event*

The Issuer may at its option but subject to Condition 5(f), having given not less than 30 nor more than 60 days' notice to the holders in accordance with Condition 12 (which notice shall be irrevocable), redeem all, but not some only, of the Notes outstanding at any time, at the Early Redemption Amount and any additional amounts payable in accordance with Condition 8, if, at any time, a Tax Event has occurred, provided that no such notice of redemption shall be given

earlier than 90 days prior to the earliest date on which (i) the Issuer would be obliged to pay any additional amounts in case of a Tax Gross-up Event, or (ii) a payment in respect of the Notes would not be deductible by the Issuer for Belgian corporate income tax purposes or such deduction would be reduced in case of a Tax Deductibility Event, in each case, were a payment in respect of the Notes then due.

The Issuer shall deliver to the Paying Agent an opinion of an independent legal adviser of recognized standing to the effect that a Tax Event exists.

A "**Tax Event**" shall be deemed to have occurred if as a result of a Tax Law Change:

a) in making payments under the Notes, the Issuer has or will on or before the next Interest Payment Date or the Maturity Date (as applicable) become obliged to pay additional amounts as provided or referred to in Condition 8 (and such obligation cannot be avoided by the Issuer taking reasonable measures available to it) (a "**Tax Gross-up Event**"); or

b) on the next Interest Payment Date or the Maturity Date (as applicable) any payments by the Issuer in respect of the Notes ceases (or will cease) to be deductible by the Issuer for Belgian corporate income tax purposes or such deductibility is reduced (a "**Tax Deductibility Event**").

(e) Repurchases

Subject to the conditions set out in Condition 5(f), the Issuer and any of its subsidiaries may at any time repurchase in their sole discretion, without having any obligation to do so, Notes in the open market or otherwise at any price.

(f) Conditions to redemption

Any optional redemption or repurchase of the Notes pursuant to this Condition 5 is subject to the following conditions (in each case, if and to the extent then required by Applicable Banking Regulation):

(i) compliance with any conditions prescribed under the Applicable Banking Regulation, including the prior approval of the Relevant Regulator (if required);

(ii) (i) in the case of redemption following the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that (A) the Tax Law Change was not foreseeable by the Issuer as at the Issue Date and (B) the Tax Event is material or (ii) in the case of redemption following the occurrence of a Capital Disqualification Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the relevant change was not foreseeable by the Issuer as at the Issue Date; and

(iii) the Issuer may instead comply with any alternative or additional pre-conditions to the redemption of subordinated securities to the extent set out in the Applicable Banking Regulation and required by the Relevant Regulator.

(g) Cancellation

All Notes which are redeemed or purchased or otherwise acquired as aforesaid and surrendered to the Paying Agent for cancellation will forthwith be cancelled. All Notes so cancelled cannot be reissued or resold.

6. Payments

(a) Payment in euro

Without prejudice to Article 474 of the Belgian Companies Code, payment of principal in respect of the Notes, payment of accrued interest payable on a redemption of the Notes and payment of any interest due on an Interest Payment Date in respect of the Notes will be made through the Securities Settlement System in accordance with the Securities Settlement System Regulations. The payment obligations of the Issuer under the Notes will be discharged by payment to the Paying Agent in respect of each amount so paid.

(b) Method of payment

Each payment referred to in Condition 6(a) will be made in euro by transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in a city in which banks have access to the TARGET System.

(c) Payments subject to fiscal laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or agreements to which the Issuer or the Paying Agent agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged to the Noteholders in respect of such payments. The Issuer reserves the right to require a Noteholder to provide the Paying Agent with such certification or information as may be required to enable the Issuer to comply with the requirements of the United States federal income tax laws, other tax laws or any agreement between the Issuer and any taxing authority.

(d) Appointment of Agents

The Agent acts solely as agent of the Issuer and does not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent provided that the Issuer shall at all times maintain (i) a paying agent, (ii) a domiciliary agent and (iii) as from the Call Date until the Reset Rate of Interest has been determined, a calculation agent and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed. Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(e) Non-Business Days

If any date for payment in respect of any Note is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

7. Variation following a Capital Disqualification Event

In case of a Capital Disqualification Event, the Issuer may, subject to the other provisions of this Condition 7 (without any requirement for the consent or approval of the Noteholders (subject to the notice requirements below)) vary the terms of all (but not some only) of the Notes so that they remain or, as appropriate, become, Qualifying Securities.

In connection with any variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.

Any variation in accordance with this Condition 7 is subject to (i) compliance with any conditions prescribed under the Applicable Banking Regulations, (including the Issuer obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required to be given); and (ii) the Issuer giving not less than 30 nor more than 60 calendar days' notice to the Noteholders (which notice shall be irrevocable),in accordance with Condition 12 (*Notices*), which notice shall be irrevocable. Any such notice shall specify the relevant details of the manner in which such variation shall take effect and where the holders can inspect or obtain copies of the new terms and conditions of the Notes.

Any variation in accordance with this Condition 7 does not otherwise give the Issuer an option to redeem the Notes under the Conditions.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within the Kingdom of Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that

event, the Issuer will pay such additional amounts as may be necessary in order that the net payment received by the Noteholders, after withholding for any taxes imposed by tax authorities in Belgium upon payments made by or on behalf of the Issuer in respect of the Notes, will be equal to the amount which they would have received in the absence of any such taxes, except that no such additional amounts shall be payable with respect to any Note:

(i) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Kingdom of Belgium other than the mere holding of the Note; or

(ii) to a Noteholder who is liable to such Taxes because the Notes were upon its request converted into registered Notes and could no longer be cleared through the Securities Settlement System; or

(iii) to a holder who is entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption; or

(iv) where such deduction or withholding is imposed or required pursuant to the Foreign Account Tax Compliance Act ("**FATCA**") of the intergovernmental agreement ("**IGA**") entered into pursuant to FATCA or any law intended to implement or comply with FATCA or an IGA; or

(v) where such withholding is imposed pursuant to Article 228, §3 of the Belgian Income Tax Code ("catch all provision") because the Noteholder (or the beneficial owner) is a non-resident taxpayer which (i) cannot rely on a convention with respect to taxes on income and capital concluded by Belgium and does not prove to be effectively taxed in its residence state on such income, or (ii) can rely on a convention with respect to taxes on income and capital concluded by Belgium but such convention allows Belgium to tax the relevant income, possibly at a reduced rate, and such despite the Belgian tax administration's communication of 23 July 2014 that this withholding is only due with respect to profit and benefit generated through the provision of services.

9. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Enforcement

If default is made in the payment of any principal or interest due in respect of the Notes or any of them and such default continues for a period of 30 days or more after the due date any Noteholder may, without further notice, institute proceedings for the dissolution or liquidation of the Issuer in Belgium.

In the event of the dissolution or liquidation (other than on a solvent basis) of the Issuer (including, without limiting the generality of the foregoing, bankruptcy (*faillissement/faillite*), and judicial or voluntary liquidation (*liquidation volontaire ou forcee/vrijwillige of gedwongen vereffening*), under the laws of Belgium), any Noteholder may give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with interest accrued to the date of repayment.

No remedy against the Issuer other than as referred to in this Condition 10, shall be available to the Noteholder, whether for recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations under or in respect of the Notes.

For the avoidance of doubt, the Noteholders waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Belgian Civil Code to rescind (*ontbinden/résoudre*), or to demand legal proceedings for the rescission (*ontbinding/resolution*) of the Notes and (ii), to the extent applicable, all their rights whatsoever in respect of the Notes pursuant to Article 487 of the Belgian Companies Code.

11. Meeting of Noteholders and modifications

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of holders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Agency Agreement, in accordance with the rules of the Belgian Companies Code.

Meetings of Noteholders may be convened to consider matters relating to the Notes, including the modification or waiver of any provision of these Conditions. For the avoidance of doubt, any such modification or waiver shall always be subject to the consent of the Issuer.

All meetings of Noteholders will be held in accordance with the Belgian Companies Code with respect to Noteholders' meetings. Such a meeting may be convened by the board of directors of the Issuer or its auditors and shall be convened by the Issuer upon the request in writing of Noteholders holding not less than one-fifth of the aggregate principal amount of the outstanding Notes. A meeting of Noteholders will be entitled (subject to the consent of the Issuer) to exercise the powers set out in Article 568 of the Belgian Companies Code and generally to modify or waive any provision of these Conditions in accordance with the quorum and majority requirements set out in Article 574 of the Belgian Companies Code, and if required thereunder subject to validation by the court of appeal, provided however that any proposal (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to change the currency of payment of the Notes, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Resolutions duly passed in accordance with these provisions shall be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

Convening notices for meetings of Noteholders shall be made in accordance with Article 570 of the Belgian Companies Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Moniteur belge/Belgisch Staatsblad*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 12 (*Notices*).

The Agency Agreement provides that, if authorized by the Issuer, a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Noteholders through the relevant clearing system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

Resolutions of Noteholders will only be effective if such resolutions have been approved by the Issuer and, if so required, by the Relevant Regulator.

(b) Modification and Waiver

Subject to obtaining the approval from the Relevant Regulator if so required pursuant to applicable regulations, the Agent and the Issuer may agree, without the consent of the Noteholder, to:

(i) any modification (except such modifications in respect of which an increased quorum is required, as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(ii) any modification of these Conditions, the Agency Agreement or of any agreement supplemental to the Agency Agreement, which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

12. Notices

Notices to the Noteholder shall be valid if (i) delivered by or on behalf of the Issuer to the NBB (in its capacity as operator of the Securities Settlement System), for onward communication by it to the participants of the Securities Settlement System, (ii) in the case of Notes held in a securities account, through a direct notification through the applicable clearing system, and (iii) otherwise in compliance with all applicable legal requirements. In the case of delivery to the NBB or direct notification through the applicable clearing system, any such notice shall be deemed to have been given on the date immediately following the date of delivery/notification.

The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Notes are for the time being listed and, in the case of a convening notice for a meeting of Noteholders, in accordance with Article 570 of the Belgian Companies Code. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Paying Agent may approve.

13. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Notes.

14. Third party rights

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person that exists or is available apart from that Act.

15. Governing law and jurisdiction

(a) Governing law

The Notes, except for (i) Condition 2 (*Form, denomination and title)*, (ii) Condition 3 (*Status and subordination of the Notes)*, (iii) Condition 10 (*Enforcement*) with regard to the waiver of rights pursuant to Article 1184 of the Belgian Civil Code and Article 487 of the Belgian Companies Code and (iv) Condition 11 (*Meeting of Noteholders and modifications)* (the "**Excluded Matters**"), and any non-contractual obligations arising out of or in connection with the Notes (other than any non-contractual obligations arising out of or in connection with the Excluded Matters) are governed by and shall be construed in accordance with English law.

The Excluded Matters and any non-contractual obligations arising out of or in connection with the Excluded Matters shall be governed by and shall be construed in accordance with Belgian law.

(b) Competent jurisdiction

The Issuer agrees, for the exclusive benefit of the Noteholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement and/or the Notes (including, in each case, any dispute relating to any non-contractual obligations arising therefrom or in connection therewith other than the Excluded Matters and any dispute relating to any non-contractual obligations arising therefrom or in connection therewith in respect of which the Courts of Brussels shall have jurisdiction) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Agency Agreement and/or the Notes (including, in each case, any Proceedings relating to any non-contractual obligation arising therefrom or in connection therewith other than in respect of the Excluded Matters) may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings (other than in respect of the Excluded Matters) in any court of England and any Proceedings related to Excluded Matters in the Courts of Brussels and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings (other than in respect of the Excluded Matters) brought in the English courts and any Proceedings related to Excluded Matters in the Courts of Brussels shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

16. Service of process

The Issuer appoints Capita Trust Secretaries Limited, a private limited company organized and existing under the laws of England and Wales, with registered office at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, and with registered company number of 05322656, as its agent for service of process for Proceedings in England, and undertakes that, in the event of Capita Trust Secretaries Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

CLEARING

The Notes are in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies Code. The Notes will be represented by a book entry in the records of the settlement system operated by the NBB or any successor thereto (the "**Securities Settlement System**"). The Notes can be held by their holders through the participants in the Securities Settlement System, including Euroclear and Clearstream Luxembourg, and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream Luxembourg or other participants in the Securities Settlement System. Possession and title of the Notes will pass by account transfer.

Payment of principal and interest in respect of Notes will be made in accordance with the applicable rules and procedures of the Securities Settlement System, Euroclear, Clearstream Luxembourg and any other Securities Settlement System participant holding interest in the Notes, and any payment made by or on behalf the Issuer to the Securities Settlement System will constitute good and final discharge for the Issuer in respect of such payment. Upon receipt of any payment in respect of the Notes, the Securities Settlement System, Euroclear, Clearstream Luxembourg and any other Securities Settlement System participant, shall immediately credit the accounts of the relevant account holders with the payment. Noteholders are entitled to exercise their voting rights and other associative rights (as defined for the purposes of Article 474 of the Belgian Companies Code) against the Issuer upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream Luxembourg, or another participant duly licensed in Belgium to keep dematerialised securities accounts showing their position in the Notes (or the position held by the financial institution through which their Notes are held with the NBB, Euroclear or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by the Issuer for its general corporate purposes.

DESCRIPTION OF THE ISSUER

GENERAL

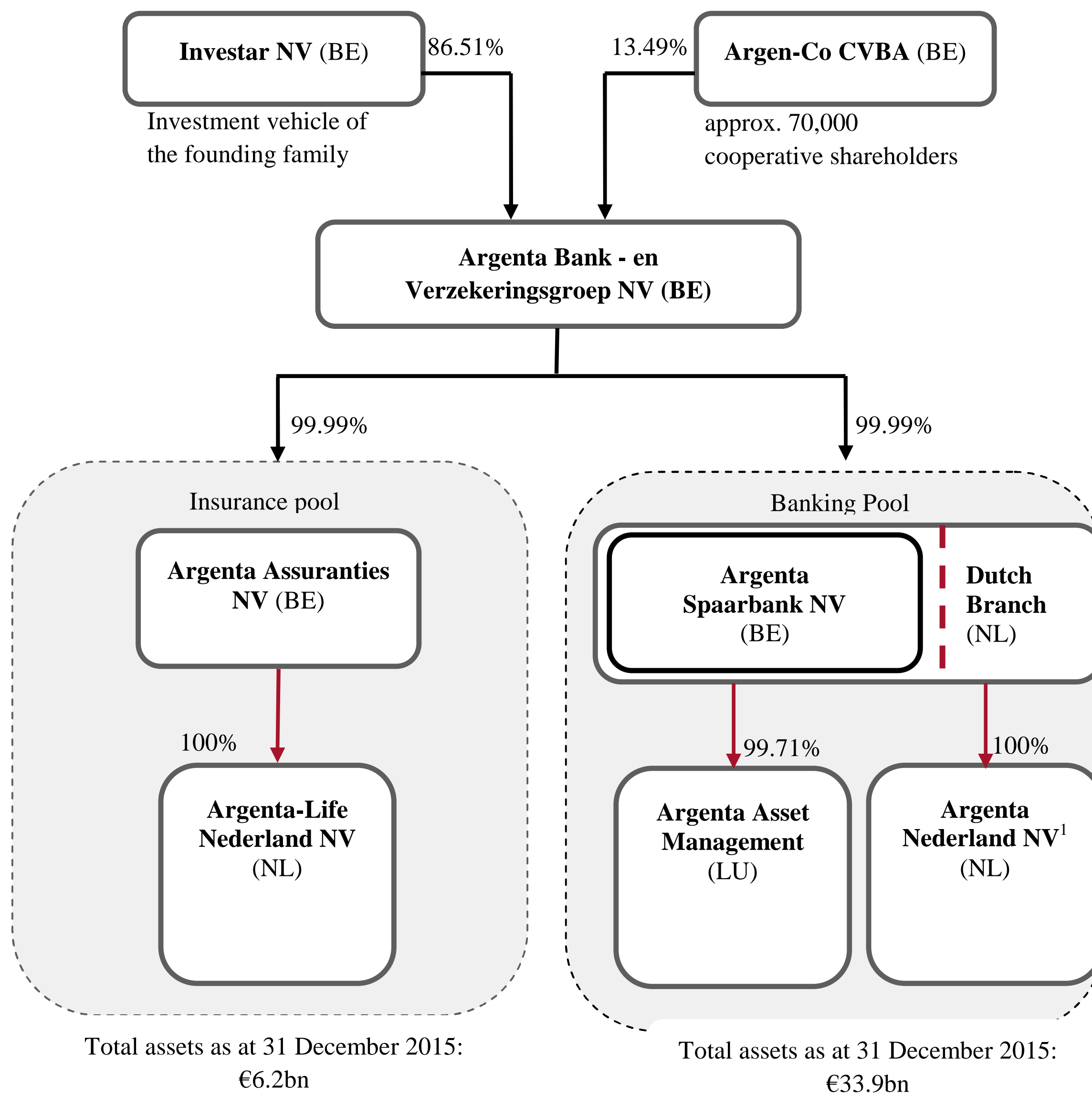
The Issuer is a public limited liability company organized under the laws of Belgium with company name "Argenta Spaarbank NV", in short "Aspa", with registered office at 2018 Antwerp, Belgiëlei 49-53, and is registered with the Crossroads Bank for Enterprises (BCE/KBO) under number BE0404.453.574 (RPR Antwerp, division Antwerp). The registered office can be contacted by phone on the number +32 3 285 51 11.

The Issuer was incorporated for an indefinite time by notarial deed executed by notary Emile Lemineur in Antwerp on 18 April 1956, published in the Annexes to the Belgian Official Gazette on 9 May 1956 under number 10639, and by notary Maurice Van Zeebroeck in Antwerp on 24 November 1956, published in the Annexes to the Belgian Official Gazette on 13 December 1956 under number 29036.

The Issuer is a duly licensed Belgian credit institution, and is under the supervision of the NBB for prudential matters, the Belgian Financial Services and Markets Authority with regard to conduct of business rules and financial market supervision, and the ECB with regard to certain banking regulations.

ORGANISATIONAL STRUCTURE OF THE ARGENTA GROUP

Argenta Spaarbank NV (the "**Issuer**") is part of the Argenta Group. The corporate organizational chart of Argenta Group can be depicted as follows:



Note

1) Argenta Nederland is an unsecured debt issuing entity which has been liquidated in the first quarter of 2016

A list with details of the various group companies is provided further in this Prospectus.

Investeringsmaatschappij Argenta NV ("**Investar NV**"), a mixed financial holding of the Van Rompuy family, holds 86.51% of the shares in Argenta Bank- en Verzekeringsgroep NV (the "**Parent**"), with the remainder of the shares owned by Argenta Coöperatieve CVBA ("**Argen-Co**"), which is a recognised cooperative undertaking in accordance with the Act of 20 July 1955 *on a National Council for Cooperatives*. On 29 April 2016, the annual general meeting of shareholders of the Parent decided to pay out an optional dividend of 11.74 EUR per share for the financial year ended on 31 December 2015. Argen-Co opted for a cash dividend only while Investar NV opted for both a cash dividend and a share dividend. The dividend will be paid out on 8 June 2016. As a result of this dividend, the respective shareholdings of Investar NV and Argen-Co in the Parent will slightly change, as only Investar NV opted (partially) for a share dividend. Upon final approval by the extraordinary meeting of shareholders of the Parent of the envisaged capital increase, which is scheduled to be held on 8 June 2016, Investar NV will hold 86.81% and Argen-Co will hold 13.19% of the shares of the Parent.

The Parent is the holding company of the Argenta Group. Its operational activities consist of group-level control functions (i.e. internal audit, compliance and integrity, risk and validation, legal affairs and organisation and talent).

The Parent co-ordinates and provides joint management of the operations of its subsidiaries: the Issuer and Argenta Assuranties NV.

The Parent is a mixed financial holding within the meaning of article 3, 39° of the Banking Act.

The Issuer has one subsidiary: Argenta Asset Management S.A. In addition, the Issuer has a branch office in the Netherlands. The Issuer, its subsidiary and branch office form the Bank Pool.

On 27 October 2015 the board of the Issuer resolved to dissolve and liquidate Argenta Nederland NV, which was a 100% subsidiary of the Issuer. In the past, Argenta Nederland NV was used as a vehicle for the issuance of securities in the Netherlands. However, it has not issued any securities for quite some time. Moreover, there are no outstanding obligations vis-à-vis third parties.Argenta Nederland NV has been fully liquidated in the meantime and deregistration from the Dutch company registry took place on 15 March 2016.

Argenta Asset Management S.A. is a Luxembourg company which is responsible for the management and central administration of the Argenta Group's collective investment undertakings, i.e. Argenta Fund sicav and Argenta Fund of Funds sicav, which are open-end investment undertakings under Luxembourg law. The latter is a fund of funds (also known as an umbrella fund). This means that the assets of various sub-funds are invested in other collective investment undertakings.

Argenta Assuranties NV is a duly licensed Belgian insurance undertaking. Argenta Assuranties NV has one subsidiary, Argenta-Life Nederland NV, an insurance undertaking organized under the laws of the Netherlands. Together they form the Insurance Pool. The Bank Pool has no claims on the Insurance Pool, and the Insurance Pool does not give financial support to the Bank Pool.

The Argenta Group has various interrelations. The Parent, the Issuer and Argenta Assuranties NV operate centralised and share operational departments; the main "shared" departments are ICT, human resources and facilities, as well as all group risk functions.

BUSINESS OVERVIEW OF THE ARGENTA GROUP

General

The Issuer is a Belgian systemic financial institution ("**D-SIB**") and forms part of the 130 banks that are subject to the direct supervision of the ECB.

Argenta Group's strategy consists in the offering of financial products, such as savings- and investment products, loans and insurance products, to families, and, to a lesser extent, to self-employed persons. It is the fifth largest bank in Belgium in terms of deposits and has 940 employees.

The Argenta Group has been active in Belgium since 1956 and in Luxemburg since 1987. It has been active on the Dutch mortgage market since 1997 and attracting savings in the Netherlands since 2004. All group activities exclusively consist of financial activities relating to attracting savings, granting loans, distribution of collective investments and offering life and non-life insurance products. Belgian clients are serviced through a network of independent agents (503 offices), who together employ 1,550 people. Dutch clients are serviced through third party distribution and online.

The banking activities (provided through the Bank Pool) are mainly focused on attracting funds from the retail market on the one hand and investing such funds in mortgage credits on the other hand. Besides its classic banking activities, the Issuer also sells fee income generating products, such as UCITS and structured notes. This allows the Argenta Group to diversify its profit generation.

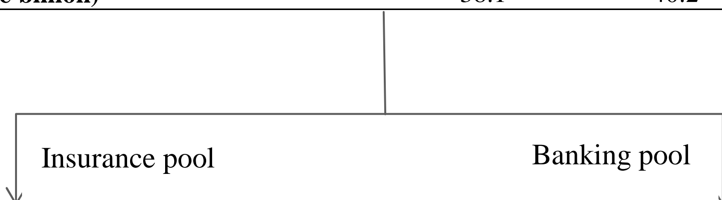
The insurance activities (provided through the Insurance Pool) consist of both life insurance products and health and indemnity insurances (more in particular, car insurances, civil liability, fire, hospitalisation). The Insurance Pool had total assets of around EUR 6.2 billion as of 31 December 2015.

With over 1.65 million customers, credit risk is spread over a large number of clients and there are no individual clients with a substantial potential for loss.

Argenta Group has a solid financial position with a Basel III-ready capital position. As of 31 December 2015, the Issuer's common equity tier 1 ("**CET1**") ratio amounted to 19.6% and leverage to 4.6% (Basel III fully loaded taking into account the transitional Basel I 80% floor). The 80% floor is based on risk-weighted assets ("**RWA**") measured under Basel I and leads to a higher RWA base compared to the RWA calculated under the internal ratings-based ("IRB") approach. The consolidated IRB-based CET1 ratio of the Issuer stood at 26.8% as of 31 December 2015 (Basel III fully loaded). A strict pricing discipline results in a strong operational result with a return on equity of 12.4% for the Issuer for the period ended on 31 December 2015.

The following chart summarizes key facts and figures for the Group on a consolidated basis under IFRS:

€ millions	**31 December 2014**	**31 December 2015**
Total assets	38,995	39,745
Shareholder's equity	2,252	2,379
Net income	216	245
C/I ratio	51.3%	49.2%
CET1 ratio (Danish compromise)[1]	20.7%	20.8%
Customer Assets under Management (€ billion)	38.1	40.2



€ millions	**31 December 2014**	**31 December 2015**
Total assets	5,734	6,167
Shareholder's equity	587	576
Gross premiums life[2]	908	781
Gross premiums non-life	118	122
Net income	46	55
Solvency ratio	197%	224%

€ millions	**31 December 2014**	**31 December 2015**
Total assets	33,524	33,862
Shareholder's equity	1,550	1,673
Deposits (incl. non-subordinated term products.)	30,072	30,902
Loans to customers	23,177	24,308
Net income	173	193
RoE	12.5%	12.4%
CET1 (Basel 1 floor)[1]	19.3%	19.6%
S&P rating	A-	A-

Notes

1) Basel III fully loaded (includes impact of Basel I floor)
2) Gross premiums life including branch 23 insurance premium income

Principal activities of the Issuer

As a credit institution, the Issuer's core activities consist of attracting funds, offering mortgages to retail clients and providing payment services.

In addition, the Issuer offers units in Argenta Pensioenspaarfonds ("**Arpe**"), Argenta Pensioenspaarfonds Defensive ("**Arpe Defensive**"), Argenta-Fund sicav, Argenta Fund of Funds sicav, as well as units in other Belgian and foreign collective investment institutions, as well as structured securities, bonds and shares from third parties.

The Issuer's activities are concentrated on attracting funds through:

- *Current accounts.* The Issuer offers three types of current accounts: "Giro +" account, "Golden +" account and "Internet" account.
- *Savings accounts.* The Issuer offers the following regulated savings accounts in Belgium: the "Maxi" account, the "E-spaar" and the "Growth" account. The non-regulated saving accounts "Plus" and "Spa" are also offered.
- *Term deposits and savings bonds ("non-subordinated term products").* The Issuer offers term deposits. Furthermore, it holds a portfolio of savings bonds for which no new offering occurs. As a consequence, the saving bonds portfolio is in run-off.
- *Subordinated certificates.* The Issuer offers subordinated certificates from time to time.
- *Units in collective investment institutions (UCITS).* In its capacity as a distributor, the Issuer sells units of various third party Belgian and foreign collective investment institutions in Belgium, including investment companies with a variable number of shares (bevek / sicav) and mutual investment funds.
- *Structured securities.* The Issuer acts as a distributor of structured securities issued by third parties. Structured securities are debt securities that are generally issued by financial institutions. The potential returns (in the form of a fixed/variable coupon or an added value on the expiry date) are linked to one or more underlying values (interest, shares, resources, etc.). Structured securities offer guarantees for the invested capital when this is expressly stipulated in the conditions of issue.

More than 90% of the Argenta Group's funding is attracted from a diversified group of more than 1.65 million retail clients and reinvested in high quality assets, dominated by mortgage loans.

The attracted funds are allocated by the Issuer through mortgage loans to primarily private customers and self-employed persons. These loans are intended for the purchase of a residence, a plot of land or residential renovation. In addition, the Issuer invests the attracted funds primarily in investment grade fixed-income securities of governments, financial institutions and other enterprises.

The Issuer's loan portfolio of EUR 24.3 billion as of 31 December 2015 is covered by EUR 30.9 billion customer deposits, resulting in a solid loan to deposit ratio of 79%.

Main geographical markets

The geographical markets in which the Issuer actively markets to clients are Belgium and the Netherlands.

The table below gives the split of total funding and mortgage origination between both countries :

Loans and Receivables outstanding

(€ billion)	**31 December 2015**	
Belgium	9.6	39%
Netherlands	14.7	61%
Total	**24.3**	**100%**

Savings

(€ billion)	**31 December 2015**
Belgium	

Current and savings deposits	23.5	76%
Debt certificates	1.4	5%
Non-subordinated term products	3.3	11%
Total Belgian deposits	**28.2**	**91%**
Netherlands		
Current and savings deposits	2.1	7%
Non-subordinated term products	0.6	2%
Total Dutch deposits	**2.7**	**9%**
Total deposits	**30.9**	**100%**
Subordinated debt certificates	0.4	
Total	**31.9**	

Credit Rating

The rating agency Standard & Poor´s has rated the Issuer since 2005. The rating expresses the financial strength as measured in solvency, liquidity, business position, risk profile and credit worthiness. During the financial crisis, the rating remained stable on BBB+, whereas almost all other European banks have faced a downgrade.

During and after the financial crisis, the Issuer has proven, and even substantially increased, its financial strength and reliability on its own merits, without any support from the authorities.

In April 2014, Standard & Poor's upgraded its rating from BBB+/A-2 with stable outlook, to A-/A-2 with negative outlook on the basis of the Issuer's strong capital ratios and high return. This upgrade resulted primarily from the further improvement of the risk adjusted capital-ratio above 15%. The upgrade was achieved at a time when the general sentiment of the rating agency towards the banking sector was rather negative. In addition to the strong capital ratios, Standard & Poor's took into account the fact that the Issuer's return was substantially higher than expected in 2013. This can be attributed to a strong focus on the growth of core activities, in particular private house financing in Belgium and the Netherlands, which are two markets showing signs of economic stabilisation.

Standard & Poor's assumes that the Issuer, as a Belgian local systemic bank, would only received limited implicit government support. Following the implementation of the European restructuring system, Standard & Poor's has been taking into account a possible reduction of this support for all European banks. As a technical consequence, the prospect for the Issuer's rating was reduced from stable to negative. However, Standard & Poor acknowledges that the reduction of implicit government support can be compensated by a sufficient amount of Additional Loss Absorbing Capacity (ALAC).

Subsequently, on 2 December 2015, Standard & Poor's changed the outlook of the rating from negative to stable.

The liquidity and capital position, profitability, conservative risk policy, and its moderate systemic importance in the Belgian banking system remain the major strengths of the Issuer.

There have been no recent events particular to the Issuer which are material to the Issuer's solvency.

Performance

In the context of low inflation and interest rates, slow economic growth and increasing regulatory pressure, the Issuer has been able to realize strong results over the recent periods.

Argenta Group's balance sheet grew further in 2015. Total funding increased by EUR 0.2 billion in Belgium and the Netherlands in 2015.

The portfolio of loans to customers increased firmly in 2015, by more than EUR one billion, as a result of the high production in mortgage loans. Moreover, it remained of very good quality: almost 95% of the total mortgage portfolio has a 'Loan to Value' (LTV) of less than 100% or has a Dutch State guarantee. The investment portfolio decreased by almost EUR 0.8 billion as a result thereof.

Argenta Group is following a prudent investment policy. The total loan loss reserve, including ‘Incurred But Not Reported’ (IBNR)-reserves and specific provisions, decreased to EUR 36.9 million at 31 December 2015 from EUR 50.3 million at 31 December 2014, which is only 0.15% of the outstanding amount (from 0.22% as at 31 December 2014).

The gross Non performing Loans ratio of the mortgage portfolio in the Netherlands remains very low, at 0.5% as of 31 December 2015. The Issuer's ratio in Belgium decreased sharply from 1.5% in 2014 to 1.2% at 31 December 2015.

99.0% of the investment portfolio is investment grade at 31 December 2015. 48% was invested in government debt and 92% of the portfolio was invested in the European Economic Area. At 31 December 2015, investments were exclusively in euros, so no foreign exchange risk exists. The bank is also working on diversification in terms of loans to local governments and PPP (public private partnerships).

Investments in funds are promoted to diversify the returns and the product offers for clients. Clients' interests for these products is rising. The portfolio grew by 31% in 2015, from EUR 2.57 billion to EUR 3.38 billion as at 31 December 2015.

The Issuer's profit in 2015 was the highest in its entire history. Net Interest Income increased from EUR 356.7 million in 2012 to EUR 558.5 million in 2015. This results in an Interest Rate Margin that increased from 1.0% in 2012 to 1.6% in 2015.

Net income from funds increased from EUR 19.3 million in 2012 to EUR 33.6 million in 2015, which corresponds to an annual average growth rate of 20%. By adding the profit to the reserves, own funds are growing. Argenta Group is comfortably satisfying all regulatory ratios.

Strategic vision and targets

The Issuer's focused and conservative strategy allowed it to retain and attract customers during the financial crisis. Management intends to maintain this strategy in the future.

Argenta Group offers simple and transparent products. The long-term relationship with tied agents with a focus on relationships and proximity delivered a stable client base during the crisis. Starting from these values, emphasis for the coming years will be on:

- Reinforce distribution by further increasing the first banking relationship and cross-selling
- Better understand client needs and accelerate the move from product to client approach, including financial planning
- Educational programs and quality certification for branches
- Income diversification
- More sophisticated advice to affluent clients
- Increased digitalization.

The following table presents certain of the Argenta Group's and the Issuer's key long-term targets. These targets are not forecasts or predictions of future performance. These targets are based on levels of performance that management believe are reasonable and achievable. They may be amended at any time. Actual performance is subject to many factors, including general economic and other factors which are beyond the Argenta Group or Issuer's control, including those set out in "Risk Factors" and elsewhere in this Prospectus. Accordingly, there is no guarantee that such targets will be met, and meeting or exceeding the targets in any financial period does not mean that such targets will be met in

future periods. Failure to meet any of these financial targets on a continuing basis may have a material adverse effect on the Issuer's business, results of operations and financial condition.

Argenta Group quantitative targets	**Target**	**As of 31 December 2015**
Return on Equity	>8%	10.9%
C/I ratio	<53%	49%
Argenta Spaarbank quantitative targets		
Return on Equity	>8%	12.4%
CET1 ratio[1]	>15%	19.6%
Total Capital ratio[1]	>18%	19.6%
Net Stable Funding Ratio	>130%	144%
Liquidity Coverage Ratio	>140%	180%

Notes
1) Basel III fully loaded (includes impact of Basel I floor)

RISK MANAGEMENT

The Issuer, and the Argenta Group in general, are constantly developing their risk management procedures in an effort to mitigate most of the risks described above under the section "Risk Factors" of this Prospectus.

General

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

This unity of management highlights the importance of a commercial, risk, and financial strategy that is seamlessly harmonized, with the emphasis on a long-term relationship with both customers and independent branch managers.

The Argenta Group is continuously developing its conservative and transparent risk management procedures.

The Risk Appetite Framework ("**RAF**") – both for the bank and the insurer – is strongly embedded in the Issuer's business plan process cycle: filling in the risk appetite matrix, translation into proactive RAF standards, reviewing against the business plan iterations and, finally, risk assessment.

Risk management has evolved from risk management "by design" and risk management "in practice" to a "cost effective" risk management.

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

*Recovery & Resolution Plan ("**RRP**")*

The preparation of recovery plans is part of the structural reforms initiated by the G-20 following the banking crisis, which requires banks to establish recovery plans in order to be better prepared to manage any crises.

The recovery plan is rooted in the observation that certain solutions can be prepared prior to a crisis. Complex solutions must be promptly assessed and executed.

In order to prepare for any crisis, banks are required to reflect on the different options to improve their financial situation in case of severe crises. It is key for a bank to establish the feasibility and effectiveness of the chosen recovery options under various stress scenarios.

The Issuer's recovery plan was finalized and approved in 2014 by the NBB. It shows that the Issuer has a strong capital and liquidity position, which enables the bank to face severe crisis situations. Activation of recovery and resolution thresholds was only achieved after calculation of these extreme scenarios.

In order to recover its capital and liquidity positions in case of a crisis, the Issuer has a wide range of effective capital and liquidity options. Analysis shows that the Issuer can succeed in recovering its financial positions by activating one or more options. The banking-insurance model, the geographical spread of the core activities in Belgium and the Netherlands and the establishment of a liquid and well diversified investment portfolio are key to this financial resiliency. Therefore, attention was also paid to the Issuer's interaction with Argenta Assuranties NV.

The recovery plan further highlights the importance of an effective monitoring framework which enables the management to notice and tackle a deterioration of the financial situation in time. A timely approach does not only increase the success factor and effectiveness of the recovery options, but also the range of possible options, including proactive options. Increased emphasis is placed on the impact of the structural profitability for the choice of recovery options.

ECB Comprehensive Assessment

In November 2013, the ECB and the NBB started the Comprehensive Assessment process, in preparation for the transfer of banking supervision of the largest European financial institutions to the ECB. A number of Belgian financial institutions, including the Issuer, are being directly supervised by the ECB since 4 November 2014.

Governance

Besides the independent internal audit and compliance control functions, group risk management is organized mainly at group level, and which is a second line function.

The group risk management function supervises and controls the first line risk management and provides supporting risk advice. This function is performed by the Risk & Validation department and is under the hierarchical responsibility and supervision of the CRO. First-line risk management is organized and handled autonomously within each entity, and hence comes under the auspices of the various Argenta Group companies' management bodies.

The actuarial knowledge centre advises several departments within the Insurance Pool. This knowledge centre plays a fundamental role in the risk management of Argenta Assuranties NV, by providing specifically insurance-focused information and advice.

Along with second line control, risk model validation is one of the core activities of financial institutions. Basel II requires financial institutions to have any risk models they develop confirmed by an independent validator.

Liquidity risk management

In order to measure, monitor, check and report on the liquidity risk, the Argenta Group has a specially adapted management information system, which includes a contingency plan, developed to adequately manage liquidity in both normal and exceptional circumstances.

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

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

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

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

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

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

As of 31 December 2015, the Issuer's consolidated LCR stood at 180%, and its NSFR was at 144%.

The Issuer's AER within the strict application is at 106% and at 109% within the broader application at 31 December 2015. The AER is only reported on a non-consolidated basis.

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

Daily reports on the funding situation are distributed to a wide target audience, including all members of the executive committee. Discussion on the liquidity indicators is a fixed agenda item for the fortnightly ALCO meeting. Overall, senior management is involved in liquidity management on a continuous basis.

Management of interest rate sensitivity

The principal market risk is the Bank Pool's interest rate risk, which primarily results from changes in market prices on investments and liabilities, unexpected changes in investment yields and changes in the correlation between the interest rates of various financial instruments.

As a financial services group headed by a mixed financial holding, both the earnings and the capital position of the Argenta Group are subject to fluctuations caused by market risks. Interest rate fluctuations affect the return that the Argenta Group earns on fixed interest investments, and can also affect the value of the Argenta Group's investment and trading portfolio. The professional management of these market risks (considering the specific strategic positioning of the Issuer as a savings bank), is mainly geared towards the judicious management of interest rate risk as the principal component of market risk.

The operating results and capital position of the Issuer are sensitive to interest rate volatility, as a major component of its business strategy consists of attracting short to medium-term funds (primarily via savings deposits and bank savings certificates placed by retail customer), and investing these through a variety of loans and investments. The terms of these reinvestments do not necessarily match with the duration of the attracted funding. This causes a maturity mismatch, on the one hand, that generates a transformation result.

On the other hand, the valuation of the Issuer's financial position will depend on the fluctuations in these interest rates. As a result, the business's gross value (the difference between the investments measured at market value and the financing thereof) is affected by the fluctuations in these interest rates. The intensity of the volatility, in the valuation of the Issuer's financial position as a result of interest rate fluctuations is determined by the order of magnitude of the selected duration gap. This parameter serves as a benchmark for the weighted maturity mismatch, based on which management of interest rate sensitivity is undertaken.

The duration gap is therefore one of the main instruments used by the Issuer to steer its operating results, based on its views over future interest rate developments, also taking into account its potential impact on the gross value of the Issuer and its capital.

The market value sensitivity can be flexibly adjusted in the short-term by use of financial instruments, but can also be modified in the longer term by considering a fundamental change in the positioning of certain activities:

(i) The first method for modifying interest rate sensitivity uses standard and liquid financial instruments that are available on the capital markets, such as interest rate swaps and caps. Such exogenous instruments are used as part of interest rate risk management and are subject to a strict policy as to counterparty risks.

(ii) The second type of measures relate to endogenous adjustments whereby the interest rate sensitivity of the portfolio can be structurally adjusted, based on the pricing policy for deposits and bank savings certificates, the margins applied and the acceptance policy for loans in various maturity segments. Although such an adjustment is evidently geared towards the fundamental strategic positioning of the Issuer, whilst the

abovementioned exogenous measures have a more tactical character. In principle, this adjustment acts to supplement the desired endogenous adjustment of the balance sheet.

The Issuer's risk management processes result in a coherent internal procedure that enables it to carry out these activities judiciously, objectively and efficiently and to report in a timely and complete manner to its various competent management bodies. The Asset and Liability Committee, a management body that directly oversees the Issuer's active positioning as to interest rate risk, has specific responsibilities for monitoring the day-to-day management of the Issuer's financial positions and reporting to the executive committee. The ALCO assumes the responsibility of optimising the Issuer's net interest income (and its sensitivity) and to keep the market value sensitivity of equity within set limits.

The Issuer gives priority to endogenous management. As with any other risk, the interest rate risk requires a risk buffer in the form of equity. Although neither the European nor the Belgian legislators nor the regulatory authorities have laid down precise equity requirements for the interest rate risk to date, the Issuer specifies a certain volume of required equity in its Internal Capital Adequacy Assessment Process. The ongoing development of its activity as a traditional savings bank and a transformation bank (i.e. a bank whose activity consists of converting (transforming) short-term funds into long-term investments) naturally requires a continuous monitoring of the required equity (and, whenever necessary, equity increase).

For strategic reasons, the Argenta Group intends to reduce its interest rate risk and become less dependent on interest income and interest rate trends. For this reason, a greater emphasis is placed on fee business, particularly the sale of off-balance sheet products, where the financial risk is borne by the customer. The addition of fee business (or "Investments"), as a key market sector, alongside "Savings and payments", "Loans" and "Insurance", should diversify the Issuer's income and improve its earnings quality.

The Issuer's earnings quality remained at a high level in 2015, which can be attributed to an efficient Asset and Liability Management ("**ALM**") policy and an elaborate commercial strategy. The current European interest rate environment and the strong decline in securities' returns present the Issuer with significant challenges for the future. On the insurance side, besides the regular insurance to which duration matching is generally applied, attention continues to be paid to fee business, in particular through the sale of unit-linked insurance policies.

The combination of endogenous and supplementary exogenous ALM hedging ensures that Argenta Group's commercial strategy (including long-term relationships with households, a customer-oriented approach, growth in mortgage loans, sustainable and profitable growth in deposits and extension of the four key market sectors) fully complies within the scope of the approved Risk Appetite Framework.

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

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

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

Management of spread widening risk

Returns on the Issuer's investment portfolio are significantly determined by the credit spread received on these investments. The development and fluctuations of the credit spread are often market driven, and are determined by other factors than those relating to the credit worthiness of the issuer. These market risk factors induce spread widening

risks and are, in addition to the pure interest rate risk, the main driver of returns on assets and the economic value of the investment portfolio. Moreover, the market value of the investment portfolio controls the prudential capital base of the insurer (Solvency II) and the bank (CRD IV). A phasing in-period and some national discretions apply to the latter, which determine to what extent unrealised gains and losses of the AFS portfolio affect the Issuer's capital base.

Prudent investment policy, frequently monitoring the economic value fluctuations of the investment portfolio and measuring the sensitivity of changes in credit spread are the main pillars of sound portfolio management.

Sound investment management is driven by a rigorous investment framework, which is based on the credit worthiness of the issuer, the permitted investment envelope and the maximum duration. This investment policy is achieved by a thorough analysis of the credit sectors and investments dossiers, and an active screening of market opportunities. The Strategic Asset Allocation project, started up in 2013 and further developed in 2014, provides Argenta Group with the necessary insights and knowledge so that investment decisions result in an optimal portfolio allocation.

Management of equity risk

Except for small equity positions in real estate or public private partnerships, the Bank Pool does not invest in individual equities. Based on the Treasury and ALM financial policy guideline approved by Argenta Assuranties NV’s board of directors, the Insurance Pool is allowed to make investments in individual equities. In order to reinvest incoming premiums within the framework of long-term savings plans, the Insurance Pool invests in individual equities. Argenta Assuranties NV cautiously began to build a small diversified equities portfolio in 2011, with the approval of the board of directors. This limited portfolio is managed within a rigorous risk management framework, including limits on size, permitted sectors, market capitalization, and concentration

Management of currency risk

Argenta Group only operates in the Benelux countries, holding investments that are exclusively denominated in euro, which explains the absence of currency risk. There is no intention to take positions in currencies other than euro in the near future.

Management of credit risk

The management of credit risks within Argenta Group is governed by appropriate policies (retail lending and Treasury & ALM policies at the Bank Pool and Insurance Pool level).

All of the Argenta Group’s entities and departments have adequate measurement instruments, guidelines and procedures available to manage the credit risk, including a fully independent credit approval process with set limits for creditworthiness, supervisory procedures and overall indicators for the quality of its retail loan and investment portfolio. Additional oversight is provided by the Argenta Group's corporate governance committees, such as the Rating consultation committee, the Investment consultation committee, the Credit risk committee and the Asset and Liability-committee.

The Treasury & ALM policies provide for a clear and detailed credit risk management framework.

Management of operational risk

The operational risk committee meets on a quarterly basis within the group risk committee, with particular attention to the key risk indicators.

Each year, an extensive internal audit report is presented to the board of directors and the NBB. This report assesses the adequacy and effectiveness of the existing control measures in accordance with the COSO-methodology.

In Belgium, Argenta offers its banking services through a network of self employed tied agents, that exclusively work for / with Argenta. These tied agents entered into a commercial agency agreement / contract and subscribed Argenta’s ethical charter.

Argenta embedded within its organization a first line control function of which the responsibility rests with the regional directors as well as with first line product department and the Quality & Management department within the commercial organisation. The controlling tools entail monitoring and reviews.

A second line control function is organized by the Compliance and Integrity department. This second line control function includes compliance monitoring as well as effective inspections executed by a team of dedicated experts trained in sales points risks. These inspections, as the case may be, can either take place electronically or physically at the premises of the sales point. Argenta has in place the "Octo tool" which is a GRC (Governance, Risk Management, and Compliance) tool that embodies Argenta's policy with regard to operational sales points incidents and which allows for the registration of such incidents. The Policy provides in remediation and sanctioning measures. Moreover, Argenta has a complaint management team in place that is part of Compliance and Integrity.

As to the Dutch mortgage operations, the local compliance team monitors compliance of the independent advisers.

Management of strategic risk

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

To achieve the strategic goals set out in its business strategy, the Bank Pool provides resources including communication channels, systems, human resources, networks, management time and skills. The strategic goals of the Bank Pool are determined by the executive committee and approved by the board of directors.

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

MANAGEMENT AND SUPERVISORY BODIES

Introduction

The Belgian Banking Act puts a lot of emphasis on a solid and efficient organisation of credit institutions, and introduces a dual governance structure at management level, specialised advisory committees within the board of directors (audit committee, risk committee, remuneration committee and nomination committee), independent control functions, and strict remuneration policies (including limits on the amount of variable remuneration, the form and timing for vesting and payment of variable remuneration, as well as claw-back mechanics).

The Belgian Banking Act makes a fundamental distinction between the management of banking activities, which is within the competence of the executive committee, and the supervision of management and the definition of the credit institution's general and risk policy, which is entrusted to the board of directors. In accordance with the Banking Act, the Issuer has an executive committee of which each member is also a member of the board of directors.

Pursuant to the Belgian Banking Act, the members of the executive committee and the board of directors need to permanently have the required professional reliability and appropriate experience. The same goes for the responsible persons of the independent control functions. The fit and proper standards have been further elaborated by the NBB in a circular of 17 June 2013.

Board of directors

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

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

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

The members of the board of directors of the Issuer are only natural persons. Until the date of the annual general meeting of shareholders of the Issuer held on 29 April 2016, a limited number of directors acted as a director through a legal entity.

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

The following age limits apply to directors:

- executive directors are legally required to resign on reaching the age of 65;
- non-executive directors legally required to resign on reaching the age of 70 years;
- directors reaching the age limits may continue to exercise their mandates until a successor is appointed.

The boards of directors are composed in such a way that none of the three groups (the directors representing the family shareholder, independent directors and directors who are members of the executive committee) are in the majority, whereas the non-executive directors (being the directors representing the family shareholder together with the independent directors) are in the majority.

The independent directors are appointed in view of attracting competences in the core activities of the Argenta Group, i.e. banking and insurance. Independent directors must demonstrate extensive experience in at least one of these core areas, in the course of former or current employment. They must meet all the requirements as stipulated in article 526*ter* of the Belgian Companies Code.

The boards of directors of the Parent, the Issuer and Argenta Assuranties NV have a number of independent directors. At least one independent director of the Issuer is not a director in Argenta Assuranties NV, and likewise.

On the date of this Prospectus, the board of directors of the Issuer consists of 12 directors, as listed below:

Name	**Function**	**External mandates (outside the Issuer)**
Jan Cerfontaine	Chairman	• Chairman of the Parent; • Chairman of Argenta Assuranties NV; • Director of General Partner to Invest for Jobs NV.
Emiel Walkiers	Non-executive director	• Director of the Parent; • Director of Argenta Assuranties NV; • Director of Investar NV; • Executive director of Tramonto comm. va; • Non-executive director of Moore Stephens Audit BVCVBA.
Bart Van Rompuy	Non-executive director	• Director of the Parent; • Director of Argenta Assuranties NV; • Director of Investar NV;
Dirk Van Rompuy	Non-executive director	• Director of the Parent; • Director of Argenta Assuranties NV;

		• Director of Investar NV;
Walter Van Pottelberge	Independent director	• Director of the Parent; • Director of Argenta Assuranties nv; • Chairman of Justitia NV (this mandate ended on 11 June 2015); • Director of Unibreda NV (this mandate ended on 24 April 2015); • Director of Vanbreda Risk & Benefits NV (this mandate ended on 7 April 2015); • Director of Private Insurer NV (this mandate ended on 30 June 2014); • Member of the supervisory board of Cryo-Save Group NV (this mandate ended on 30 June 2014); • Director of Inventive Designers NV (this mandate ended on 1 January 2014); • Director of TheraSolve BVBA (this mandate ended on 12 May 2014); • Chairman of Xenarjo CVBA (this mandate ended on 30 June 2014); • Director of Capricorn Venture Partners NV; • Director of Nipponkoa Insurance Company (Europe) Limited (this mandate ended on 30 September 2015); • Director of Ethias Gemeen Recht, mutual insurance society;
Raf Vanderstichele	Independent director	• Director of the Parent; • Manager of Korora BVBA; • Director of Nemrod NV;
Carlo Henriksen	Independent director	• Director of the Parent; • Director of Donorinfo, public utility foundation;
Cynthia Van Hulle	Independent director	• Director of the Parent; • Director of Argenta Assuranties NV; • Director of Argenta Coöperatieve CVBA; • Director of WDP Comm.VA; • Director of Miko NV.

Geert Ameloot	Executive director	• Director of the Parent; • Director of Argenta Assuranties NV;
Gert Wauters	Executive director	• Director of the Parent; • Director of Argenta Assuranties NV;
Dirk Van Dessel	Executive director	Director of Argenta Assuranties NV;
Anne Coppens	Executive director	Director of Argenta Assuranties NV.

Executive committee

The executive committee of the Parent stipulates the limits within which the various group companies can operate and exercise their responsibilities.

The executive committee of the Parent consists of a Chairman of the Executive committee (CEO), a Chief Financial Officer (CFO) and a Chief Risk Officer (CRO). These three members are also part of, and exercise the same functions in, the executive committees of the Issuer and Argenta Assuranties NV. Policy decisions related to corporate social responsibility (including economic, environmental and social impact) are monitored directly by the CEO.

Until 16 December 2014 the executive committees of the Issuer and Argenta Assuranties NV also had a common member responsible for IT, the Chief Information Officer (CIO). Both the Issuer and Argenta Assuranties NV had executive committee members who were not part of the other executive committees of Argenta Group.

On 16 December 2014, the board of directors has decided to amend the mandate and composition of the executive committees. This restructuring aims to integrate the functions of the different interests of the Argenta Group. At the executive committee level, it was decided to:

- separate the mandates of the Parent, the Issuer and Argenta Assuranties NV more clearly;
- limit the mandate of the Parent to steer the Argenta Group, as a secondary check, and to provide human resources services;
- maintain the composition of the Parent's executive committee on three functions (CEO, CFO and CRO) and staff;
- consolidate all activities directly related to banking / insurance within the Issuer and Argenta Assuranties NV;
- have the same composition for the executive committees of the Issuer and Argenta Assuranties NV, i.e.:
  - CEO / CFO / CRO; and
  - three other functions: Chief Operations Officer , Chief Information Officer and Chief Commercial Officer.

The executive committees of the Issuer and Argenta Assuranties NV are composed of executive directors with considerable banking and/or insurance experience, or a considerable training and/or experience in relation to bank management, as well as management skills.

The Issuer's executive committee consists of the following members:

- Geert Ameloot;
- Gert Wauters;
- Dirk Van Dessel;
- Anne Coppens.

Audit, risk and compliance committees

Until 16 December 2014, Argenta Group had one audit, risk and compliance committee at the level of Argenta Group.

At the meeting of 16 December 2014, the Parent's board of directors decided to dissolve the committee and to set up separate audit and risk committees within the respective boards of directors of the Issuer and Argenta Assuranties NV. The executive committee of the Issuer will also supervise the activities of the Parent.

As of 16 December 2014, the Issuer's audit committee consists of the following members:

- Raf Vanderstichele (chairman);
- Carlo Henriksen (independent within the meaning of article 526*ter* of the Belgian Companies Code);
- Bart Van Rompuy; and
- Emiel Walkiers.

As of 16 December 2014, the Issuer's risk committee consists of the following members:

- Raf Vanderstichele (chairman);
- Jan Cerfontaine;
- Carlo Henriksen (independent within the meaning of article 526*ter* of the Belgian Companies Code);
- Emiel Walkiers

Bank governance

The circular of the NBB of 7 December 2015 *introducing a governance manual for the banking sector*, replacing the cross-sectoral circular PPB-2007-6-CPB-CPA of 30 March 2007 *on the CBFA's prudential expectations on financial institutions' sound governance*, introduces a governance manual for the banking sector (the "**Governance Manual**"). The Governance Manual aims to combine all governance policy documents applicable to credit institutions (Belgian Banking Act, explanatory memorandum, regulations, circulars, European legislation, international standards) and, if useful, to provide further clarifications regarding these documents. In addition, the Governance Manual also contains explanations on topics that are, as such, not covered by specific policy documents. Evidently, policy documents that are not covered by this manual, will continue to apply.

The Governance Manual can be consulted online on the website of the NBB at the following link: https://www.nbb.be/doc/cp/eng/2015/governancemanual.pdf.

As required by the Belgian Banking Act and the Governance Manual, the Parent has drafted an Internal Governance Memorandum (the "**Governance Memorandum**"), which sets out the corporate governance policy applying to Argenta Group and of which the governance memorandum of the Issuer forms part. The corporate governance policy of a credit institution must meet the principles set out in the law and the Governance Manual. The Governance Memorandum was approved by the board of directors of the Parent and has been sent to the NBB.

Conflicts of interest

The Issuer confirms that there are no potential conflicts of interests between any duties to the Issuer of the members of the board of directors and/or the executive committee, and their private interests.

The Issuer further confirms that there are no potential conflicts of interests that are material to the issuance of the Notes, between any of the members of the board of directors and/or the executive committee, and their duties pursuant to the issuance of the Notes.

Overview of the Argenta Group entities

Argenta Bank- en Verzekeringsgroep
HOLDING COMPANY
naamloze vennootschap (public limited liability company)
Belgiëlei 49-53
B-2018 Antwerpen
Antwerp Trade Register no. 0475.525.276

Argenta Asset Management
MANAGEMENT COMPANY
société anonyme (public limited liability company)
under the laws of Luxembourg
27, Boulevard du Prince Henri
L-1724 Luxembourg
Luxembourg Trade Register no. B 35185

Argenta Spaarbank ("Issuer")
CREDIT INSTITUTION
naamloze vennootschap (public limited liability company)
Belgiëlei 49-53
B- 2018 Antwerp
Antwerp Trade Register no. 0404.453.574

Argenta-Life Nederland
LIFE INSURANCE COMPANY
naamloze vennootschap (public limited liability company)
under the laws of the Netherlands
NL-4824 DA Breda
H.R. Amsterdam 33215872

Argenta Assuranties
INSURANCE UNDERTAKING
naamloze vennootschap (public limited liability company)
Belgiëlei 49-53
B- 2018 Antwerp
Antwerp Trade Register no. 0404.456.148

Argenta Spaarbank's Dutch branch office: Branch office Netherlands
Stadionstraat 2,
NL-4815 NG Breda

FINANCIAL INFORMATION CONCERNING THE ISSUER'S FINANCIAL POSITION AND INCOME STATEMENT

KEY FINANCIALS

Balance sheet data (IFRS consolidated)

	As of 31 December	As of 31 December	As of 31 December	As of 31 Decemb er	CAGR '12-15
	2012	2013	2014	2015	
€ millions					
Cash and cash equivalents	31	39	149	512	155%
		-	-	-	
Loans and receivables	**20,764**	**22,231**	**23,528**	**24,324**	**5%**
o.w loans to credit instit	939	314	351	15	(75)%
o.w loans to customers	19,825	21,917	23,177	24,308	7%
Financial assets	**12,437**	**9,371**	**9,218**	**8,438**	**(12)%**
o.w held for trading	141	123	26	29	(41)%
o.w available for sale	11,536	8,487	8,352	8,005	(11)%
o.w. held to maturity	761	761	840	404	(19)%
Other assets	914	506	629	588	(14)%
Total assets	**34,145**	**32,147**	**33,524**	**33,862**	**(0)%**
Deposits from central banks	1,209	-	-	-	(100%)
Financial liabilities	**30,541**	**29,984**	**30,998**	**31,405**	**1%**
o.w. credit institutions	50	80	413	101	27%
o.w. customer deposits	25,163	27,032	28,462	29,530	5%
o.w debt certificates/bonds	4,803	2,364	1,610	1,373	(34)%
o.w. subordinated liabilities	525	508	513	402	(9)%
Other liabilities	1,100	775	976	784	(11)%
Total liabilities	**32,850**	**30,759**	**31,974**	**32,189**	**(1)%**
Total Equity	**1,295**	**1,388**	**1,550**	**1,673**	**9%**
Key metrics					
Loans to Deposits[1]	66%	75%	77%	79%	

Income statement data (IFRS consolidated)

	Year ended 31 December 2012	Year Ended 31 December 2013	Year Ended 31 December 2014	Year Ended 31 December 2015	CAGR '12-15
€ millions					
Net interest income	356.7	468.6	540.3	558.5	16%
Net commissions and fees	(81.9)	(80.8)	(59.7)	(55.4)	(12)%
Net gains and losses	(15.8)	37.8	(41.9)	6.9	(176)%
Other net operating income	15.0	15.7	20.6	29.9	26%
Total income	**273.9**	**441.2**	**459.3**	**539.9**	**25%**
Employee expenses	(29.0)	(32.8)	(34.8)	(49.9)	20%
General and admin exp	(108.1)	(134.1)	(186.6)	(215.8)	26%
Depreciation expenses	(14.4)	(17.1)	(21.5)	(24.0)	19%
Total operating expenses	**(151.4)**	**(184.0)**	**(243.0)**	**(289.7)**	**24%**
Operating profit	**122.5**	**257.2**	**216.3**	**250.2**	**27%**
Impairments/provisions	(10.2)	(23.1)	(2.7)	2.9	(166)%
Profit before tax	**112.3**	**234.2**	**213.6**	**253.1**	**31%**
Income tax expenses	(30.0)	(59.2)	(40.6)	(60.3)	26%
Net income	**82.3**	**175.0**	**173.1**	**192.9**	**33%**
Key metrics					
Net interest margin	1.0%	1.5%	1.6%	1.6%	
Cost inc.[2]	56%	43%	53%	53%	
Return on Equity[2]	9.0%	13.5%	12.5%	12.4%	
RoE excl. OCI	7.9%	16.2%	13.8%	13.7%	

Notes

1 Loans to customers/ Deposits including saving certificates

2 Total operating expenses and net provisions (for other risks and expenses) / Total income

3 Net profit/ Equity at beginning of period

Historical annual financial statements and interim financial information

Annual financial statements

- Consolidated financial statements of the Issuer for financial year 2014, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU (as incorporated by reference)
- Non-consolidated financial statements of the Issuer for financial year 2014, prepared in accordance with the financial reporting framework applicable in Belgium (as incorporated by reference)
- Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2014 (as incorporated by reference)
- Statutory auditor's report to the shareholders' meeting on the non-consolidated financial statements for the year ended 31 December 2014 (as incorporated by reference)
- Consolidated financial statements of the Issuer for financial year 2015, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU (as incorporated by reference)
- Non-consolidated financial statements of the Issuer for financial year 2015 prepared in accordance with the financial reporting framework applicable in Belgium (as incorporated by reference)

- Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2015 (as incorporated by reference)

  Statutory auditor's report to the shareholders' meeting on the non-consolidated financial statements for the year ended 31 December 2015 (as incorporated by reference)

Auditing of historical annual financial statements

The consolidated and non-consolidated financial statements of the Issuer for the years ended 31 December 2014 and 31 December 2015 have been audited in accordance with International Standards on Auditing (ISA).

No significant change in the Issuer's financial position

There has been no significant change in the financial or trading position of the Issuer or the Argenta Group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published.

Capital

At the date of this Prospectus, the equity capital of the Parent is EUR 631,469,800, represented by 6,314,698 registered shares. 86.51% of the shares are held by Investar, 13.49% of the shares are held by Argen-Co. A capital increase for an amount of EUR 44,130,029.60, represented by 146,480 newly issued shares and which will be entirely underwritten by Investar NV, is planned on 8 June 2016. Subject to the final approval by the extraordinary meeting of shareholders of the Parent of the envisaged capital increase, Investar NV will then hold 86.81% and Argen-Co will hold 13.19% of the shares of the Parent.

The Issuer's share capital consists of EUR 616,252,150 divided into 168,975 shares with no nominal value.

A capital increase of EUR 37,174,500 occurred on 21 December 2015. No new shares were issued. The capital increase was subscribed by the current shareholders (after having received an interim dividend for an equal amount in December).

The major shareholder of the Issuer is the Parent. The Parent holds 99.99 % of the shares in the Issuer.

Legal and arbitration proceedings

In January 2014, seven Belgian savings and retail banks, including the Issuer, initiated a legal procedure before the Belgian Constitutional Court with a motion to have the Belgian Act of 30 July 2013, which increases the net asset tax rate for credit institutions from 0.0965% to 0.1200% for the fiscal year 2013.

On 7 May 2015, the Belgian Constitutional Court ruled that the *retroactive* increase in the net asset tax rate should be annulled.

TREND INFORMATION

Material adverse changes

The Issuer confirms that there have been no changes that are reasonably likely to have a material effect on its prospects since the date of its latest published audited financial statements.

Known trends, uncertainties, demands, commitments or events

With the persistently low interest rates, fixed-rate term products are losing popularity. As a result, financial institutions (including the Issuer) faced a decrease in their term products portfolio in favour of savings deposits.

As of 2015, a European harmonized deposit guarantee contribution for the Deposit Guarantee Schemes (DGS) and a European resolution contribution to the resolution funds "SRF" (single resolution fund) will be introduced. The SRF will be financed by contributions from the banking sector. The individual contribution of each bank will be calculated pro-rata to the amount of its liabilities (excluding own funds and covered deposits) in respect of the aggregate liabilities

(excluding own funds and covered deposits) of all the credit institutions authorised in the participating member states. Contributions will be adjusted in proportion to the risks taken by each institution. The transfer and mutualisation of funds is provided for in a separate intergovernmental agreement between the member states joining the banking union. The contributions to the DGS will be implemented in Belgium by the draft law dated 17 February 2016 which is expected to be adopted in the near future.

There are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for the current financial year.

MATERIAL CONTRACTS

There are no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any member of Argenta Group (including the Issuer) being under an obligation or entitlement that is material to its ability to meet its obligation to security holders in respect of the Notes being issued.

DOCUMENTS ON DISPLAY

For the life of the entire Prospectus the following documents (or copies thereof) may be inspected at the registered office of the Parent, situated at 2018 Antwerp, Belgiëlei 49-53:

(i) the last coordinated articles of association of the Issuer. The Issuer must also file its (rewritten or amended) articles of association and all other deeds which must be published in the Annexes to the Belgian Official Gazette, with the Court of Commerce in Antwerp, where these are displayed to the public;

(ii) the non-consolidated and consolidated annual accounts of the Issuer, including the Notes of both financial years prior to the publication of this Prospectus. The non-consolidated and consolidated annual accounts, as well as the reports of the board of directors and the auditor must be filed with the NBB, where these are displayed to the public;

(iii) the non-consolidated annual accounts of the Issuer's subsidiary, Argenta Asset Management S.A., for both financial years prior the publication of this Prospectus;

(iv) the non-consolidated annual accounts of Argenta Nederland NV, the Issuer's subsidiary, for both financial years prior to the publication of this Prospectus.

EXCHANGE OF INFORMATION

Common Reporting Standard

Following recent evolutions on an international level, the exchange of information is governed by the broader Common Reporting Standard ("**CRS**").

On 29 October 2014, 51 jurisdictions signed the multilateral competent authority agreement ("**MCAA**"), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. Subsequent signatures of the MCAA brings the total number of jurisdictions to 61.

More than 40 jurisdictions have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017, relating to income year 2016 ("early adopters").

Under CRS, financial institutions resident in a CRS country would be required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, the Council of the EU adopted Council Directive 2014/107/EU *amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation*, which provides for mandatory automatic exchange of financial information as foreseen in CRS. This directive amends the previous directive on administrative cooperation in direct taxation, namely Council Directive 2011/16/EU of 15 February 2011 *on administrative cooperation in the field of taxation*. The mandatory automatic exchange of financial information by EU Member States as foreseen in the new directive will at the latest take place as of 30 September 2017, except with regard to Austria. The mandatory automatic exchange of financial information by Austria will at the latest take place as of 30 September 2018.

The Belgian government has implemented said Directive 2014/107/EU, respectively the Common Reporting Standard, per the Act of 16 December 2015 *regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes*. As a result, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective the fact that the automatic exchange of information by Austria towards a.o. Belgium is only foreseen as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii), with respect to any other non-EU States, as from the respective date to be further determined by Royal Decree.

Investors who are in doubt as to their position should consult their professional advisers.

THE PROPOSED EU FINANCIAL TRANSACTION TAX

On 14 February 2013, the European Commission published a proposal for a Council Directive *implementing enhanced cooperation in the area of financial transaction tax* (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). Please note that Estonia has stated that it will withdraw from the negotiations on the proposal for the FTT. The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain transactions related to the Notes (including secondary market transactions) in certain circumstances.

Pursuant to the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (inter alia) primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

Pursuant to the Draft Directive, the rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Prospective holders should therefore note, in particular, that any sale, purchase or exchange of the Notes will be subject to the FTT provided the abovementioned prerequisites are met, and the Draft Directive is adopted and implemented into domestic law of the Participating Member States. The holder may be liable to itself pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Notes.

Notwithstanding the European Commission proposals, a statement made by the participating Member States (other than Slovenia) on 6 May 2014 indicates that a progressive implementation of the FTT is being considered, and that the FTT may initially apply only to transactions involving shares and certain derivatives. However, full details are not available.

The proposed FTT remains subject to negotiation between the participating Member States and the timing remains unclear. Additional Member States may decide to participate.

Prospective Noteholders are strongly advised to seek their own professional advice in relation to the FTT.

BELGIAN AND LUXEMBOURG TAXATION ON THE NOTES

BELGIUM

The following is a general description of certain Belgian and Luxembourg tax considerations relating to the Notes. It does not purport to be a complete analysis and comprehensive overview of all tax considerations relating thereto. Prospective purchasers of the Notes should consult their own tax advisers as to the consequences under the tax laws of the jurisdiction of which they are resident for tax purposes and the tax laws of Belgium of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts thereunder. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date, potentially with retroactive effect.

Belgian Withholding Tax

The holding of the Notes in the NBB clearing and settlement system (see "Summary of provisions relating to the Notes in global form") permits most types of investors (the "**Eligible Investors**", see below) to collect interest on their Notes free of withholding tax, and to trade their Notes on a gross basis.

Participants in the Securities Settlement System must keep the Notes they hold for the account of Eligible Investors on so called "X-accounts", and those they hold for the account of non-Eligible Investors on "N-accounts". Payments of interest made through X-accounts are free of withholding tax; payments of interest made through N-accounts are subject to a withholding tax of 27 per cent., which the NBB deducts from the payment and pays over to the tax authorities.

Since the Notes may exclusively be offered to and held by Eligible Investors (see "Subscription and Sale"), payments of coupons on the Notes will not give rise to withholding tax and, as such, the increase of the Belgian withholding tax as mentioned above, should not be relevant for them.

The main categories of Eligible Investors are as follows:

- Belgian resident corporate investors;
- Belgian pension funds;
- corporate investors who are non-residents of Belgium, whether they have a permanent establishment in Belgium or not;
- individuals who are non-residents of Belgium, unless their holding of the Notes is connected to a permanent establishment they have in Belgium; and
- non incorporated foreign collective investment schemes (such as *beleggingsfondsen/fonds de placement*) whose units are not publicly offered or marketed in Belgium.

The main categories of non-Eligible Investors are as follows:

- Belgian resident individuals;
- Belgian non profit organisations (other than pension funds); and
- non incorporated Belgian collective investment schemes (*beleggingsfondsen/fonds de placement*) and similar foreign funds whose units are publicly offered or marketed in Belgium.

(The above categories summarise the detailed definitions contained in Article 4 of the Royal Decree of 26 May 1994 *on the deduction and compensation of withholding tax in accordance with chapter I of the Act of 6 August 1993 in relation to transactions with certain securities*, to which investors should refer for a precise description of the relevant eligibility rules.)

When opening an X-account for the holding of Notes or other securities kept in the NBB clearing and settlement system, investors are required to provide the financial institution where this account is kept with a statement as to their tax status. This statement need not be periodically reissued. Different identification requirements apply to investors who are non-residents of Belgium and keep their Notes on a securities account through Euroclear or Clearstream Luxembourg.

Capital Gains and Income Tax

Noteholders or Profit-Sharing Certificates who are residents of Belgium or hold the Notes through a permanent establishment in Belgium will be subject to Belgian income tax on the interest collected thereunder and, depending on their tax status, on capital gains realised in respect thereof.

Other Noteholders will not be subject to such Belgian income tax (save, as the case may be and as set out above, in the form of withholding tax).

Tax on stock exchange transactions and repurchase transactions

Secondary market trades in respect of the Notes or Profit-Sharing certificates will give rise to a tax on stock exchange transactions (*taks op beursverrichtingen/taxe sur les opérations de bourse*) of 0.09% if they are carried out in Belgium through a financial intermediary. The amount of the tax, however, is capped at EUR 650 per transaction per party.

A tax on repurchase transactions (*taks op reporten / taxes sur le reports*) at the rate of 0.085 per cent. will be due from each party to any such transaction if which a professional intermediary acts for either party. The amount of this tax is again capped at EUR 650 per transaction per party.

Various types of investors (including credit institutions, insurance companies, pension funds and all non-residents of Belgium) are exempted from these taxes.

As mentioned above, the European Commission has published a Draft Proposal for an FTT. This proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 *on the common system of value added tax*). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

Inheritance duties

No Belgian inheritance duties will be levied in respect of the Notes or Profit-Sharing Certificates if the deceased holder was not a Belgian resident at the time of his or her death.

LUXEMBOURG

Withholding Tax

(i) *Non-resident Noteholders*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non- resident Noteholders, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by non-resident Noteholders.

The Luxembourg parliament voted the draft Act n°6668 enacting the automatic exchange of information for interest payments within the EU as from 1 January 2015, in the frame of the EU Savings Directive. Such draft Act has become the Act of 25 November 2014, published in the memorial dated 27 November 2014.

The EU Savings Directive applied in Luxembourg via the transitional period under which interest payments are subject to a withholding tax ended up on 31 December 2014.

From 1 January 2015, Luxembourg applies the automatic exchange of information on interest payments made by a paying agent established in Luxembourg to individuals resident in another EU Member State.

Concretely, the paying agent shall report the following information regarding the beneficial owner of the payment:

- identity and residence of the beneficial owner:
- name and address of the paying agent;
- account number of the beneficial owner or, where there is none, identification of the debt claim giving rise to the interest;
- total amount of the interest payment or similar income.

Paying agents must disclose this information until 20 March following the year in which the payment of interest has occurred.

(ii) *Resident Noteholders*

Under Luxembourg general tax laws currently in force and subject to the Luxembourg Act of 23 December 2005 *introducing a final withholding tax on certain interest payments* (the "**Act**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Noteholders.

Under the Act, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes that fall within the scope of the Act would be subject to withholding tax of 10 per cent.

U.S. WITHHOLDING TAX UNDER FATCA

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2011, commonly referred to as FATCA, impose a new reporting regime and potentially a 30 per cent. withholding tax (any such withholding being "**FATCA Withholding**") with respect to certain payments to non-US financial institutions (a "**foreign financial institution**" or "**FFI**" (as defined by FATCA)) that do not become a "**Participating FFI**" by entering into agreements with the U.S. Internal Revenue Service ("**IRS Agreements**") or become subject to provisions of local law intended to implement an intergovernmental agreement ("**IGA Legislation**") entered into pursuant to FATCA. Such Participating FFIs may be required to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In order (a) to obtain an exemption from FATCA Withholding on payments it receives and/or (b) to comply with any applicable laws in its jurisdiction, an FFI that enters into an IRS Agreement or is subject to IGA Legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) apply FATCA Withholding to all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA Withholding.

Under FATCA, withholding may be required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after 1 January 2017 (at the earliest) in respect of "foreign passthru payments" (a term not yet defined). This withholding would potentially apply to payments in respect of any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on the market price.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including Belgium in April 2014) have entered into, or have announced their intention to enter into, IGAs (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the U.S. Internal Revenue Service. The United States and Belgium have entered into an agreement based largely on the Model 1 IGA.

The Issuer and financial institutions through which payments on the Notes are made may be required to withhold under FATCA if any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Notes are held within the NBB system, it is not expected that FATCA will affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any Paying Agent and the NBB system, given that each of the entities in the payment chain between the Issuer and the participants in the NBB system is a major financial institutions whose business is dependent upon compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially

different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

Each of BNP Paribas and HSBC Bank plc (the "**Joint Lead Managers**") has, pursuant to a Subscription Agreement dated 20 May 2016, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe, or procure subscribers for, the Notes at 99.590 per cent. of their principal amount. The Issuer has agreed to pay to the Joint Lead Managers a combined management and underwriting commission of 0.35 per cent. of such principal amount. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

General

No action has been or will be taken in any jurisdiction by the Issuer or any Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

The Notes will only be offered to Eligible Investors (as defined above).

The Notes have not been and will not be offered to persons who are retail clients (as defined in article 4, 1, 12) of MiFID and the relevant implementing legislation of the Member States of the EU) or persons who are treated as professional clients upon request (as defined in Annex II, II of MiFID and the relevant implementing legislation of the Member States of the EU (such as Annex A, II of the Royal Decree of 3 June 2007 *laying down detailed rules on the implementation of the directive on markets in financial instruments*)).

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Each Joint Lead Manager has represented that, except as permitted by the relevant Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSM Act**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSM Act does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSM Act with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

EU

The Notes benefit from the private placement exemption set forth in article 3 (2) (d) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 *on the prospectus to be published when securities are offered to the public or admitted to trading* in the Member States of the EU, because the offer concerns securities with a denomination per unit of at least EUR 100,000.

GENERAL INFORMATION

1. The creation and issue of the Notes was authorised by resolutions of the board of directors and the executive committee of the Issuer dated 27 October 2015 and 19 May 2016, respectively, and by the board of directors' written resolutions of 12 January 2016 and 17 May 2016.

2 Application has been made to the CSSF for its approval of this Prospectus. Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Luxembourg Stock Exchange and admitted to trading on the Market on or around the Issue Date. References in this Prospectus to Notes being "listed" (and all related references) shall mean that Notes have been listed and admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and the Council *on markets in financial instruments*.

3. Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or any member of Argenta Group is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or Argenta Group. The Issuer was, however, involved in legal proceedings before the Belgian Constitutional Court regarding a motion to annul the Belgian Act of 30 July 2013, which increased the net asset tax rate for credit institutions from 0.0965% to 0.1200% with respect to assessment year 2013. On 7 May 2015, the Belgian Constitutional Court ruled that the retroactive increase in the net asset tax rate should be annulled. These legal proceedings have had no significant effect on the financial position or profitability of the Issuer or Argenta Group.

4. Save as disclosed in this Prospectus:

   (a) there has been no significant change in the financial or trading position of the Issuer since 31 December 2015; and

   (b) there has been no material adverse change in the prospects or affairs of the Issuer or its subsidiaries since 31 December 2015. In addition, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Issuer for the current financial year.

5. For so long as any of the Notes are outstanding, copies of the following documents may be inspected during normal business hours at the specified office of each Paying Agent:

   (a) the Agency Agreement;

   (b) the articles of association of the Issuer; and

   (c) the annual report of the Issuer for years ended 31 December 2014 and 2015 (together with the English translations thereof).

6. The Issuer usually does not publish interim financial statements.

7. The Notes have been accepted for clearance through the Securities Settlement System under the common code of 141967711 and an ISIN BE6282030194.

   The address of the Securities Settlement System is Boulevard de Berlaimont 14, BE-1000 Brussels.

8. The consolidated financial statements of the Issuer for the last two financial years have been audited. The consolidated accounts of Argenta Group and the non-consolidated accounts of the Issuer for the years ended

31 December 2014 and 2015 were audited by Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA (*member of the institut des réviseurs d'entreprise/Bedrijfsrevisoren Instituut*), represented by Dirk Vlaminckx, in accordance with auditing standards and have been reported on without qualification.

9. The Notes may only be held by Eligible Investors in an exempt securities account with a qualifying clearing system, as defined in Article 1, paragraph 1 of the Belgian Act of 6 August 1993 *on transactions in certain fixed-interest securities* . Eligible Investors are those entities referred to in Article 4 of the Royal Decree of 26 May 1994 *on the deduction and compensation of withholding tax in accordance with chapter I of the Act of 6 August 1993 in relation to transactions with certain securities* which include, *inter alia*, (i) all investors who are not residents of Belgium for Belgian tax purposes (provided, in the case of non-resident collective investment schemes which are not separate legal entities, that their units have not been and are not sold publicly in Belgium, and provided in the case of non-resident investors who are individuals or non-profit making organisations, that they are not holding the Notes through an permanent establishment within the meaning of article 229 of the Income Tax Code of 1992 (*Wetboek Inkomstenbelasting 1992/Code des Impôts sur les revenus* 1992) (the "**Tax Code**") and do not conduct professional activities in Belgium as defined in article 228, paragraph 2, sub-paragraph 4 of the Tax Code and (ii) all Belgian resident corporate investors validly formed as separate legal entities. Eligible Investors do not include, *inter alia*, Belgian resident individuals and most non-profit making organisations.

10. The expenses relating to the admission to listing and trading on the Luxembourg Stock Exchange of the Notes (i.e. listing and other fees of the Luxembourg Stock Exchange and the CSSF) are estimated to be approximately EUR 7,600.

REGISTERED OFFICE OF
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