

Argenta Bank- & Verzekeringsgroep nv



2011

COMBINED ANNUAL REPORT



In accordance with articles 95, 96 and 119 of the Belgian Companies Code, the Board of Directors of Argenta Bank- en Verzekeringsgroep nv (hereinafter **the Company**) has prepared this report concerning the financial statements and the consolidated financial statements, addressed to the shareholders of the Company and its subsidiary companies.

The annual report is a combined report in the sense of article 119, last paragraph of the same Code and provides the required information separately for the Company, which together with its subsidiary companies forms the consolidated whole (hereinafter **the Argenta Group, Argenta or the Group**).

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

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

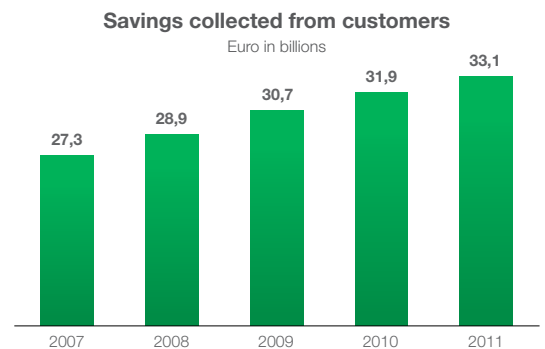


The insurance business also performed excellently. The sale of non-life insurance went smoothly. Demand for “branch 21” life insurance products with guaranteed interest rate was very strong. Extra focus on these products during training of the branch network and at customer information events have proven to be beneficial.

2011 was an exceptional year. Nuclear reactors went into meltdown in Fukushima, Japan following a tsunami, a popular uprising in North Africa caused a change in various regimes, and in Europe and the USA, the protest movement by the “Indignados” challenged the capitalistic model.

In financial and economic terms, the recovery of activities following the international banking crisis of 2008 and 2009 was halted at an early stage. This resulted from an increasing unbelief that a number of European sovereign debtors would be able to reimburse their debt. The financial markets focused in on Greece, Portugal, Italy and Spain. The International Monetary Fund, the European Commission and the European Central Bank had to intervene. A European emergency fund was set up to bail out the ailing countries, and an appeal was made to Chinese funding.

The stage was set for another eventful year for the banking sector. However, Argenta certainly stayed on course. The Group managed to do so by remaining focused on retail customers in Belgium and the Netherlands and by maintaining a prudent policy. The substantial capital and liquidity buffers remained intact. Argenta’s solid position allowed it to continue playing its traditional role of converting savings to loans. Collected deposits rose slightly, while the number of granted loans grew stronger. In both Belgium and the Netherlands, the outstanding loan balance was considerably larger. In the Netherlands the sale of loans via the independent broker network was resumed, while in Belgium “green” loans - in which households were given tax incentives to borrow for energy-saving investments - were a huge success.



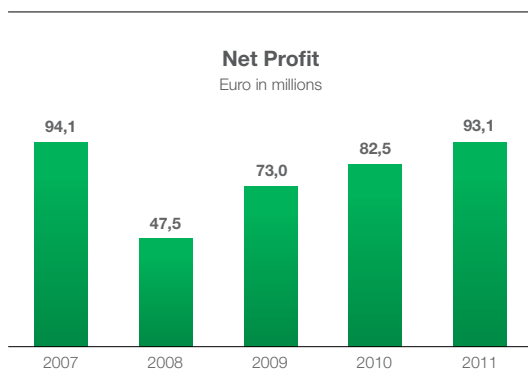
5%

Average annual growth of saving balances collected from customers

However, for investment funds, 2011 was a difficult year. Major uncertainty on the financial markets elicited customers towards more secure investments. In the branch network, more than EUR 500 million of retail government bonds was underwritten at the end of 2011.

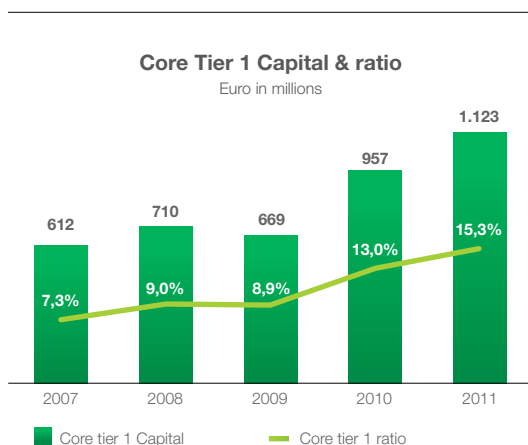
Significant training efforts were implemented in the distribution network. The appointment of highly trained and experienced agents drove the ongoing professionalization of customer service.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



25%

Average annual growth in net profit since the crisis in 2008 drastically altered the financial sector



83%

The strengthening of Core Tier 1 Capital of Argenta Bank- en Verzekeringsgroep since 2007

Profit developed favourably, even through the most difficult years of the financial crisis.

In the meantime Argenta Spaarbank nv maintained its good creditworthiness. Standard & Poor's confirmed the BBB+/A-2 rating.

Argenta was also able to strengthen its solidity at the end of 2011. Agents and customers have underwritten an additional EUR 35 million of additional cooperative shares of Argenta Coöperatieve cvba (hereinafter **Argen-Co**). This indirectly made them minority shareholders of Argenta. The combination of sound profit development and the increased contribution of cooperative capital resulted in a substantial increase of the Company's capital strength.

The government reformed the bank tax legislation. In June 2011, Argenta triggered the Constitutional Court to nullify the previous law as it omitted to consider a bank's risk level and was almost exclusively based on retail savings deposit balances. The Court followed suit that this was discriminatory and did not contribute to a level playing competitive field.

2012 will be another challenging year. The economic situation is proving to be difficult, yet Argenta is well positioned to assume its role going forward. Employees and agents alike will pledge to this.

Jan Cerfontaine, Chairman of the Board of Directors

BANK OF THE YEAR 2011

Ever since its foundation in 1956, Argenta has been a family banking and insurance group, in every respect. The Group exclusively targets retail customers in Belgium and the Netherlands via a network of independent agents, some of whom are now of the second or third generation. Argenta offers banking and insurance products to retail customers at a competitive price, aiming to build long term relationships that target maximum benefit for the customer. Argenta is proud to have been elected bank of the year for 2011 by Bankshopper.be. Meanwhile, Argenta has grown to be the fifth largest financial group in Belgium.

Despite numerous ownership shifts in the financial sector, Argenta stands for stability. The Group is still owned by the founding family. Since 2010 participation has also been enabled for agents and customers. By underwriting shares in Argen-Co, they can indirectly become an Argenta minority shareholder. This strengthens the long-term relationship between Argenta and its customers. Over 65,000 shareholders have put their trust in Argen-Co and Argenta since 2010.

Argenta, bank of the year 2011

bankshopper.be



MACRO-ECONOMIC ENVIRONMENT

Low economic growth, worsened credit quality and liquidity stress at European banks

The economic environment in which Argenta had to develop its activities in 2011 proved not to be easy. Financial markets clearly were in a crisis.

Global economic growth forecasts were repeatedly adjusted downwards. Furthermore, sovereign credit ratings were downgraded while political stalemates hindered agreement on fundamental solutions.

A low point was reached in August. The US government lost its highest AAA credit rating. At the same time, political deadlock over the budget prevented the introduction of the fiscal policy urgently needed to boost the US economy. Yet the Chinese economy had to be cooled down to keep rising inflation under control.

In Europe, financial and economic problems accumulated to an unsupportable situation. This resulted in major spread increase between various Southern European countries' and Germany's sovereign interest rate. These rising spreads could only be contained by the European Central Bank (ECB) by directly purchasing Spanish, Italian and Portuguese government paper.

The financial situation in Greece became completely desperate, and only a large-scale rescue plan could offer an adequate solution. The funds needed were, however, so extensive that this called for far-reaching commitments from Germany. Discussions about the conditions were particularly lengthy. A collective agreement was eventually reached at the European summit on 25 and 26 October. The hope built up during the months running up to this political decision, transformed immediately into enthusiasm on financial markets. However, this was very short-lived. The announcement of a referendum on the rescue plan considerably delayed the process, even though it indirectly provided a roadmap to recovery.

In Italy and Greece populist politicians were replaced by technocrats. They have the task of implementing the painful, albeit necessary, reforms. In Spain, the election result provided sufficient empowerment for urgent reform.

By autumn, also the interest rate spread between Belgium and Germany government bonds worsened significantly. Until then, Belgium had largely been immune to the crisis. It was triggered by a combination of a budget deficit that remained largely within the norms and limited, albeit acceptable, economical growth. The tide turned when one of Belgium's systemic banks imploded and Belgian national debt soared.

However, Belgian retail investors massively bought the newly issued retail government bonds which was interpreted as a vote of confidence. The Belgian interest rate spread with Germany narrowed gradually.

The liquidity position of the European systemic banks remained very delicate throughout this period and mutual distrust prevailed. It threatened to lapse into a fresh banking crisis in the second half of the year.

The liquidity problems of a number of European systemic banks persisted even after significant official interest rate drops in November. The ECB took the fundamental decision not to further gear its policy towards the recovery of banks' solvency, but to massive and almost unrestricted provision of liquidity. This allowed it to restore confidence in the banking system.

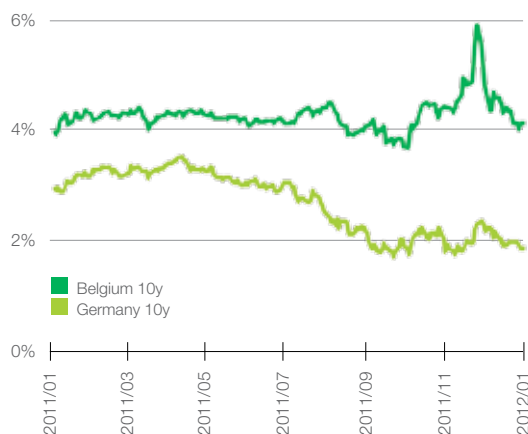
Stock exchanges observed a gradual, steady recovery since the lows in August, in line with the economic recovery in the USA and the soft landing of the Chinese economy. It was only temporarily interrupted by unfavourable political events in November.

Investors became increasingly convinced that US companies knew how to convert the central bank's monetary incentives into positive growth. Also, the German economy proved to be resilient thanks to its flexibility, lower interest rate levels and the gradual recovery of the export markets.

In the eurozone, however, the economy will not be able to avoid a mild recession. In Spain and Italy, further structural intervention is required to restore the financial stability. For Portugal it will even take substantial financial support from the European system and the IMF. In Greece, the economic situation requires extensive support in the short term, but will only be stabilised in the medium term by means of harsh expense cuts to correct for the government's recent spending spree and to restore the Greek economy's competitiveness.

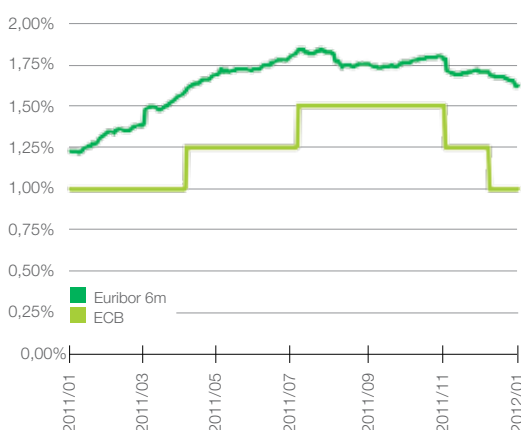
During the first months of 2011, Germany's 10-year interest rate jumped from 2.9 % to 3.4 %. The situation took a dramatic turn in April, however. The fear for recession in the European economy prompted investors to a flight to the quality of German, Dutch and Finnish government bonds. This was intensified due to a resurgence of the credit crisis in August, reducing the German interest rate to an all-time low of 1.7% at the end of 2011.

The Belgian 10-year rate was initially not significantly impacted. It hovered around 4% for a long while and even tightened in the wake of the stronger European countries. In November, however, this interest rate surged spectacularly by more than 200 basis points, now in the wake of developments in Italy and Spain.



Only upon government formation in December and imposed budgetary measures, the Belgian interest rate spread to Germany dropped again to levels that are commensurate with the economic performance and budgetary policy of the country.

The 6-month Euribor rates were unstable during 2011, rising from 1.2 % to 1.8 % over the first few months and dropping to 1.5 % by the end of December following the ECB's base rate reduction in November, clearly steering for an even lower level in the wake of the extremely low repo rate. Europe's expansionary monetary policy with unlimited provision of liquidity by the ECB came as no surprise.



A new bank tax

The Belgian bank levy is an important topic for Argenta Spaarbank. The bank tax was introduced following the financial crisis of 2008 under the Programme Law of 23 December 2009, as compensation for the deposit guarantee scheme. It impacted Argenta Spaarbank disproportionately hard as it was almost exclusively based on retail saving deposit balances and did not consider the asset risk profile of the banks.

Argenta Spaarbank requested the Constitutional Court to have the bank levy regulation nullified. The introduction of a bank levy was a sovereign political decision, but the way it was implemented in practice was unacceptable to Argenta Spaarbank. It would lead to unfair competition, and would be unsustainable in the long term.

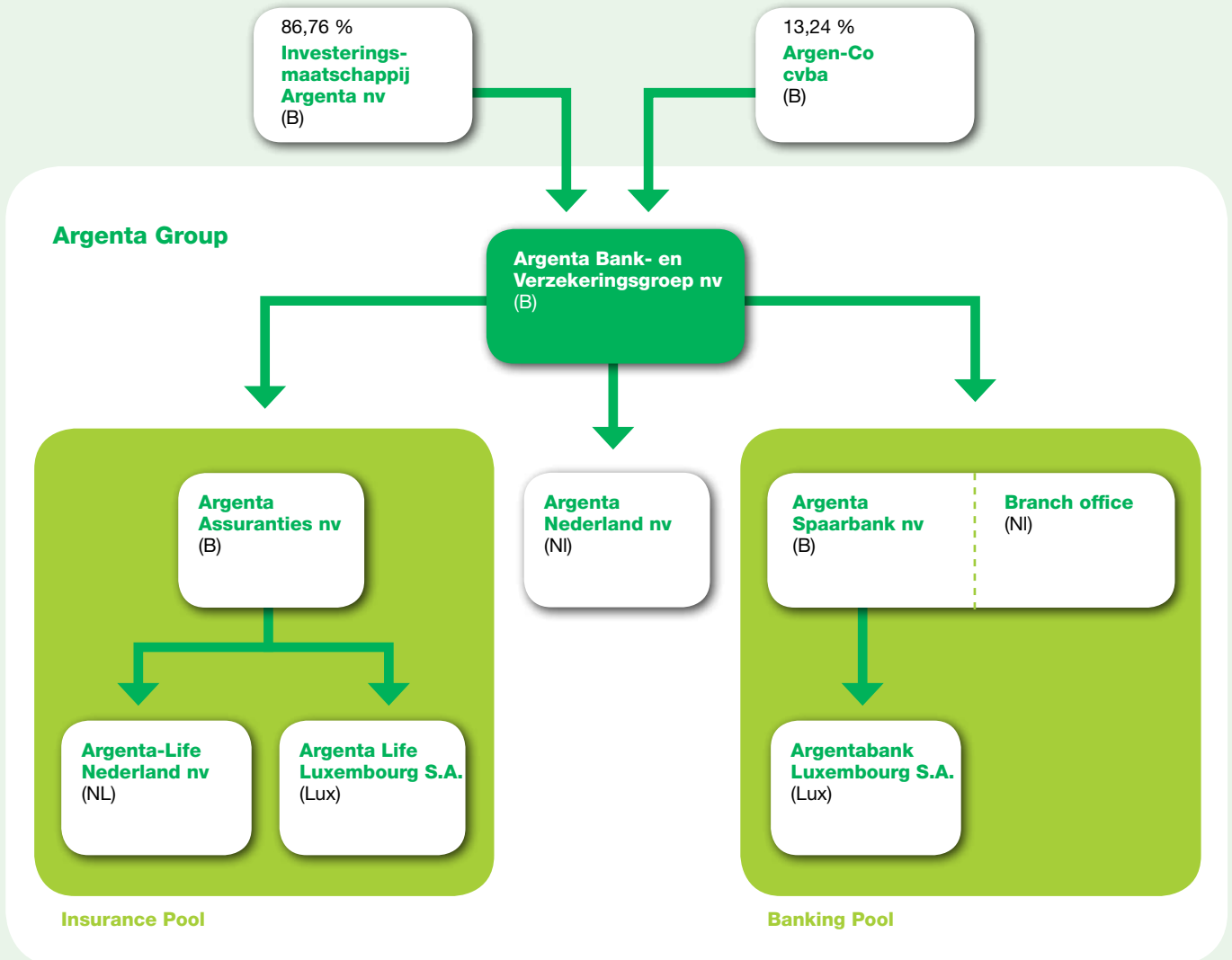
On 23 June 2011, the Constitutional Court agreed with Argenta Spaarbank's position that the measure was discriminatory, and nullified the bank levy with effect from 1 January 2012.

In December, a new law was voted that imposes a levy on Belgian credit institutions to safeguard the stability of the financial sector, and that also incorporates a contribution to the deposit guarantee scheme based on the risks that the financial institutions form to the society.

Argenta Spaarbank believes that the new law meets with a number of points of the criticism that the Constitutional Court had opposed against in the old law, but that there are still major areas for improvement. Argenta's contribution is still very high. Furthermore, banks that exclusively target retail savers contribute proportionally more than other banks. Finally, the proposed risk weighing also harms traditional retail banks, and may prompt them to curb their lending. Argenta Spaarbank therefore endorses the viewpoint of the Small and Medium-Sized Banks department of the Belgian Financial Sector Federation, Febelfin, which continues to denounce this distortion.

DESCRIPTION OF THE STRUCTURE AND ACTIVITIES OF THE ARGENTA GROUP

Organisational chart



*All participating interests are (almost) owned in full by group companies

Description of the activities of the Company

Argenta Bank- en Verzekeringsgroep nv (hereinafter **the Company**) is the holding company of the Argenta Group. Its operational activities consist of the collateral risk functions (i.e. Internal Auditing, Compliance and Group Risk Management) and the shared services of Human Resources, Central Staffing and Communication, Mediation Service, Facilities, Distribution Support and Inspection, which are organised at group level.

The Company has the status of a mixed financial holding company (art. 49bis, 5° Act of 22 March 1993 regarding *the status of and the supervision of credit institutions*).

The Company consolidates and provides the joint management of the insurance operations of its subsidiary company Argenta Assuranties, which has the status of a Belgian insurance company, and the bank activities of its subsidiary company Argenta Spaarbank, which has the status of a Belgian credit institution.

The subsidiaries of the Company, especially Argenta Assuranties and Argenta Spaarbank themselves have various subsidiaries. Argenta Assuranties and its subsidiaries will hereinafter be called the **Insurance Pool**. Argenta Spaarbank and its subsidiary will hereinafter be called the **Banking Pool**.

The activities of the Banking Pool are primarily concentrated on attracting funds in the retail market in the form of savings accounts, chequing accounts, savings certificates and bonds on the one hand and, on the other, the allocation of these funds to mortgage loans. Shares in collective investment funds as well as structured notes are also offered.

Argenta Spaarbank consolidates its activities with those of Argentabank Luxembourg S.A.

The activities carried out by Argenta Spaarbank in the Netherlands are organised as a branch office rather than as a subsidiary.

Since 2003, this branch office has been offering online savings and term accounts through intermediaries.

The activities of the Insurance Pool comprise both life insurance as well as non-life or indemnity and health insurance (particularly car insurance, private civil liability, fire, hospitalisation and legal assistance insurance).

Argenta Assuranties consolidates the activities of Argenta Life Nederland nv and Argenta Life Luxembourg S.A.

Argenta Life Nederland has the status of a Dutch insurance company and only offers life insurance linked to mortgage savings loans.

Argenta Life Luxembourg has the status of a Luxembourg insurance company. It operates in life insurance with branch 26 – Capitalisation activities and branch 23 – Investment insurance.

Lastly, the Company has a subsidiary company, Argenta Nederland nv, which is an issuance vehicle.

The geographical markets in which the Argenta Group is active are Belgium, the Netherlands and Luxembourg.

ARGENTA IN 2011



Distribution

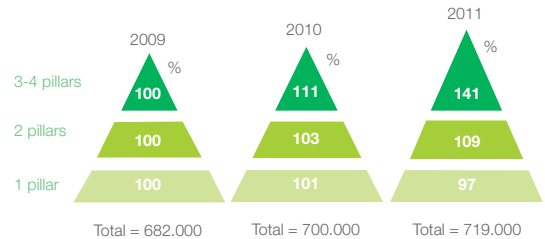
Argenta serves its customers in Belgium via a branch network. At the end of 2011 it consisted of 513 retail branches managed by 420 independent agents and their 1,023 employees. They work exclusively for Argenta.

When selecting new agents, not only are the know-how and business qualities of candidates assessed, the cultural similarity with Argenta's values is also evaluated. The Group values long-term relationships with shareholders, agents and customers. The number of second and third-generation agents already stands at an impressive 86.

In the Netherlands, Argenta works together with some 1,700 independent brokers and about 10 coordinating distribution centres such as De Hypotheker, Welke Financiële Diensten and DAK. They offer Argenta's credit, savings and life insurance products in competition with those of other providers.

A number of agreements were concluded by the Joint Consultative Body – a platform set up on the basis of the Commercial Agency Act on which 10 selected agents, together with Argenta, negotiate on commission. This resulted, for instance, in the introduction of a "Support Bonus" and a "Sound Investment Bonus". These new forms of commission stimulate customer loyalty in the four product pillars of savings & payments, loans, investments and insurance.

Households choose several Argenta products



Noteworthy is the rapid growth of insurance and investment products among our family customers. The number of customers who entrust their monthly pay and other income to Argenta, is also increasing rapidly.

Argenta continues to believe in the value of its distribution network. Therefore Argenta continued to invest in 2011 in the support provided to agents and their staff.

More than 50 agents invested in a new building or a thorough renovation of their branch, in order to offer a greater level of comfort to their customers, improve recognition and increase security. Private conference rooms were added and, where possible, an ATM was installed.

In order to improve the service towards the branch network, Argenta invested in the appointment of specialists on investments, insurance and loans. In 2011 they provided training for agents and their staff.

The best practices of individual branches in terms of branch organisation, local marketing and successfully meeting with customers, were shared at regional and national meetings.



Goedroen Andries

Regional Manager for Antwerp North:

“2011 was a tremendously strong year for growth, new branches, installation of ATMs, cluster coaching on the different pillars, et-cetera. And the “Uw vermogen gezond beleggen en overdragen” (sound advice for investing and succession planning) information evenings hit the mark. Customers were properly informed in a clear, comprehensible way about the possibilities that Argenta can offer.”

Our customers feel safe at Argenta. We are probably the only financial institution in Belgium, to be able to claim that we have a strong partnership with our agents, some of which already of the third generation.

Special attention was given to the requirements imposed by the Markets in Financial Instruments Directive (MiFID) on advice and sales discussions in branch to ensure customers would receive correct financial advice. In addition to standard training and inspections, Argenta has also contracted an outside “mystery shopping” firm. Twice a year, it is planning to visit anonymously about 50 branches to check whether the new rules have been applied.

Finally, Argenta can say with satisfaction that 99% of the actual managers and those in charge of distribution in branch meet the requirements of the continuing education points system imposed by the law of 22 March 2006 on acting as an intermediary in banking and investment services and the distribution of financial instruments (“Willems Law”) and the law of 27 March 1995 on insurance and reinsurance brokerage and the distribution of insurance (“Cauwenberghs Law”). Both laws provide for a sufficiently high level of training for people in the financial sector who come into contact with the public. The exceptions concern long-term illness and transfer of branch ownership.

Marketing

In its marketing and publicity, Argenta consciously opts for word-of-mouth advertising and a local approach. Agents decide for themselves, either individually or as a group, how they conduct their advertising. The local campaigns are checked beforehand by Argenta for product and legal accuracy.

Exceptionally, Argenta launched two media campaigns in 2011. During the summer, national newspapers and branches carried advertising with the slogan “Uw veilige bank zonder staatssteun. Bij ons krijgt U de bonus” (Your safe bank without government support. Here, you get the bonus). The campaign played on major public disaffection with bankers’ bonuses and the financial health of banks. Unlike the major Belgian banks, Argenta did not require government support. Nor does the Group pay bonuses to board members.

At year-end, Argenta appeared on TV with the slogan “Argenta zorgt ervoor” (Argenta will take care of it). This was a response by the Group to the huge interest from customers in the transfer of assets from (grand)parents to children.

In addition, 175 information evenings were organised on various topics: sound investments, home insurance and succession planning. Argenta also attends national and regional trade fairs.

What will happen to your money when you're no longer around?

How can you leave as much as possible to your loved ones?

And as little as possible to the taxman?



find out here via
www.argentazorgtevoor.be



| Human Resources

The professionalization of Argenta is pursued at every level of the organization. Therefore the Human Resources management, which has a new director, focuses on the training and recruitment of head office staff. It also offers assistance to agents who are recruiting staff.

2011 was a busy year and more than 100 staff were recruited.

At the end of 2011, 706 staff were employed at the head offices in Belgium, the Netherlands and Luxembourg.

661 staff were employed in Belgium: 382 women and 279 men. The average age was 36.

16 staff were employed at the Dutch head office, while there were 29 employees working at the Luxembourg headquarters.

The number of women in senior management has increased to 9 out of 30.

In 2011 Argenta streamlined its internal operations to be able to respond more effectively to the needs of customers and agents. This led to a reduction in the number of directors and the integration of departments for "Marketing, Channels and Customer services" and "Analysis, Applications and Architecture" as well as the creation of a new Product Management Bank department. Structured business lines were also created for the subsidiaries in Luxembourg and the Netherlands.

Greater responsibility is given to directors to enable them to take more initiatives on our four product pillars of savings and payments, loans, insurance and investments. In the meantime, the preparations have started for the social elections that are organised in 2012, and are progressing in a constructive environment.

General principles of the remuneration policy for executives and administrative staff

The Board of Directors of the respective companies of the Argenta Group establish the general principles of the remuneration policy with the advice of the Remuneration Committee, and ensure that it is implemented.

In execution of the general principles established by the Board of Directors of the company concerned, the Executive Committee of the company concerned is responsible for implementing the remuneration policy for executives and administrative staff (hereinafter the **Pay Policy**). The Executive Committee will inform the Board of Directors about the Pay Policy and any changes to it.

The draft Pay Policy was prepared by the Human Resources department for all positions within all operating companies of the Argenta Group. Human Resources proposes changes whenever these are essential, in line with internal and external circumstances. Changes always require the approval of the Executive Committee of the particular company.

The Remuneration for employees, administrative staff and executives of the Argenta Group consists exclusively of a fixed amount as established in the applied scales, except for the regional director position, for which variable remuneration can be earned if performance meets pre-defined targets.

For the "Identified Staff", the remuneration principles are the same as for other positions in the Argenta Group.

For these positions, the Pay Policy will also be subject to a specific recommendation from the Remuneration Committee. The individual targets for "Identified Staff" are, however, formulated in a way that cannot hinder independent operation. No business-related targets will therefore be agreed with the employee in question, where it is expected that this employee can control them.

Pay Policy

General

The Pay Policy determines which salary scales apply to which positions. The scales are allocated depending on the weighting (degree of difficulty, responsibility, level of required training and specialisation) of a particular position.

For the sake of technical business unity and for practical reasons, e.g. in the case of intercompany transfers within the Argenta Group, the Pay Policy of the Argenta Group is primarily in line with Collective Bargaining Agreement for Savings Banks (JC 308).

This means that the Argenta Group works with the scales of only one joint committee, rather than different joint committees, to determine the pay of all employees. This concerns the scales of Joint Committee 308 - Savings Banks.

Human Resources oversees the Pay Policy and also tracks the other collective bargaining agreements that apply in the Argenta Group (JC 218 for Investar and the Company, JC 306 for Argenta Assuranties). In the case of deviations to the detriment of JC 218 and JC 306, Human Resources will inform the Executive Committee concerned and propose a solution to absorb this disadvantage. The Argenta Group strives to remunerate its employees in line with market conditions. This means that salary levels are in line with remuneration that employees would receive elsewhere in similar positions.

To be able to evaluate whether the Pay Policy is in line with market conditions, Human Resources regularly participates in the Hay salary survey. Based on this survey, Argenta Group's pay for the various position grades are compared with various benchmarks. Based on this comparison, Human Resources forwards proposals to the Executive Committees in order to smooth away any inequalities.

Variable remuneration solely for the regional director position

In the Argenta Group, only the regional director receives variable remuneration on top of a fixed salary in line with market conditions. This means that the amount of the fixed remuneration meets the requirements of in-house consistency with other similar roles, and that variable remuneration can be obtained on top of this salary, subject to achieving specific objectives related to competency development in terms of commercial as well as first-line risk and compliance aspects of the external distribution network.

If all objectives are achieved in full, the regional director will receive additional variable remuneration that can be up to 18% of the fixed annual salary.

Extra-legal benefits

In addition to the standard remuneration (monthly salary, single and double holiday pay, 13th month), all staff members of the Argenta Group receive hospitalisation insurance and luncheon vouchers. The whole family can benefit from hospitalisation insurance in return for a small monthly contribution, regardless of the number of family members.

Administrative staff from pay grade 4 and up also receive group insurance as an extra benefit.

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

Company cars may be allocated for specific positions.



| Internal auditing

The Internal Auditing department of the respective companies of the Argenta Group is managed and organised at the Company level. It covers all activities of the subsidiary companies, particularly Argenta Assuranties and Argenta Spaarbank and their respective subsidiaries.

All reports are discussed by the Executive Committee and the Audit Committee. Weak points in the organisation are highlighted and improved.

| Compliance

Compliance is responsible for all compliance measures in order for Argenta to comply with the external legislation and regulations. All departments must also work in accordance with the rules issued internally in this regard. In this way, the Group intends to maintain its reputation and safeguard its integrity.

To do this, Argenta works with both automated monitoring and specific controls. In 2011 the focus was on fighting money laundering and the financing of terrorism, prevention policy and special mechanisms, compliance with privacy rules, compliance with rules of conduct, the application of MiFID and specific legislation for the banking and insurance sector.

The inspections and specific assignments carried out are reported on to the Executive Committee. All recommendations are included in a risk databank.

Compliance also works on a preventive basis through a permanent awareness campaign and staff training via e-learning modules. In 2011 the "Money laundering and fighting terrorism" module was updated. Specific training courses are also attended at the Belgian financial sector organisation, Febelfin.

| Risk and Risk Management

The mission of Risk Management is to ensure that an adequate risk policy is operated internally, taking the various external factors into account.

A detailed review is included from p 38.

| Information & Communication Technology (ICT)

2011 was a busy year for our IT services. The stock of PCs was completely renewed, both at the head office and in the branches.

This fits with a more customer-focused way of working. In the branches, insurance policies can now be entered and printed straight away, for both life and non-life insurance.

Argenta is investing a great deal of time and money in updating customer and transaction applications in branch. Although the main implementations will take place in 2012, 2011 was dominated by these ICT improvements.

The availability of online banking in Belgium stood at 98.26% for 2011. A further structural improvement of the Internet platform is targeted.

The bank application for activities in the Netherlands has been replaced by the same standard application also used by Argenta in Belgium.

The maintenance of the hardware IT platform and data centres was entirely outsourced.

| Mediation service

Argenta values a good relationship with its customers. This also includes effective handling of complaints. This is why a central mediation service operates in the Group. Customers, agents and third parties can address their complaints to this service.

Anyone who, despite best efforts, is not satisfied with this mediation service can subsequently appeal to the Mediation Service Banks-Credit-Investments and the Ombudsman for Insurance. Argenta Spaarbank is a member of the Mediation Service Banks-Credit-Investments, while Argenta Assuranties is a member of the Ombudsman for Insurance.



Kris Wauters
Portfolio Manager,
Project and Process Management:

Credo (haiku)
**'Maintain focus,
and with sufficient passion
Further and better.'**

DESCRIPTION OF THE ACTIVITIES OF THE BANKING POOL

Argenta Spaarbank, together with its subsidiary, forms Argenta's Banking Pool.

To place the activities of the Banking Pool in the Group as a whole, see p. 11.

Payments

Argenta Spaarbank had a stable year, with steady growth in deposits and an increasing number of customers. For many, Argenta has now become their primary bank. The chequing accounts portfolio grew by 13%.

The number of cards in circulation (both Bancontact and MasterCard) increased to 1.1 million.

Remarkably, the share of the total number of people who used the bank switching service to switch to Argenta was considerably greater than the Group's natural market share.

Bank savings certificates

Due to low interest rates and an announced hike in the withholding tax, many customers cashed in their matured securities and paid the proceeds into a savings account or reinvested them in savings insurance. The latter offers a tax break and allows succession planning.

At the end of 2011, the announced introduction of a tax on the conversion of physical bank savings certificates resulted in an exceptionally busy period. Savers chose to pre-empt the change in the law by quickly offering their securities for dematerialisation. Bank savings certificates lost their appeal. Argenta's bank savings certificates market share has always been very high, which explains the exceptionally busy period in branches in December 2011.

Loans and advances

In the area of loans and advances, they worked on the automation of our systems to achieve swifter acceptance of loan applications.

Argenta witnessed strong lending growth in 2011. The underwriting of mortgage loans in Belgium increased by a third to EUR 893 million. As a result, the overall outstanding loans portfolio increased to EUR 6.3 billion. The share of the portfolio in the balance sheet total now remains constant.

Spurred by the planned abolishment of tax breaks for green loans, instalment loans trebled. Production amounted to EUR 129 million.

Branch office

With regard to Argenta Spaarbank's Dutch activities, a series of major steps was taken in 2011 that mark a new growth period. The active sale of mortgages was successfully resumed. Production increased by EUR 1 billion compared to 2010 to EUR 1.2 billion. The portfolio now amounts to EUR 11.1 billion, including two securitisation transactions worth EUR 2.9 billion.

Savings balances remained fairly stable with approximately EUR 1 billion deposited.



Hilde Coussens
Savings Team Leader,
Netherlands Branch Office

“More than 250,000 Dutch customers have already chosen Argenta. This number is still growing daily.”



Ira De Weerd
Loan Applications Team Leader

“Thanks to our team, we processed the massive number of loan applications quickly and adequately.”



Despite the current market conditions in the Netherlands (ie a contracting housing market with price decreases and a declining mortgage market), both results are remarkable. The margins on mortgage loans have, however, increased, which could to some extent counteract the pressure on the savings market.

After careful consideration, the Executive Committee and the Board of Directors approved a strategic plan for the Netherlands. An important part of this plan is the distribution strategy. Going forward, Argenta intends to make a distinct move towards the selective distribution

DESCRIPTION OF THE ACTIVITIES OF THE BANKING POOL



of mortgage loans, aiming to gain a tighter grip on the network.

In terms of operations, the new management agreement with Quion for managing the mortgage loans portfolio and the successful migration from Internet banking to the Thaler (Callatay & Wouters) banking platform are major milestones that will support growth in the years ahead. Lastly, the organisation in the Netherlands has also been reorganised and key functions in the areas of product development, risk management and compliance started to be filled in the fourth quarter.

Argentabank Luxembourg

In future Argentabank Luxembourg will focus solely on its activities as a fund manager and administrative agent. Argentabank Luxembourg's retail activity ceased in 2011. In addition, the activities as paying agent and custodian for Argenta's Luxembourg issues are being scaled back, in tandem with the bond portfolio being run down. The last bond matures on 29 June 2014.

Undertakings for Collective Investment (UCIS) and structured notes

In 2011, the outstanding amount of UCI units issued by Argenta Spaarbank on behalf of customers was down on previous years due to the unfavourable stock market climate. Yet the portfolio grew by EUR 58.8 million.

The success of the pension savings funds stems from a long-standing good return, a low cost structure and the special focus given in the distribution network.

Over a 10-year period, the Argenta Pensioenspaarfonds (hereinafter **Arpe**) has taken great strides to become the number one. Over this period it is the only pension fund to have obtained a higher return than the notional capitalisation rate of 4.75% applied by the tax authorities to calculate the advance levy.

Argenta Pensioenspaarfonds Defensive (hereinafter **Arpe Defensive**) was launched at the end of 2010. This fund supplements the more dynamic Arpe fund offered by Argenta Spaarbank for about 10 years. Argenta Spaarbank developed the new product because an increasing number of investors and savers prefer their pension savings to have a more defensive profile. Arpe Defensive invests a maximum 40% of its assets in shares and has a risk rating of 2 on a scale of 0 (lowest risk) to 6 (highest risk). This fund was an immediate hit. As the only fund of its type in the financial market, Arpe Defensive was able to post a positive return in 2011.

Argenta-Fund sicav is an open-ended investment company under Luxembourg law. It was established in 1987. The main aim is to provide shareholders with the highest possible return by investing in a selection of transferable securities, while ensuring that the risks remain limited. There are 11 sub-funds that invest exclusively in equities, spread across different countries, regions and sectors. There is also one bond sub-fund and one mixed sub-fund that invest in both bonds and equities.

Argenta Spaarbank also markets UCI units in open architecture. Argenta Spaarbank markets six UCIs promoted by Petercam nv, five UCIs managed by Carmignac Gestion SA and seven funds managed by Edmond de Rothschild Asset Management. Argenta Spaarbank herewith diversifies its offering. The fund range is complementary.

Launched at the end of 2009, Argenta Fund of Funds is an open-ended investment company under Luxembourg law with three sub-funds (Defensive, Neutral and Dynamic). It is an umbrella fund that invests its assets primarily in units of other UCIs.

The relatively stable performance by the main funds resulted in only a few sales compared with the competition and in a increasing market share.

The online investment platform, which has been available to all customers since 2008, continued to build on its success. The reduced transaction costs resulted in a doubling of activity. The mass appeal of government savings certificates at the end of 2011 also generated additional transactions.

Summary of UCI units distributed by Argenta Spaarbank

EUR million	2010	2011	difference	%
Argenta-Fund sicav	302,0	230,9	- 71,1	- 23,5 %
Argenta Pensioenspaarfonds	453,0	534,4	+ 81,5	+ 18,0 %
Argenta Pensioenspaarfonds Defensive	4,7	37,2	+ 32,4	+ 684,5 %
Petercam funds	110,8	97,7	- 13,1	- 11,9 %
Carmignac funds	501,1	523,9	+ 22,8	+ 4,5 %
Rothschild funds	3,6	5,5	+ 1,8	+ 50,6 %
Argenta Fund of Funds	16,0	20,6	+ 4,6	+ 28,6 %
Total	1.391,3	1.450,1	+ 58,8	+ 4,2 %

DESCRIPTION OF THE ACTIVITIES OF THE BANKING POOL

Argenta Spaarbank also distributes structured notes issued by BNP Paribas nv and BNP Paribas Arbitrage Issuance bv. There were 73 issues up to the end of 2011.

In 2011, Argenta realised an increase of EUR 90.4 million or a growth of 13.4%, as a result of which the total portfolio amounted to EUR 767 million at year-end.

Summary of the structured notes distributed by Argenta Spaarbank

In miljoen euro	2010	2011	difference	%
Structured notes	676,7	767,1	+ 90,4	+ 13,4 %

Impact of the general financial economic situation on the activities of the Banking Pool

In the background of a turbulent global economy, a mild recession in Europe and specific challenges in Belgium, Argenta Spaarbank and the Banking Pool managed to perform well. The balance sheet continued to grow and profit remains healthy.

The Banking Pool maintained its cautious policy when lending to companies and governments. The counterparty risk and the liquidity of positions were closely monitored.

Opting for relatively low risk frequently resulted in low returns. This was a conscious decision.

The weighted risk volume of all assets dropped further as a result, just as it did the previous year. An increase in capital created a further improvement in the tier 1 capital solvency ratio.

Considerable attention was addressed to the leverage ratio. As Argenta Spaarbank's capital has grown relatively stronger than the balance sheet total, leverage fell to a comfortable level.

On balance sheet retail funds increased more than the previous year. The decline in bank savings certificates and term deposits was more than compensated by the success of the high-interest regulated savings account, which saw deposits increase by over EUR 1 billion.

There were two visible trends for off-balance sheet products. The investments pillar, which the Banking Pool continues to promote as diversification, recorded a much smaller growth than in 2010 as a result of the difficult economic climate. The stock exchange frequently received negative public attention due to major price volatility.

The Belgian government savings certificate however received positive attention. This product, which had lost its appeal in recent years, was promoted by former Belgian Prime Minister Leterme amid the turbulence on the country's financial markets. December's issuance raised EUR 5.7 billion. The Banking Pool placed EUR 519 million, or a 9.11% share.

The Belgian Financial Services and Markets Authority (FSMA) imposed new rules for financial products in July. As a result, a moratorium or temporary cessation was imposed for particularly complex structured products, to which Argenta Spaarbank voluntarily signed up. It is important that customers are offered products that are as transparent as possible. Each customer must know what she or he is buying.

The Banking Pool's profit was influenced by an increase in interest margin, improving both interest income and interest expenditure.

Operating costs remained under control. The increased costs for the contribution to the deposit protection as a result of the new legislation were substantial. They amounted to 15 basis points against 13.1 bp the previous year. In 2009, Argenta Spaarbank paid EUR 10 million in deposit protection premiums. Two years later, this amounts to EUR 34 million.

Argenta Spaarbank built a provision via the Fund for General Banking Risks.

Rating

Standard & Poor's confirmed Argenta Spaarbank's BBB+/A-2 rating at the end of 2011, with a continued stable outlook. The liquidity and capital position, plus the quality of the assets, are deemed major strengths.

DESCRIPTION OF THE ACTIVITIES OF THE INSURANCE POOL

Reference is made to p. 11 for an indication of the activities of the Insurance Pool relative to the Group as a whole.

Argenta Assuranties has been a major grower in the insurance sector. In the ranking of all Belgian insurers based on total premium income, the Group moved up from 14th to 13th place in 2010. The progression is expected to continue in the coming years.

Life insurance

The increase was significant in the sale of savings and investment insurance. Between 2009 and June 2011, Argenta Assuranties was the fastest-growing insurer in the Belgian market. It sold no less than 36,000 new policies. In particular, the savings insurance Oct-a-vie and Argenta-Flexx did very well.

The total premium income from branch 21 savings insurance with a guaranteed minimum income increased from EUR 198 million in 2010 to EUR 522 million in 2011. The products meet customers' demand to build up their wealth securely with a guaranteed return and as such matches with the four pillar strategy and Argenta's long-term "Gezond Beleggen" (Sound Investing) campaign.

This amply compensated for the decline in premium income from branch 23 investment insurance, where the income is dependent on the performance of the investment funds. As a result of the poor stock market climate and the voluntary moratorium on the sale of particularly complex structured products, this dropped from EUR 98 million to EUR 48 million over the same period.

Life insurance profit share

Subject to approval by the annual meeting of shareholders, policies still in effect on 31 December 2011 will be granted a profit share for 2011 based on the following distribution key:

Unit	Profit	Gross yield
2,75 %	0,50 %	3,25 %
2,80 %	0,45 %	3,25 %
3,00 %	0,35 %	3,35 %
3,05 %	0,30 %	3,35 %
3,25 %	0,20 %	3,45 %
3,30 %	0,20 %	3,50 %
3,60 %	0,20 %	3,80 %
3,75 %	0,20 %	3,95 %
4,75 %	0 %	4,75 %

- a gross yield of at least 3.25%
- and a minimum profit share of 0.20% (except for contracts with a guaranteed interest rate of 4.75%)

Debt balance insurance

The revised insurance directive related to the equal treatment of men and women contains judicial vagueness.



Koen Maenhout
Senior Product Manager,
Life and Investment Insurance



"Argenta is not just for saving and lending, it also has the capabilities to sell attractive investment insurance. I am happy to contribute to this in a professional way!"

On the 1st March 2011, at the request of the consumer organisation Test-Aankoop, the European Court of Justice ruled that, based on the Charter of the Fundamental Rights of the European Union, any difference between men and women in regards to insurance premiums and benefits would no longer be permitted as of 21 December 2012. Argenta Assuranties has more than 80,000 debt balance insurance policies in its portfolio. However, the modification only applies to new contracts concluded after 21 December 2012.

Home insurance products

Argenta Assuranties grew solidly in non-life insurance.

The home insurance portfolio grew by 12.6% to almost 96,000 policies. The product combinations "Verzekerd Wonen" (home insurance) (nearly 54,000) and "Verzekerd Wonen Plus met BA Familiale" (home insurance plus family including civil liability insurance) (more than 33,000) were popular. Total premium income increased by 18.2% to EUR 16.2 million.

DESCRIPTION OF THE ACTIVITIES OF THE INSURANCE POOL

The cost of claims continued to be well controlled despite a slight increase in payouts due to the accelerated handling of claims originating from previous years and the storms at the end of 2010, which had an impact on 2011.

Rates were not adjusted in 2011.

| Car insurance products

Car insurance grew strongly. The total portfolio increased by 17.1% to nearly 85,000 policies.

The total income from car insurance premiums increased by 18.5% to EUR 28.2 million. This was due to a 15.7% increase in premiums for compulsory motor third-party liability insurance and 23.0% for fully comprehensive policies.

Argenta Assuranties joined the direct claims settlement system RDR. This allows faster accident claims settlement.

Indemnities for car third-party liability remained well controlled, although the cost of claims increased from 84% to 91% of the premiums collected. This was due to the fact that premiums for car third-party liability were not increased in 2011 and as a result of increased provisions in claims involving vulnerable road users.

| Family civil liability and legal assistance

This portfolio grew by 16.6%, resulting in more than 58,000 policies. More than half of these policies are linked to a "verzekerd wonen" contract.

Premium income increased by 11.5% to EUR 2.9 million.

The cost of claims is in control. Indemnities fell from 53% to 31% of the premiums. Nonetheless this activity lost EUR 1.2 million in 2011 because some major claims had a direct and significant impact on our small portfolio.

In December, a slight premium increase was implemented for family and motor legal assistance policies.

| Hospitalisation insurance products

Argenta Assuranties is one of the biggest providers of individual hospitalisation insurance on the Belgian market. For the second year running, the company applied the consumer price index (CPI) rather than the medical index to allow premiums to keep track of increased costs. The premium increase was only made for policies providing a

single room. No increase was applied for policies providing for rooms for two or more persons.

Still, Argenta Assuranties maintains a cautious approach due to the uncertainty about a long term increase in medical expenses, the ageing population and the legal framework. In this context, the professional organisation Assuralia appealed to the Council of State to nullify the Royal Decree of 1 February 2010 pertaining to the establishment of the specific indices referred to in article 138bis-4 (3) of the law of 25 June 1992 on the national insurance agreement that specifies how the medical index must be calculated. On 29 December 2011, the Council of State decided to nullify part of the Royal Decree in question.

As a result of this prudent approach, the number of hospitalisation policies at Argenta Assuranties dropped slightly.

| Total solution

Argenta Group's total solution, which enables it to assist its customers at key moments in their lives by offering mortgage loans, debt balance insurance and home insurance policies, proved to be a success. Moreover, the commercial management of insurance is coordinated with that of the bank for the "Gezond Beleggen" and "Verzekerd Wonen" campaigns.

Argenta Assuranties intends to steer the same course in the years ahead. The Group will therefore target a healthy portfolio with a broad risk diversification. Hence a continued focus on offering insurance to individuals and families. In fact, for personal legal liability and car insurance, Argenta ranks among the companies awarded the best score by consumer organisation Test-Aankoop.

At sector level, Argenta Assuranties takes an active part in a series of working groups at the professional organisation Assuralia. In 2011, Argenta also signed up to Assuralia's "Storm" convention, which provides for a quick settlement for victims in the event of disasters.

On an operational level, the outsourcing of the claims handling to specialist service provider Van Ameyde was successfully launched in 2011. No less than 18,000 claims were handled through this channel. It structurally improved the quality and speed of the claims handling by Argenta Assuranties.

| Argenta-Life Nederland

As a result of the resumed sale of mortgages by Argenta Spaarbank, 2011 has commercially been the best year since the start of Argenta-Life Nederland. In addition to the strong growth of mortgage related life insurance sales, Argenta-Life Nederland also benefited from the growing

concern among consumers to choose safe products. This resulted in more than EUR 111 million in technical reserves at the end of 2011 and premium income of over EUR 32 million for the whole year.

In the coming years Argenta-Life Nederland will also be able to benefit from the strategic plan for the Netherlands approved by the Board of Directors of Argenta Spaarbank. An important part of this plan is the distribution strategy. Argenta is opting for selective distribution, with the intention of obtaining an improved grip on the network.

On an operational level, it is worth noting that, despite the strong increase in production, priority is given to the swift and high-quality processing of all insurance quotes. Finally, the necessary steps were taken to fill the managing director position vacant since the end of 2010.

Argenta Life Luxemburg

The sale of new life insurance policies was halted in 2011 following the cessation of Argentabank Luxembourg's retail activities.

Argenta cares to provide an adequate management service for existing customers and policies.

Impact of the general financial economic situation

Argenta Assuranties grew solidly in 2011. In non-life insurance, the business plan objectives were achieved. Car, fire and family insurance accounted for an increase in the number of policies, premium income and market share. Life insurance experience considerable success. In the Netherlands the number of savings mortgage insurance policies grew strongly.

To guarantee future payouts, Argenta Assuranties reinvests a portion of the collected premiums. The company does this by adhering to the strict rules of its financial guideline. Government bonds in the portfolio were monitored closely. In 2011 a small equities portfolio was built which, as a result of risk diversification, managed to outperform the Eurostoxx50.

Despite the cautious reinvestment policy, Argenta Assuranties built up provisions for its securities portfolio and its limited volume of perpetual loans to financial institutions.

In 2011, Argenta Assuranties had to contribute to the deposit protection scheme for the first time. This levy amounted to EUR 2.7 million. Administrative costs were also in control.

Argenta Assuranties maintained its profitability and was able to achieve the targeted results.

The favourable result enabled to build a provision via the Fund for Future Allocations and to grant a "top of the market" profit share to its policy holders.

Argenta Assuranties increased its capital by EUR 30 million to enable to continue its growth. This amply meets solvency requirements. The transition to new Solvency II regulations is being prepared.



INTERNATIONAL NETWORK

Information concerning the existence of branch offices

The Company

The Company has no branch offices.

The other companies of the Argenta Group

Argenta Spaarbank has a branch office in the Netherlands, with its registered office at Essendonk 30, Breda, which was established in 2003. In April 2006, new production of mortgages was also effectively placed through the Dutch branch office, in addition to the banking activities that already existed there.

Information concerning foreign companies of the Argenta Group

Foreign Argenta Spaarbank subsidiary

Argentabank Luxembourg is a Luxembourg credit institution which, since 2011, has focused solely on its activity as a fund manager and administrative agent.

The retail banking activities have been ceased and since 2011 Argentabank Luxembourg has limited activities to a number of institutional customers for which it provides the custody of securities where these are issued by itself or Argenta Nederland. Argentabank Luxembourg is currently also maintaining its role as paying agent for its own bonds, a portfolio that, given the cessation of new issues, is in run-off and will mature by 2014.

Foreign Argenta Assuranties subsidiaries

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

Argenta Life Luxembourg has the status of a Luxembourg insurance company. It operates mainly in branch 26 – Capitalisation activities and branch 23 - Investment insurance.

Foreign UCIs promoted by Argenta Spaarbank

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

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

Argenta Nederland

Argenta Nederland is an issuance vehicle and has an outstanding bond portfolio of EUR 110 million on its balance sheet, of which EUR 60 million maturing in 2013 and EUR 50 million in 2014.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Discussion of the financial statements of the Argenta Bank- en Verzekeringsgroep for the 2011 financial year

The Company's balance sheet total amounts to EUR 732,649,366.

In addition to non-current financial assets in the form of investments in related companies amounting to EUR 729,050,621, the Company has EUR 3,598,745 in current assets.

The profit for the financial year amounts to EUR 10,418,178.

After the proposed profit appropriation, shareholders' equity amounts to EUR 670,912,771 according to the balance sheet as at 31 December 2011.

The financial statements must be read in combination with the Company's consolidated financial statements in order to obtain a more complete view on the current status of the Company.

The profit to be appropriated for the financial year amounts to EUR 10,418,178. The proposed appropriation of the profit for the financial year is to allocate it as follows:

• to the statutory reserve:	EUR 520.909
• to the distributable reserve	EUR 9.897.269

It is proposed to withdraw EUR 59,160,927 from reserves and to distribute this amount to shareholders.

Discussion of the consolidated financial statements of the Argenta Bank- en Verzekeringsgroep for the 2011 financial year

Balance sheet and income statement

The consolidated balance sheet total amounts to EUR 35,215,580,970. This is an increase of EUR 1,370,356,044, or 4.05%.

The consolidated profit for the year amounts to EUR 93,111,728. This is a 12.87% increase in profit compared with the previous year.

Interest income increased by 4.30% to EUR 1,166,995,865.

Interest expenditure decreased by 0.35% to EUR 769,059,443.

The premiums and other insurance revenues increased by 74.08% to EUR 680,961,544. The technical costs of insurance products also increased by 57.46% to EUR 710,870,712.

The commission income of EUR 65,503,043 is 5.89% higher than the preceding year. Commission expenses increased by EUR 16,571,321 or 14.15% to EUR 133,668,191.

During the past year, gains on investment securities of EUR 57,810,023 were realised. This represents a decrease compared to 67,427,710 in 2010.

Remuneration, social security charges and pensions increased by 7.17% to EUR 40,995,886.

Other administrative expenses increased by 14.66% to EUR 107,358,636.

Shareholders' equity and ratios

After the proposed profit appropriation, shareholders' equity amounted to EUR 1,249,990,607 as of 31 December 2011. This compares to EUR 1,149,328,698 as of 31 December 2010, which is an increase of 8.76%.

The solvency ratio amounts to 21.29% and the gearing ratio 4.81% compared to 18.06% and 4.21%, respectively, last year.

The cost-income ratio is 71.98% compared to 73.04% the previous year.

KEY FINANCIALS

(Argenta Group)

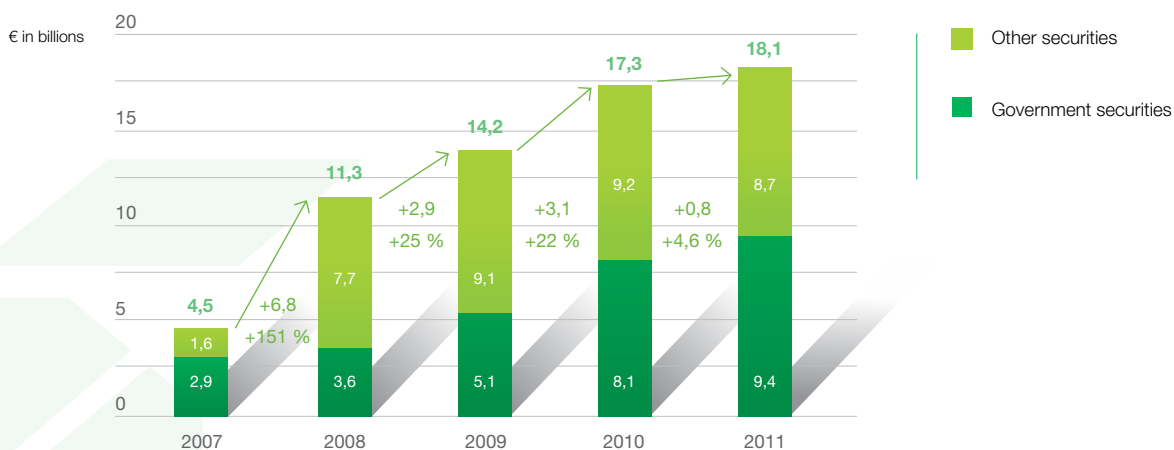
Consolidated Balance Sheet



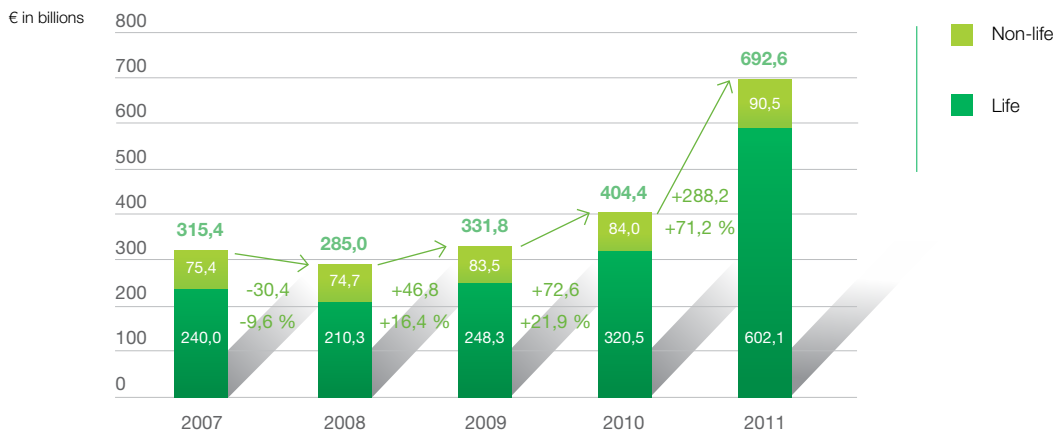
Retail Lending



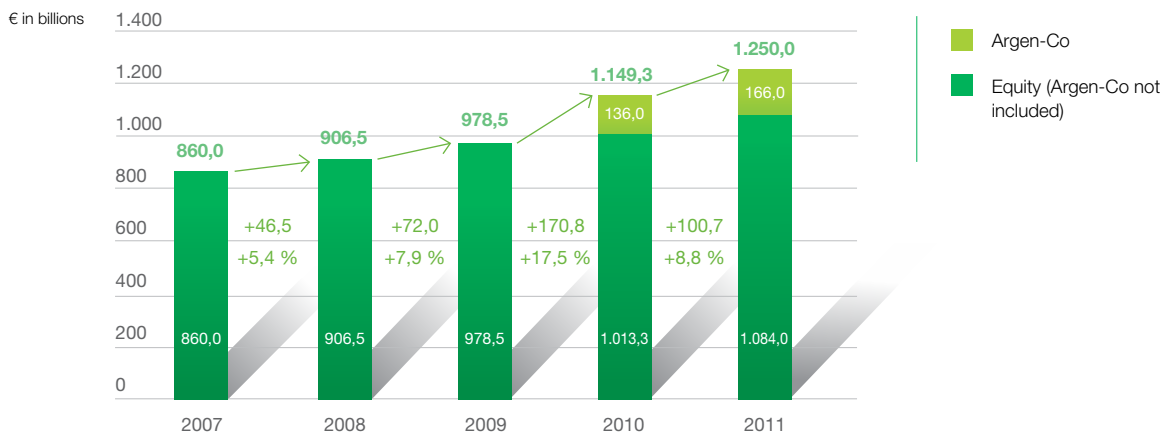
Fixed income and variable rate bonds



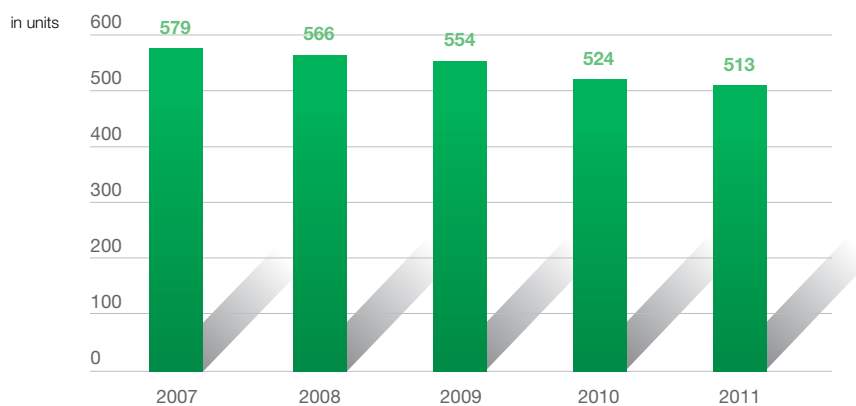
Insurance premium income



Equity



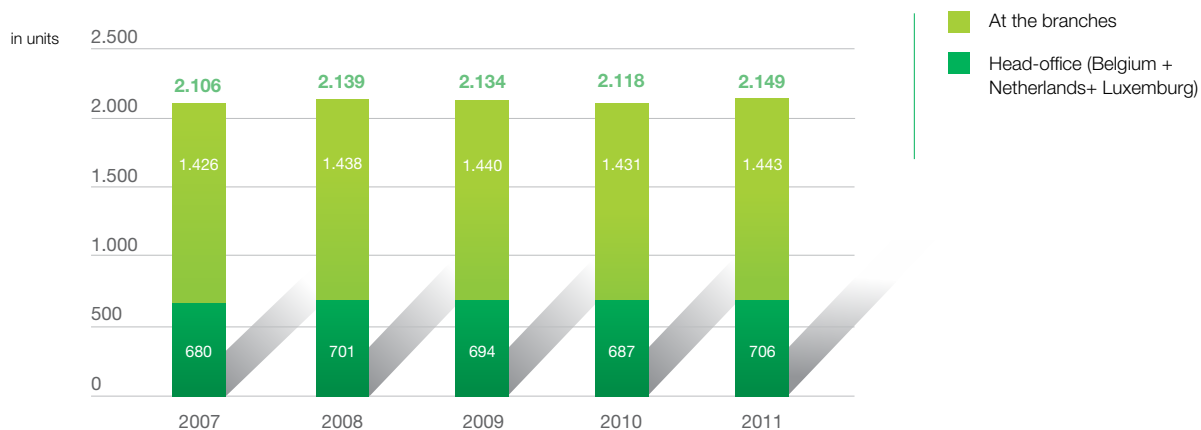
Number of sales point in Belgium



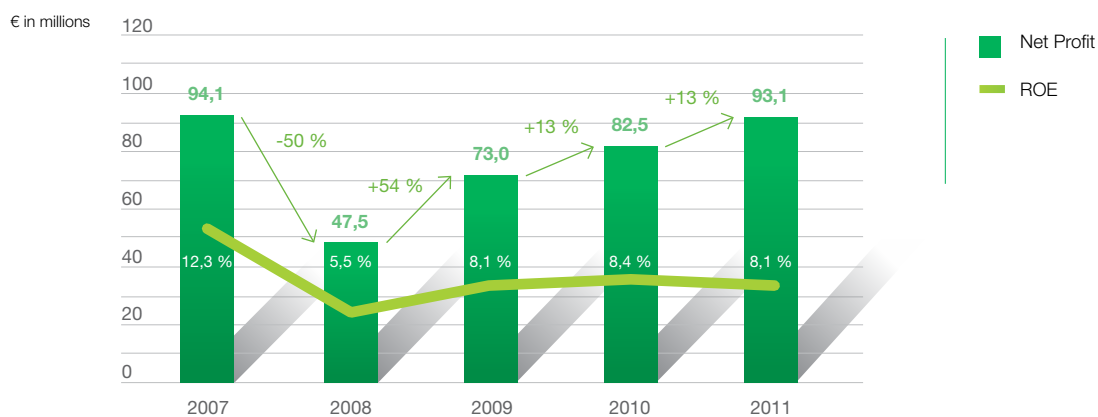
KEY FINANCIALS

(Argenta Group)

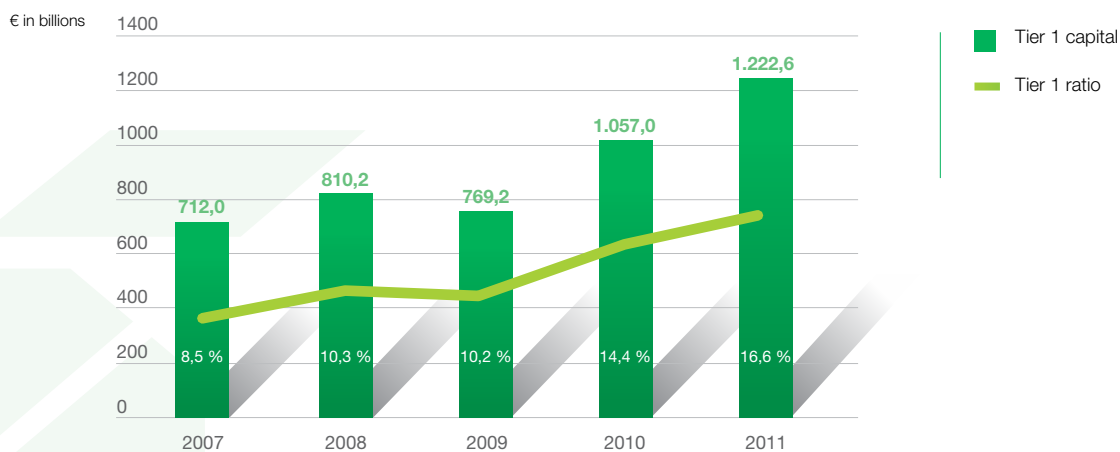
Employment



Net profit and ROE



Tier 1 capital



Summary of the graphic presentations

Amounts in EUR	31-12-10	31-12-11	growth 2011	
			variance	in %
1. Consolidated balance sheet total	33.845.224.926	35.215.580.970	+1.370.356.044	+4,0 %
2. Public savings deposits	31.920.673.648	33.052.101.153	+1.131.427.505	+3,5 %
3. Loans and advances to private customers	14.680.217.177	15.208.231.394	+528.014.217	+3,6 %
4. Bonds and other fixed-income securities	17.306.724.200	18.101.037.392	+794.313.192	+4,6 %
a. public body issuers	8.093.694.603	9.394.747.753	+1.301.053.150	+16,1 %
b. other issuers	9.213.029.597	8.706.289.639	-506.739.958	-5,5 %
5. Total insurance premium income	404.436.039	692.559.884	+288.123.844	+71,2 %
6. Equity according to the balance sheet	1.149.328.698	1.249.990.607	+100.661.909	+8,8 %
7. Regulatory equity	1.327.504.793	1.565.725.061	+238.220.268	+17,9 %
8. Net profit	82.493.527	93.111.728	+10.618.201	+12,9 %
9. Retail branches	524	513	-11	-2,1 %
10. Number of employees	2.118	2.149	+31	+1,5 %
a. in the exclusive branches	1.431	1.443	+12	+0,8 %
b. at the head office	687	706	+19	+2,8 %

(*) Traditional savings funds, life insurance products and collective investments

2008-11 Summary

Amounts in EUR	31-12-07	31-12-11	growth		average last
			variance	in %	4 years in %
1. Balance sheet total	29.329.092.571	35.215.580.970	+5.886.488.399	+20,1 %	+4,7 %
2. Public savings deposits	27.285.664.099	33.052.101.153	+5.766.437.054	+21,1 %	+4,9 %
3. Loans and advances to private customers	17.201.443.377	15.208.231.394	-1.993.211.983	-11,6 %	-3,0 %
4. Bonds and other fixed-income securities	4.503.280.228	18.101.037.392	+13.597.757.164	+302,0 %	+41,6 %
5. Shareholders' equity according to balance sheet	859.974.573	1.249.990.607	+390.016.034	+45,4 %	+9,8 %
6. Retail branches	579	513	-66	-11,4 %	-3,0 %
7. Number of employees	2.106	2.149	+43	+2,0 %	+0,5 %

(*) Traditional savings funds, life insurance products and collective investments

Ratios

	31-12-10	31-12-11
1. Shareholders' equity according to balance sheet / balance sheet total	3,40 %	3,55 %
2. ROE	8,43 %	8,10 %
3. Risk asset ratio (Basel norm)	18,06 %	21,29 %
4. Tier 1	14,38 %	16,63 %
5. Interest yields / balance sheet total (Asset yield)	3,31 %	3,31 %
6. Profit / interest yield (Profit margin)	7,37 %	7,98 %
7. Profit / balance sheet total (Asset yield x Profit margin)	0,24 %	0,26 %

CORPORATE GOVERNANCE



From left to right

Seated: Jan Cerfontaine, Karel Van Rompuy, John Heller

Standing: Marc Mathijssen, Dirk Van Dessel, Rob Rymenans, Marc De Moor, Bart Van Rompuy, Marie-Claire Pletinckx, Geert De Haes, Walter Van Pottelberge, Jean-Paul Van Keirsbilck, Elke Vanderhaeghe, Gert Wauters, Dirk Van Rompuy, Geert Ameloot.

Board of Directors

The Company's Board of Directors met 12 times in the past year concerning the various relevant subjects; one of these meetings was conducted in writing.

The Argenta Group

The Board of Directors of the various companies of the Argenta Group, as well as the Executive Committee of Argenta Spaarbank and of Argenta Assuranties, met regularly during the past year to discuss the various relevant subjects.

Audit committee

The Audit Committee was established within the Company's Board of Directors and functions on behalf of the Boards of Directors of both Argenta Assuranties and Argenta Spaarbank. The Audit Committee evaluates whether the business risks have been sufficiently identified by management and whether appropriate measures have been taken to keep these risks under control.

The committee consists of members from the Company's Board of Directors. In particular, these are independent directors as well as a number of directors who represent the shareholders. The Company's Audit Committee met five times and reported to the Board of Directors after each meeting.

The committee ensures that it obtains sufficient information on the workings of the business. Priority is given to the activities displaying the highest risks.

The committee primarily relies on the investigations and reports of the Internal Auditing department. This department's work is planned in such a way that all business activities are investigated at least once every four years. The committee also discusses reports from the auditors, actuaries and the Risk and Compliance departments. It is important that these departments can work and report completely independently. The committee ensures that this indeed takes place and that the employees of these departments have the necessary skills and experience.

In most cases, a list of recommendations is appended to a report. The committee ensures that these areas for consideration and action are signed off by management and are implemented within a reasonable timeframe. This is why each recommendation is given a score that emphasises the seriousness of the problem and the urgency of the solution. The committee therefore keeps a very close watch on the implementation of the recommendations that receive a high score.

Remuneration committee

The Remuneration Committee was established at the end of 2011 within the Board of Directors of the Company and also functions on behalf of the boards of Argenta Spaarbank and Argenta Assuranties. The Remuneration Committee is composed of three members: an independent director from the Board of Directors of the Company, a director who represents the family shareholder and the chairman of the Company's Board of Directors.

The Remuneration Committee is responsible for monitoring the Pay Policy of the Argenta Group. The committee monitors developments in the remuneration and incentive programmes in the Group and makes general recommendations to the Board of Directors. The committee investigates annually whether the compliance of the Group's remuneration behaviour is in line with the Pay Policy. The committee has only just started its work in full in 2012 and will report on this in the next annual report.

Summary of the members of the Board of Directors, Audit Committee and Remuneration Committee see p. 34 en 35.

Executive committee

The Executive Committee stipulates the limits within which the various group companies can perform their activities and exercise their responsibilities. The Executive Committee of the various companies of the Argenta Group met regularly during the past year concerning the various relevant subjects.

Summary of the members of the Executive Committees and management see p. 36.

Remuneration of the Argenta Group management

The remunerations of the executive and non-executive directors of the Argenta Group companies are established by the respective boards of directors following a proposal from the Remuneration Committee.

Remuneration of the non-executive directors

The remunerations of the independent members of the respective boards of directors of the Argenta Group companies consist solely of fixed remunerations established by the respective general meetings. With effect from 1 January 2012, the fixed remunerations are the same for all independent directors and directors representing the family shareholder. Non-executive directors receive an additional compensation for each meeting attended when

participating in special committees set up within the Board of Directors (Audit and Remuneration Committees). This compensation is the same for all members of such a committee. The chairman of such a committee receives a higher compensation.

The chairman of the respective boards of directors is a director who represents the family shareholder. He receives a fixed remuneration that differs from the remunerations paid to the other non-executive directors.

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

Remuneration of the executive directors

The members of the Executive Committees (and their chairman) of the Argenta Group companies have a written agreement on the basis of which they receive remuneration, the amount of which is decided solely on the basis of the time worked (hourly remuneration). The remuneration does therefore not contain any incentive bonuses for achieving short-term objectives that are inconsistent with the Argenta Group's long-term objectives. The amount of the remuneration is limited as it is decided in advance by the Board of Directors of the company concerned, but also because the number of hours qualifying for remuneration is defined in the written agreement.

Changes to the hourly remuneration or the number of hours qualifying for remuneration are always made with observance of the objective as specified in art. 71 of the Regulation of the Belgian Banking, Finance and Insurance Commission (CBFA) of 8 February 2011 on the *pay policy of financial institutions*.

The hourly remuneration is the same for all members of the Executive Committees, except for the chairman. The number of hours qualifying for remuneration is the same for all members of the Executive Committees, except for the chairman. At the start of the mandate, the hourly remuneration of an Executive Committee member may, however, be less for a maximum period of three years, during which the hourly remuneration is incremented until it reaches the level of the other Executive Committee members.

The composition of, and the division of responsibilities within, the Executive Committees of the three core companies of the Argenta Group (the Company, Argenta Assuranties and Argenta Spaarbank) is to a large extent integrated.

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

The subsequent reporting explains the remuneration of the board members of the Argenta Group, regardless of the company that actually paid the remuneration.

In 2011, the basic salary of John Heller (CEO of the Argenta Group and chairman of the Executive Committees of the Company, Argenta Spaarbank and Argenta Assuranties) amounted to EUR 305,809. Mr Heller was appointed as CEO of the Argenta Group with effect from 1 October 2010.

Mr Heller's supplementary pension and disability contributions amounted to EUR 55,959.22 in 2011.

In 2011, the total direct remuneration of the executive directors of the Argenta Group (excluding that of the chairman of the Executive Committee) amounted to EUR 1,658,825.65.

The supplementary pension and disability contributions of the board members amounted to EUR 128,316.49 in 2011.

No severance payments were made to directors or members of the Executive Committee in 2011.

Executive directors are entitled to a severance payment which, except for withdrawal of the mandate due to a serious error, is equal to 18 months' remuneration. The amount of this remuneration is determined on the basis of the annual gross remuneration and calculated over the 24 months prior to the decision to terminate the agreement, or calculated over the entire period of the mandate if this is shorter than 24 months.

The period of 18 months is reduced to:

- 12 months if the termination takes place after the director has reached the age of 58, but before he has reached the age of 61;
- 9 months if the termination takes place after the director has reached the age of 61, but before he has reached the age of 63;
- 6 months if the termination takes place after the director has reached the age of 63, but before he has reached the age of 65.

INDIVIDUAL SUMMARY OF THE ARGENTA GROUP COMPANIES

HOLDING COMPANY

Argenta Bank- en Verzekeringsgroep

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

CREDIT INSTITUTION

Argenta Spaarbank

public limited liability company
Belgiëlei 49-53 – 2018 Antwerp
RPR Antwerp VAT BE 0404.453.574

Argenta Spaarbank nv has a branch office in the Netherlands: Branch office in the Netherlands
Essendonk 30, NL – 4824 DA Breda

INSURANCE COMPANY

Argenta Assuranties

public limited liability company
Belgiëlei 49-53 – 2018 Antwerp
RPR Antwerp VAT BE 0404.456.148

CREDIT INSTITUTION

Argentabank Luxembourg

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

LIFE INSURANCE COMPANY

Argenta Life Luxembourg

public limited liability company
under Luxembourg law
27, Boulevard du Prince Henri
L - 1724 Luxembourg
R.C. Luxembourg B 36509

MANAGEMENT COMPANY

Argenta Nederland

public limited liability company
under Dutch law
Olympic Plaza
Fred. Roeskestraat 123
NL - 1076 EE Amsterdam
Commercial register Amsterdam 33215872

LIFE INSURANCE COMPANY

Argenta-Life Nederland

public limited liability company
under Dutch law
Essendonk 30
NL - 4824 DA Breda
Commercial register Amsterdam 33301491

BOARDS OF DIRECTORS ⁽⁸⁾ AND SUPERVISORY BOARD ⁽⁹⁾

	Argenta BVg	Argenta Spaarbank	Argenta Assuranties	Argenta Nederland	Argenta-Life Nederland	Argentabank Luxembourg	Argenta Life Luxembourg	Argenta-Fund	Argenta Fund of Funds
Chairman:									
J.N. Cerfontaine bvba (1)									
J. Heller									
S. Duchateau									
Members:									
K. Van Rompuy									
Raco nv (2)									
Advaro bvba (3)									
Parus Beheer bvba (4)									
Ter Lande Invest nv (5)									
MC Pletinckx bvba (6)									
J. Heller									
G. Ameloot									
G. Wauters									
D. Van Dessel									
G. De Haes									
M. De Moor									
M. Mathijsen									
Cristal Investment S.à.r.l. (7)									
S. Duchateau									
M. Waterplas									
E. Es									

(1) with J. Cerfontaine as permanent representative

(2) with B. Van Rompuy as permanent representative

(3) with D. Van Rompuy as permanent representative

(4) with J.-P. Van Keirsbilck as permanent representative, sitting as an independent member

(5) with W. Van Pottelberge as permanent representative, sitting as an independent member

(6) with M.C. Pletinckx as permanent representative, sitting as an independent member

(7) with R. Frère as permanent representative

(8) in accordance with Belgian or Luxembourg commercial law

(9) in accordance with Dutch commercial law

Situation at 26 January 2012

AUDIT COMMITTEE

The following non-executive members of the Board of Directors of the Company are on the Audit Committee:

- Parus Beheer bvba*, permanently represented by J.-P. Van Keirsbilck, also chairman of the Audit Committee of the Company;
- Ter Lande Invest nv*, permanently represented by W. Van Pottelberge;
- J.N. Cerfontaine bvba, permanently represented by J. Cerfontaine;
- Raco nv, permanently represented by B. Van Rompuy;
- MC Pletinckx bvba*, permanently represented by M.C. Pletinckx.

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

Mr J.-P. Van Keirsbilck and Mr W. Van Pottelberge and Ms M.C. Pletinckx have worked for many years in the financial sector, both in banking and insurance. Mr J.-P. Van Keirsbilck has experience in the financial sector as an auditor, Mr W. Van Pottelberge as chairman of the Executive Committee of a bank and insurance company and Ms M.C. Pletinckx as chairman and member of various Executive Committees of a banc assurer. All members have an expertise in the field of internal audit and accounting.

REMUNERATION COMMITTEE

This committee was established on 25 October 2011. The following non-executive members of the Board of Directors of the Company are on the Remuneration Committee.

- Ter Lande Invest nv*, permanently represented by W. Van Pottelberge, also chairman of the Remuneration Committee of the Company;
- J.N. Cerfontaine bvba, permanently represented by J. Cerfontaine;
- Advaro bvba, permanently represented by D. Van Rompuy.

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

EXECUTIVE COMMITTEES, MANAGEMENT AND MANAGING DIRECTORS

	Argenta BVG	Argenta Spaarbank	Argenta Spaarbank Branch office in the Netherlands (1)	Argenta Assuranties	Argenta Nederland (1)	Argenta-Life Nederland (1)	Argentabank Luxembourg	Argenta Life Luxembourg	Argenta-Fund	Argenta Fund of Funds
Chairman:										
J. Heller										
E. Schoepen										
H. Bettens										
Members:										
G. Ameloot										
G. Wauters										
D. Van Dessel										
G. De Haes										
M. De Moor										
M. Mathijsen										
J.H. Scholts										
D.P. Stolp										
S. Van Engen										
P. Arrazola de Oñate										
S. Borzellino										
M. Waterplas										
F. Lommelen										
I. Collin										

(1) in accordance with Dutch company law Situation at 1 March 2012

External appointments and personal interest of the directors

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

The following directors of the Company have held external appointments in the previous fiscal year (outside the Argenta Group or their own management company):

1. Walter Van Pottelberge (permanent representative of Ter Lande Invest nv) holds external appointments at:

- Justitia nv, with registered office at Plantin en Moretuslei 295, 2140 Borgerhout, not listed on a regulated market, as director;
- Private Insurer nv/sa, with registered office at avenue Tedescolaan 7, 1160 Brussels, financial institution, not listed on a regulated market, as director;
- Unibreda comm. v., with registered office at Plantin en Moretuslei 303, 2140 Borgerhout, non-executive partner;
- Vanbreda International nv, with registered office at

- Plantin en Moretuslei 299, 2140 Borgerhout, not listed on a regulated market, as director;
- Vanbreda Risk & Benefits nv, with registered office at Plantin en Moretuslei 297, 2140 Borgerhout, not listed on a regulated market, as director;
 - Stichting Edgard Castelein en C. Jussiant, with registered office at Markgravesstraat 12, 2000 Antwerp, public utility, not listed on a regulated market, as chairman of the Board of Directors;
 - Cryo-Save Group nv, with registered office at 7201 HB Zutphen, IJsselkaai 8, a public limited liability company under Dutch law (naamloze vennootschap), listed on Euronext Amsterdam, as Supervisory Board member;
 - Gudrun Group nv/sa, with registered office at avenue des Arts Kunstlaan 50, 1000 Brussels, a public limited liability company (naamloze vennootschap/société anonyme), not listed on a regulated market, as director;
 - Inventive Designers nv, with registered office at Sint-Bernardsesteenweg 552, 2660 Antwerp, a public limited liability company (naamloze vennootschap), not listed on a regulated market, as director;
 - TheraSolve bvba, with registered office at Jozef Cardijnstraat 1, 2070 Zwijndrecht, a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid), not listed on a regulated market, as director;
 - Xenarjo cvba, with registered office at Jef Denynplein 14, 2800 Mechelen, a cooperative company with limited liability (coöperatieve vennootschap met beperkte aansprakelijkheid), not listed on a regulated market, as director;
 - Capricorn Venture Partners nv, with registered office at Lei 19/1, 3000 Leuven, a public limited company (naamloze vennootschap), not listed on a regulated market, as director.
2. Marie-Claire Pletinckx (permanent representative of MC Pletinckx bvba) holds external appoints at:
- Nationale Suisse Assurances nv/sa, with registered office at rue des 2 Eglises/Twee kerkenstraat 14, 1000 Brussels, not listed on a regulated market, as director;
 - Europese Goederen-en Reisbagage Verzekeringsmaatschappij nv/sa, with registered office at rue des 2 Eglises/Twee kerkenstraat 14, 1000 Brussels, not listed on a regulated market, as director;
 - Mensura Gemeenschappelijke Verzekeringskas, with registered office at place du Samedi/Zaterdagplein 1, 1000 Brussels, not listed on a regulated market, as director.



RISK AND RISK MANAGEMENT

Identification of the risks specific to the activities of the Argenta Group and its entities

General

Due to its activities, the Argenta Group is exposed to various risks. The market risk, including the general and specific interest rate risk, constitutes the main risk. Other major risks are the weakening of Belgian economic activity and the risks associated with the limited geographic spread of business activities, the credit risk, the operational risk, the liquidity risk, the insurance risk, the strategic risk, the business risk, the reputation risk and the risks associated with debt financing and related to changes in legislation or regulations. Negligence over the control of these risks can negatively affect the financial performance and reputation of the Argenta Group.

Market risk

General

The principal financial risk factor for the Argenta Group is market risk. The market risk to which the Argenta Group is exposed grasps the fluctuations in the fair or future value of a financial instrument or future cash flows as a result of changes in market prices. In this sense, market risk incorporates three types of risk to which the Argenta Group may be exposed, being interest rate risk, currency risk and other price risks:

- changes in interest rates, yield curves and yield spreads can affect the interest margin between the cost of lending and borrowing for the Banking Pool and cause an imbalance between the contractual guaranteed interest rate and the earned interest rate for the Insurance Pool;
- exchange rate fluctuations affect the value of assets and liabilities denominated in foreign currency and possibly also the income that is obtained from trades conducted in foreign currency;
- the performance of the financial markets can cause the value of the Argenta Group's investment and trading portfolios to fluctuate.

Interest rate risk

The principal market risk, to which the activities of the Banking Pool (in particular Argenta Spaarbank) are exposed, is interest rate risk, which results in the first place from changes in market prices, unexpected changes in investment yields and changes in the correlation between 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. The professional management of these market risks - considering the specific strategic positioning of Argenta Spaarbank as a savings bank - is mainly geared towards the judicious management of interest rate risk as the principal component of market risk.

The results and capital position of Argenta Spaarbank show a certain sensitivity to changes in interest rate volatility, as a major component of the 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 via diverse forms 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 based on the interest rate differentials between the various maturity periods. On the other hand, the valuation of the financial positions 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. The intensity of the volatility in the valuation of the financial positions 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 the management of the interest rate sensitivity is undertaken.

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

Due to the significance of these parameters, a strict framework was agreed, with the Board of Directors of Argenta Spaarbank imposing unambiguous and specific guidelines. The authorised duration gap was determined in such a way that the gross value of the business will not fluctuate by more than 10% in the event of a sudden rise in the general interest rate level of 1%. Argenta Spaarbank applies an internal interest rate risk limit based on the adjusted market value of equity (MVE): this limit is set at -10%/1%. This internal limit supplements to the prudential observation ratio of -20%/2%, which is calculated on the basis of core capital.

Subsequently, the duration gap 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:

- 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. As a result of the interest rate swaps concluded by Argenta Spaarbank to hedge against an interest rate increase, the non-realisation of such an increase has a negative impact on the interest margin.

- the second type of measures relates to endogenous adjustments whereby, based on the pricing policy for deposits and bank savings certificates, the margins applied and the acceptance policy for loans in various maturity segments, the interest rate sensitivity of the portfolio can be structurally adjusted. Such an adjustment is evidently geared towards the fundamental strategic positioning of Argenta Spaarbank, while the above-mentioned exogenous measures have a more tactical character; however, in principle, they supplement the desired endogenous adjustment of the balance sheet. For this purpose, the Argenta risk management processes adhere to a coherent internal organisation enabling it to carry out these activities judiciously, objectively and efficiently and to report in a timely and complete manner to the various competent management bodies. Firstly, this concerns the Asset and Liability Committee (hereinafter **the Alco**), a management body that directly oversees the active positioning as to interest rate risk, with specific responsibilities for monitoring the day-to-day management of the financial positions and reporting to the Executive Committee. The Alco assumes the responsibility to optimise the net interest income (and its sensitivity) and to keep the market value sensitivity of equity within set limits.

The Argenta Group gives priority to endogenous management.

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

Since early 2009, the interest margin has been under pressure due to low interest rates and the negative impact incurred through the conclusion of instruments such as interest rate swaps used to hedge against an interest rate hike. The persistently low interest rates over the 2011 financial year resulted in a negative effect on the interest margin caused by these interest rate swaps.

The strong dependency on Argenta Spaarbank’s interest income has triggered a substantial movement in the

Argenta Group business strategy. For strategic reasons, Argenta Spaarbank intends to reduce its interest rate risk and be less dependent on interest income and interest rate trends. For this reason, it was decided a few years ago to put much more emphasis on fee business, particularly the sale of off-balance sheet products, the financial risk of which is borne by the customer. To make its profitability less dependent on interest income, Argenta Spaarbank has made important efforts to develop fee business. The execution of this strategic decision was prepared at length and has been implemented since 2008. This recent fee business pillar (or “investments”), alongside the other pillars of “savings and payments”, “loans” and “insurance”, should diversify Argenta Spaarbank’s income and improve its earnings quality. The initial effects are not yet substantial, but they do contribute to compensating for the negative impact of interest rate hedging on Argenta Spaarbank’s earnings. The earnings quality has improved, yet remains affected by the impact of interest rate hedging instruments. On the insurance side too, a great deal of attention has been paid to activating fee business, particularly via branch 23 insurance.

The combination of endogenous and supplementary exogenous Asset and Liability Management (ALM) hedging ensures that the 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 pillars) fully complies within the scope of the approved Risk Appetite Framework (hereinafter **the RAF**).

Currency risk

The Argenta Group only operates in the Benelux countries and holds investments that are exclusively denominated in euro without any intention to change this strategy in the future, which explains the absence of currency risk.

Other price risks

The Argenta Group is also exposed to price risk (other than interest rate and currency risk) that causes fluctuations in the real or future value of financial instruments (such as the Argenta Spaarbank and Argenta Assuranties bond portfolio) or future cash flows as a result of the performance of the financial markets and changes in market prices. Changes in market prices may be caused by factors that specifically apply to the individual financial instrument or to the issuer (e.g. a particular country’s level of debt and estimated repayment capacity) or by factors that affect all similar financial instruments traded on the market (such as a global financial market crisis).

The Banking Pool does not invest in individual equities, as a result of which only a limited equity exposure is incurred stemming from a number of investment undertakings in collective investment that have underlying investments in equities. The number of units detained in collective

investments as at 31 December 2011 emerged historically on the balance sheet as a result of the establishment of new sub-funds by UCIs promoted by Argenta Spaarbank.

In accordance with the financial guideline approved by Argenta Assuranties' Board of Directors, the Insurance Pool is authorised to make limited investments in equities. As at 31 December 2011, a limited equity portfolio was built up amounting to EUR 19.6 million.

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

The Argenta Group carries out the majority of its business activities in Belgium and the Netherlands. It also carries out limited banking and insurance activities in Luxembourg (via Argenta Life Luxembourg S.A. and Argentabank Luxembourg S.A.).

In Belgium and the Netherlands in particular, the Argenta Group's activities depend on the extent to which its customers use banking, financing, investment, insurance and other financial services. Since the Argenta Group carries out most of its activities in Belgium and the Netherlands, its performance is affected by the level and the cyclical nature of the business activities in those countries, which in turn are influenced by domestic and international economic and political events.

Its activities in Luxembourg, which are mainly oriented towards the management of investment funds, are highly dependent on the international economic and political climate and to a limited extent on the domestic situation.

Credit risk

General

Credit risk is the risk that a counterparty cannot meet its payment obligations. This can be the result of insolvency of a customer or counterparty. This risk arises in both the traditional loan portfolio as well as the investment portfolio.

Risks relative to changes in the credit quality and the recoverability of loans and amounts due from counterparties are inherently linked to a large part of the activities of the Argenta Group. A decrease in the credit quality of borrowers and counterparties of the Argenta Group, a general deterioration of the Belgian or global economic conditions or a decrease caused by systemic risks can affect the recoverability of outstanding loans and the value of the Argenta Group's assets; it can also require an increase of the provision for non-performing loans, as well as other provisions.

In terms of credit risk, the Argenta Group operates in two main areas: the market for lending to individuals (mainly mortgages) and the investment portfolio consisting of placements in the interbank and capital markets.

At 31 December 2011, the Argenta Group's mortgage loan portfolio amounted to EUR 15.2 billion, whereas the portfolio of bonds and other fixed-income securities (inclusive eligible government securities) amounted to EUR 18.1 billion.

Concentration of credit risk

Argenta's sector and geographical concentration exposes the Group to an increased credit risk.

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

The Argenta Group has a concentration in debt instruments issued by the Belgian government and other European governments, which implicates a strong dependency of Argenta Group to the creditworthiness of the Belgian and other European governments.

The Argenta Group has a highly diversified investment portfolio with a concentration on the Belgian government for a nominal amount of EUR 7.1 billion.

At 31 December 2011, the portfolio contained EUR 811 million in nominal exposure to sovereign debt of Ireland and the southern European countries of Portugal, Italy and Spain, EUR 508 million of which relates to Italy. The exposure to these countries has a short residual maturity, as a result of which the outstanding amount will fall to EUR 424 million at 31 December 2012.

At 31 December 2011, the unrealised capital losses on this exposure amounted to EUR 83.1 million. These unrealised capital losses only have a limited potential impact on the Argenta Group's capital, as a result of which the strength of the Argenta Group's capital remains protected. A capital ratio simulation demonstrates that if these capital losses were realised (which is currently not expected), the Argenta Group's Tier 1 ratio would drop from 16.63% to 15.88% (taking into account the hidden tax impact), which still largely exceeds the solvency requirements applicable under Basel II.

The Argenta Group holds Greek government securities in its portfolio for a nominal amount of EUR 7.5 million. The Argenta Group has participated with these securities in the private sector initiative for decreasing the Greek public debt. To participate in this voluntary programme, a EUR 5 million write-down was taken, which reduced the net carrying value of this exposure to EUR 2.5 million.

Liquidity risk

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. Therefore, this is the risk of the Argenta Group having insufficient financial means to meet liabilities when they become due, or that these liabilities can only be met after assets are sold at exceptionally high costs.

Like any banking and insurance group, the Argenta Group also focuses on monitoring the liquidity risk. Unlike the Banking Pool, the liquidity risk of the Insurance Pool is closely linked to the technical reserves, and the hedging gains of the technical reserves are reported quarterly. A significant component of the liquidity risk is the risk of the Insurance Pool not being able to buy or sell certain assets at the appropriate time because there are not enough interested counterparties on the market.

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

Operational risk

General

The Argenta Group is exposed to operational risks. The Argenta Group's activities depend on the ability to process a very large number of transactions efficiently, accurately and in accordance with the policies, legislation and regulations, which means that the Argenta Group is exposed to operational risks (as a result of any infringement of money-laundering provisions or breach of confidentiality obligations or carrying out unauthorised transactions). Operational risks and losses may be the result of fraud, employee error, insufficient substantiation of transactions or failure to obtain the correct internal permission, failure to comply with statutory regulations and codes of conduct, deficient equipment, natural disasters or defects in external systems, such as those of suppliers or counterparties of the Argenta Group.

The Argenta Group has a fairly limited number of products and services, which allows the operational risks to be kept under control. In general, however, it is also assumed that operational risks will gradually increase in the various businesses. Among other things, this is attributable to the rapidly changing technological environment (including the Internet and e-commerce), the increasing complexity and growing range of products as well as the general trend towards outsourcing of non-core business.

Although the Argenta Group has taken measures to control the risks and limit any losses, as well as having earmarked substantial funds for the development of efficient procedures and staff training, it is impossible to apply procedures that can constantly control all these operational risks in a completely effective manner.

External service providers

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

Insurance risk

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

For non-life and health insurance, the results of the Insurance Pool mainly depend on the degree to which the actual claims paid correspond to the principles used in the pricing of products and in determining the level of the technical provisions and in the liability to compensate for loss. To the extent that the actual results are less favourable than assumed in the calculation of the liabilities, this can lower the profit.

For life insurance, the underwriting risk includes lapse risk, mortality risk and expense risk. The Insurance Pool is exposed to risk when the number of lapses increases, because it is not always possible for the Insurance Pool to fully recover the handling charges on the sale of a product. An annual evaluation of the hypotheses involving lapses, expenses and benefit payments (death & maturity) is carried out during the Embedded Value process.

Strategic risk

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

In order to achieve the strategic goals set out in the business strategy, the Argenta Group makes resources available (including channels of communication, systems, human resources, networks, management time and skills).

The ultimate achievement of the business strategy depends on the adequacy of the resources made available and on the way in which these resources are used; these criteria will be permanently evaluated.

Business risk

Business risk is the risk that current and future earnings and capital levels will be affected by changes in business volumes, or by changes in margins and costs; both are caused by changing market conditions or the organisation's inability to take advantage of these. This risk also refers to a poor diversification of earnings or the impossibility of preserving a reasonable level of profitability.

In order to best address the business risk which it faces, the Argenta Group has, in addition to its traditional activities, taken the strategic option of selling products that generate fee income. This fourth activity pillar, investments, alongside the other pillars of insurance, loans and savings and payments, should give rise to an increased diversification in earnings. What is important in this regard is also the attention given to cross-selling, in order to bring as many customers as possible into several pillars at once.

As regards the profitability of the products of the Banking Pool, price setting must take account of fund transfer pricing, in order to determine the earnings contribution of each product. For insurance products, the Insurance Pool bases itself on profit testing.

Reputation risk

The Argenta Group is constantly exposed to reputational risk. Reputational risk is the risk of loss due to a worsening reputation or status caused by a negative view of the company's image among its customers, counterparties, shareholders and/or regulatory bodies. This is a second-order risk, or stated otherwise, a risk that results from another risk, but which still has its own impact. The Argenta Group considers this a vertical risk, in the sense that it is a risk that crosses all other risks. By monitoring and managing the other risks, the reputational risk is also kept under control.

Risks associated with debt financing

The Argenta Group raises funding by contracting third-party debt in the form of bank savings certificates, bonds, tier 1 notes and subordinated notes. Although the Argenta Group firmly believes that its financing structure is appropriate to its requirements, the Argenta Group entities should generate sufficient available cash flows to be able to repay these debts. If the Argenta Group wishes to refinance debts, matured or otherwise (for example, to satisfy capital adequacy requirements), there is no guarantee that new funding can be found at terms acceptable to the Argenta Group.

Risks associated with changes in legislation and regulations

Wherever the Argenta Group operates, it needs to comply with the laws, regulations, administrative measures and

policy guidelines governing the financial services. Changes in the supervisory framework and regulations may affect the Argenta Group's activities, products and services offered or the value of its assets. Although the Argenta Group works in close collaboration with the supervisory authorities and constantly anticipates on future changes in regulations, fiscal policy and other policies can be unpredictable and are beyond the Group's control.

Also the capital adequacy requirements for credit institutions and insurance companies are currently being revised (the Basel III standards and (EU) Solvency II standards), entailing an impact on the Argenta Group.

Risk management at the Argenta Group and its companies

General

The Executive Committees of Argenta Spaarbank, Argenta Assuranties and the Company were merged in 2010, with a number of members in common: the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Risk Officer (CRO). The unity of management highlights the importance of proclaiming a harmonised groups-wide commercial, risk and financial strategy, with the emphasis on the long-term relationship with both customers and independent agents.

In terms of risk management, in 2011, the Argenta Group continued to expand its conservative, transparent risk management, which clearly proved its added value during the recent crises.

In 2011, the following improvements were made specifically within the field of risk governance and risk appetite:

- the further elaboration of effective limits within the RAF, with a clear link to the business plan (see below);
- the definition of a new "Treasury management and ALM" policy for Argenta Spaarbank, with improved risk input in each of the core businesses (see below);
- the further development of ICAAP for Argenta Spaarbank, Argenta Assuranties and the Company;
- the elaboration of a guideline's cartography within the Argenta Group, the definition of a hierarchical structure and the performance of a gap analysis;
- the roll-out schedule for IRB models for banks and companies was submitted and approved;
- the integration of the Validation Unit in the Risk department (without loss of independence).

The risk governance principles listed below indicate that the Argenta Group is convinced of the importance of disposing of a strong risk management function (present and future):

- the CRO-role was created within the Executive Committees of the Argenta Group and the entities in 2010, clearly distinct from the CFO-role, important from a corporate governance viewpoint;
- within the existing strategy and risk appetite, as described in the ICAAP file, the RAF and the new “Treasury management and ALM” policy for Argenta Spaarbank were formally submitted to the Executive Committee and Board of Directors (with the 2012 business plan);
- the RAF is a transparent ‘early warning signal’ in which the daily risk management for each risk category is strictly monitored based on three colour codes (green, yellow and red);
- the Argenta Group’s conservative risk appetite is managed based on five risk categories:
 - capital adequacy
 - asset quality
 - income and value stability
 - liquidity
 - concentration
- a sixth risk category has been added specifically for Argenta Assuranties:
 - liabilities quality
- thanks to embedded, transparent risk reports and second-line formal risk checks, the Argenta Group’s no-nonsense strategy was also extended in its risk management by means of permanent dialogue with the first line and without any unnecessary red tape.
- Since 2010, the Argenta Group’s risk management has also benefited from considerable interchange of banking and insurance risk expertise. This resulted in the Company adopting an ICAAP approach in the first quarter of 2011.

Governance

Besides the independent internal audit and compliance control functions, group risk management is organised at the level of the Argenta Group. At Company level, the Risk & Validation department deals with the specific second-line business risks: financial risk, liquidity risk, credit risk, insurance risk and operational risk.

Within the Argenta Group, the first-line management of the financial risk, liquidity risk, credit risk, insurance risk and operational risk remains the responsibility of the management bodies of the various companies within the Group.

Both the Insurance and Banking Pools can rely on support services at group level, with assessments at group level of whether the risks fit within the RAF framework.

Furthermore, significant efforts are made to clearly define and differentiate the roles and responsibilities in these specialised fields:

- the Risk department provides an independent second-line control;
- the basic principle of identify, measure, report, manage continues to be expressly applicable to all material risk factors (inter alia interest rate and business risk), which are then capitalised by the Risk department in the ICAAP. The Risk department bears the ultimate responsibility for the ICAAP;
- the Risk department therefore has an important detection function consisting of the further proactive identification of risks that have not yet been fully identified. It is also responsible for taking a part in steering the (economic) capital management;
- the Risk and Validation department also takes up an important role in setting the policy on and performing the testing (validating) of risk models (including prepayment scenarios, replicating portfolio project, etc.);
- the Risk department will actively intervene at price-setting committees (hereinafter **Pricos**) via a correct transfer price and risk premium for retail assets and liabilities;
- the department also carries out the requisite formal risk checks (including the interest rate risk statement). Risk - within the outlines of its responsibilities - plays an active role in the committees, notably including the Group Risk Committee, Alco and ARC. The agenda of the monthly Group Risk Committee alternates among ICAAP topics one month, retail credit risk the next (Kreco) and then on operational risk (Orco).

Validation

Along with the second-line risk control, validation of the risk models is one of the necessary core activities of financial institutions. According to the Basel II rules, financial institutions are required to perform independent (thus segregated from the modelling staff) validations of all the risk models developed.

In 2011, the Validation Unit reviewed and confirmed the elaboration of the requirements issued by the National Bank of Belgium (NBB) - the former Banking, Finance and Insurance Commission (CBFA) - for continuing under the foundation internal ratings-based (F-IRB) approach. Therefore, much attention was given to the annual reviews and the internal credit risk stress tests of the Argenta Group.

Within the framework of F-IRB, the Argenta Group has also developed models for the credit risk of Argenta Spaarbank’s investment portfolio, specifically for the exposure to financial institutions, corporates and covered bonds. An internal measurement system was implemented for this purpose in 2010. The validation started at the end of 2010 and continued in the first quarter of 2011. In the third quarter of 2011, the long-term

Probability of Default [PD] for the investment portfolio (exposures to financial institutions and corporates) was also calibrated for the first time and validated internally.

The Banking Pool's ICAAP was validated at the end of 2009/beginning of 2010. In 2011, a conceptual pre-validation of the ICAAP for the Argenta Group was carried out.

Also in 2011, further progress in the validation of the Solvency II framework was made. Specifically, a pre-validation was accomplished on the adequacy of the technical provisions for Non-life & Health (Liability Adequacy Test).

Market risk management

Interest rate risk

Much attention was paid to the management of the interest rate risk in 2011. Changes in interest rates, yield curves and returns can seriously affect both the interest margin and the market value. In order to keep market sensitivity within the RAF approved by the Board of Directors of the Company and not to exceed the supervisor's 'flashing light levels'; interest rate caps were purchased in 2011. These exogenous hedging instruments are to be considered as a supplement to the maximally pursued endogenous management of the balance sheet.

For the endogenous hedging, the whole management array of on-balance-sheet products is available, including price, new products, and adjustment of product characteristics. Endogenous actions can have a significant impact, which will only manifest itself relatively slowly and gradually. The Risk department plays an active role on the Pricos for both credit and interest-bearing liabilities (including branch 21).

The size of any exogenous hedging is determined from an asset and liability perspective.

On one hand, we must be able to adjust the pricing of liabilities sensitive to repricing (less the amount of assets sensitive to repricing) in the event of rising interest rates. The conclusion of interest rate caps enabled the price-setting for the savings account to partly follow a potential future interest rate increase, whereas this would be difficult without a hedge because of the less frequent interest adjustment of the assets.

On the other hand, it must be possible to convert long-term fixed-rate assets into floating instruments when interest rates are rising. Thanks to an interest-rate hedge, the budgeted fixed-rate long-term mortgage production can be made floating in case of a potential future interest rate rise, thereby offering protection from both an earnings and a value perspective.

The combination of endogenous and supplementary exogenous ALM hedging assures that the 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 the development of the four pillars) fully complies with the approved RAF.

The governance of financial risks, more specifically interest rate risk, receives considerable Risk attention in the pursuit of achieving sufficient earnings and value stability.

The new "Treasury management and ALM" policy of Argenta Spaarbank, includes a reviewed interest rate ALM management framework which in addition to the global Earnings@Risk limit within the framework of the RAF, incorporates a specific Earnings@Risk delta NII limit (100 bps up/down) that especially focuses on interest rate sensitivity.

Additionally, multiple scenarios are currently generated based on which the impact on the net interest income and the market value of equity in relation to regulatory capital are calculated and among which the 99.90%, 95% and 80% ICAAP scenarios are selected.

Moreover, the Argenta Group mainly focuses on conservative investments (within the RAF), such as government bonds, financial and non-financial bonds and mortgage loans, as a result of which not only the financial risk, but also the spread and liquidity risk, is limited.

As stated above, the Argenta Group has implemented and applied risk management methods to reduce and control the market risks to which it is exposed. Exposure to such risks is permanently monitored and controlled using professional software programs through which all material sources of interest rate risk are identified. This implies that the internal systems screen all interest rate sensitive assets and liabilities as well as off-balance sheet exposures.

When measuring the interest rate risk, reporting is done from an earnings perspective (earnings at risk perspective, net interest income) and an economic value perspective (economic value, evaluation in terms of the value of the equity capital). Internal limits, which are part of the RAF and which reflect the interest rate risk policy and the corporate strategy, are in place.

A weekly report on the interest rate risk is distributed to the Alco on an alternating basis (in the first week to the Alco for Argenta Spaarbank and in the second week to the Audit and Risk Committee (ARC) for Argenta Assuranties). Among others, these reports cover the following topics: summary of the aggregated positions, compliance with the guidelines and market risk limits, the applicable assumptions, the stress-test results, recommendations, and the interest rate risk positions for both Argenta Spaarbank and Argenta Assuranties. In 2011 the

replicating portfolio project was initiated, via a preliminary study, for Argenta Spaarbank's savings deposits in an effort to improve the sensitivity measurement of this major balance sheet component (source of interest rate and business risk). On a monthly basis, reports are submitted to the respective Executive Committees and Boards of Directors of the Argenta Group.

Equity risk

2011 also marked the set-up of a small diversified equity portfolio within Argenta Assuranties subsequently to having obtained the appropriate approval from the Executive Committee and the Board of Directors (within limited risk appetite and based on a fundamental analysis).

Liquidity risk management

The identification, measurement, reporting and management of liquidity risk within the Argenta Group is performed through a tailor-made management information system (MIS), including a contingency plan, guaranteeing an adequately liquidity management under both normal and exceptional circumstances.

The liquidity risk appetite is managed in the RAF via "early warning signal" levels based on two risk indicators, namely the "Liquidity Coverage Ratio" (LCR) and the "Net Stable Funding Ratio" (NSFR).

The daily liquidity management, the definition of early warning indicators (EWIs) and the organisation of stress tests are described in the "Liquidity Contingency Plan" (LCP).

Daily reports on the funding situation are distributed to a wide target audience, including all members of the Executive Committee. In addition, the discussion of the warning indicators is a fixed agenda item on the bi-weekly Alco. As a consequence, senior management is involved in liquidity management on a continuous basis.

Credit risk management

Generally speaking, credit risk arises when a customer or counterparty is no longer able to meet its contractual obligations. This can be the result of insolvency of a customer or counterparty. This risk arises in both the traditional loan portfolio as well as the investment portfolio. As for the latter, widening spreads and rating downgrades are indicators of credit risk. Credit risk exists in both the Banking Pool and the Insurance Pool of the Argenta Group.

For the Argenta Group, there are two particular sub-areas as to credit risk; the market for mortgage lending to individuals and the investment portfolio. Therefore, credit risk management focuses on these two segments.

The use of the rating tool for the investment portfolio was intensified in 2011. The Argenta Group uses this

tool to determine internal ratings for the counterparties in its securities portfolio. An internal rating was allocated last year to all debtors in the banking and corporate portfolio of the Banking Pool. In this way, about 100 counterparties were thoroughly screened internally, based on a well-defined method in accordance with the internal governance procedure. In addition to a thorough first-line analysis, this procedure includes an extensive risk check on and a validation of this internal rating by the second line. These proposed internal ratings have also been confirmed and/or have been approved by the Argenta Group's rating committee. In 2012, the Argenta Group will continue to apply this approach in order to allocate internal ratings to the entire banking and corporate portfolio of the Insurance Pool.

This approach conforms to the on-going F-IRB roll-out within the Basel framework. The Argenta Group has been applying the more advanced credit risk measurement approach for the retail mortgages portfolio since 2009. In 2011, the internal ratings-based (IRB) system for banks and corporates was subjected to an intensive use test. The long-term Probability of Default [PD] for the investment portfolio (exposures to financial institutions and corporates) was also internally modelled, calibrated and validated and will be periodically reviewed. These default probabilities were calculated on an extensive history and on a set of default and migration data from the financial markets.

In 2011, the Argenta Group started with the elaboration of a stress-testing framework for banks and corporates, a process that will be finalised in the forthcoming year. The Argenta Group will also evaluate whether the F-IRB approach can and will be properly extended to sovereigns.

An accurate and internally refined rating-allocation framework also plays a major role in the process for monitoring the quality of the Argenta Group's securities portfolio. Thus, the asset quality of the different portfolio components is closely monitored by using the average rating concept based on the internal ratings on the one hand and agreed rating factors on the other hand. The criticality of the process for monitoring and tracking the quality of the portfolio is justified by the events on the financial markets last year, which had a huge impact on governments and banks. The European debt crisis caused the credit rating of many EU countries to be downgraded. Rating agencies also downgraded the credit ratings of many European governments and banks. Obviously, this also led to a decrease in the Argenta Group's average portfolio rating for governments and banks. Yet the Argenta Group managed to keep the portfolio quality at a high level thanks to a prudent investment policy focused on sound quality of the counterparties. This conclusion was also reached by S&P in its 2011 rating report on Argenta Spaarbank. The Argenta Spaarbank ALM & Thesaurie Management guideline was reviewed in 2011 and contains a clearly outlined and detailed

management framework with regard to the investment policy. For Argenta Assuranties, this investment policy is also approved by the Executive Committee and the Board of Directors and implemented in 2011.

In this new Argenta Spaarbank guideline, various points of the investment policy were revised. These include:

- the introduction of a country limit that measures not only the sovereign risk, but also the risk of all counterparties/debtors per country;
- the definition of a separate limit for repos, derivatives and covered bonds alongside the bond limit;
- the definition of the counterparty limit considering both ratings and maturity; and
- the re-enforcement of investment conditions for Asset-backed securities (ABS) and residential mortgage-backed securities (RMBS) whereby the following restrictions apply:
 - 5 % retention by issuer/initiator;
 - permanent monitoring of underlying risk positions on arrears, default;
 - known underlying and clear view of the structure: no RMBS on RMBS or ABS on ABS but directly underlying collateral.

A similar framework adapted to the specific nature of the insurance activities has also been partially applied to the portfolio of Argenta Assuranties.

Within this policy framework, the Argenta Group also focused on the development and application of the RAF in 2011. In this context, ratios with regard to country concentration and asset quality were very important.

In 2011, the Argenta Group continued targeting sound credit risk investments. For instance, the first-line department responsible for credit risk analysis was expanded in terms of both manpower and available tools. The number of Middle Office and Back Office staff was also increased, providing a stronger basis for an upgrade to higher quality first-line portfolio reporting, serving as the starting point for performing the independent risk management function.

2011 was marked by the persistent sovereign debt crisis in Europe. This had a minor impact on the Argenta Group's mortgage portfolio, which led to stable arrears percentages and low default rates. The decline in house prices on the Dutch mortgage market also had a minor impact on the Argenta Group's portfolio.

An extensive update of the risk models for the mortgage portfolio was initiated in 2011. Both the methodology and the variables used were reviewed and, where appropriate, modified.

In the first half of the year, much attention was paid to the annual internal Argenta credit risk stress test. This process

consists of a number of stress scenarios, including a highly adverse scenario and a reverse stress test that are being calculated on a yearly basis. These tests also demonstrated sound results.

Operational risk management including information security and business continuity management (BCM)

The management of operational risks within the Argenta Group is covered by the Operational Risk Management Policy, approved by the Executive Committee and the Board of Directors at the end of 2010. The policy document establishes the principles, rules, guidelines and procedures for identifying, measuring, reporting and managing operational risks. It also defines the lines of reporting by the various subsidiaries, which remain accountable for the management of their own operational risk.

Operational risk management is organised at three levels at the Argenta Group. The first level - first-line responsibility - lies with the business units and the Executive Committee member concerned. They are responsible for identifying risks and action plans, assessing and managing the risks, implementing the action plans, budgeting for expected operational risk losses and adopting a pro-active approach towards the risks.

Second-line responsibility lies with the group-level Risk department, taking-up the management and control function at Argenta Group level. This department checks the positions and activities of the Banking and Insurance Pools against the Argenta Group's risk management guidelines, reports at consolidated level, provides follow-up and, if necessary, takes initiatives for making adjustments. The Risk department also offers a consulting and support function to the Banking and Insurance Pools.

Additionally, the Human Resources (HR), Compliance, Inspection, Central Staffing & Communication and ICT departments have a central responsibility for operational risk management. Based on their area of expertise, they are required to formulate an Argenta group-wide policy that is able to adequately help in keeping the operational risk under control (e.g. HR wage policy).

Operational risks arise as a consequence of either inadequate or deficient internal processes, people and systems, or as a result of external events. The impact may consist of financial or reputational loss.

All (operational) risks that have been identified by those with first, second or third-line responsibility, and all incidents that have been noted, are registered in the Risk database. The risks are scored by all parties using the same scorecard, thus ensuring that the scoring is uniform. The recommendations put forward by Audit, Compliance, Risk and Information Risk Management and Validation

during the performance of their second or third-line control function and the resultant actions are monitored through this database and the status of the actions is assessed and reported periodically by the relevant control function.

Gathering all information and using a company-wide approach for operational risk, enables the Argenta Group to provide for more efficient steering of the management measures, which is a clear means of focusing on the qualitative management of operational risk.

This striving for quality is a core objective of everyone at the Argenta Group and will be reflected in, among other things, an increased maturity level of the internal control.

In order to align with the applicable standard corporate policy and best practices in risk management, the responsibilities for information security and continuity policy (BCM) were split into first-line and second-line responsibilities in 2011. The second-line responsibilities were transferred from the Information Risk Management department to the Operational Risk unit in the Risk and Validation department.

In 2011, the focus was on integrating information security and BCM in operational risk management. As to BCM specifically, time was devoted to updating the BCM documentation and performing business impact analyses with all departments. The BCM and information security guidelines were approved by the Executive Committee and the Board of Directors in 2011.

Insurance risk management

The Insurance Pool applies a number of rules and procedures in order to control insurance risk.

Both the acceptance and pricing policies are set and adjusted by means of continuously monitoring the technical results of the Insurance Pool. The clear acceptance policy for well-defined target groups enables the acceptance risk to be limited. With the development of a new product, all possible risks are taken into consideration in order to keep these under control. By means of a continuous monitoring, necessary measures are taken in time, such as a possible price adjustment.

Argenta Assuranties has a limited, concentrated product range. A cooperation agreement has been negotiated with Mercator and Allianz for insurance products not offered by Argenta Assuranties itself.

The Insurance Pool also uses reinsurance in order to limit underwriting risks, which reduces the volatility of the results and improves the solvency ratios. The retention and the limits for reinsurance contracts are determined in accordance with the Argenta Assuranties' acceptance policy and risk appetite.

A reinsurance programme has been contracted with unlimited cover for casualty insurance. As for property, reinsurance has been arranged by risk and by event such that catastrophes (e.g. storms) are also insured. Argenta Assuranties also has a reinsurance programme for its life business.

The rules for calculating the technical reserves are conservative. A systematic check is carried out on whether the reserves are adequate. If the reserves are considered inadequate, it is decided to assign supplementary provisions and/or adjust the strategy concerning pricing and risk acceptance.

In addition to the prudent reserve policy and the reinsurance programmes, the Insurance Pool established a provision for equalisation and catastrophes for both property and car insurance. A provision for the aging population has also been conceived for health insurance.

Because the business of the Insurance Pool is exposed to specific risks by nature, a large number of management tools has been developed to keep the insurance risk under control.

The insurance risk is periodically assessed using the QIS5 standard formulas.

Management of other risks

In 2011, further investments were made as to the development of economic capital models, in particular within the field of stress and scenario testing. Together with the economic capital calculations based on simulated models, these give the Argenta Group an overall picture of all the material risks it carries. The results play a major role in the earnings and value-based management (VBM) models.

OTHER INFORMATION

| Increases in share capital

The Company

On 21 June 2011, Investar nv subscribed a capital increase of the Company, subject to a non-monetary contribution of a part of the claim it has on the Company arising from a dividend with stock option of EUR 16,638,300. The Company's authorised capital was increased from EUR 520,871,500 to EUR 537,509,800 with the issue of 166,383 new shares and payment of an issue premium of EUR 20,074,109.80.

On 23 December 2011, Argen-Co subscribed a capital increase of the Company, subject to a cash contribution of EUR 12,824,400. The Company's authorised capital was increased from EUR 537,509,800 to EUR 550,334,200 with the issue of 128,244 new shares and payment of an issue premium of EUR 17,175,719.

The Argenta Group

The Company used the proceeds of the capital increase by Argen-Co to subscribe in turn to a capital increase of Argenta Assuranties. As a result of this capital increase on 23 December 2011, the capital of Argenta Assuranties was increased by EUR 30,000,000, without the issue of new shares, from EUR 73,467,000 to EUR 103,467,000.

| Acquisition of the company's own shares

Neither the Company, nor a direct subsidiary, nor a person acting in their own name but on behalf of the Company or the direct subsidiary, acquired shares of the Company during the 2011 financial year.

| Application of article 134 of the Belgian Companies Code

The Company

During the 2011 financial year, the statutory auditor Deloitte Bedrijfsrevisoren cvba or businesses that cooperate with it professionally, were not granted any remunerations for additional work.

The Argenta Group

During the 2011 financial year, the companies of the Argenta Group allocated supplementary remunerations to the accredited auditor, Deloitte Bedrijfsrevisoren cvba, or to companies in a professional partnership with the auditor,

as a result of additional work with regard to IFRS review and analysis, F-IRB modelling, additional audits, interest rate advice, FINREP audit, COREP and MIFID reporting in Luxembourg, study costs and consultation, training, fiscal advice and legal due diligence for All Share BV, audit of the dividend payment by Argenta Luxembourg, work relating to the medical index and Solvency II and an audit concerning justification as a provider of funds, in a total amount of EUR 282,408.95 (incl. VAT).

| Information concerning significant events after the balance sheet date

Government fiscal and legal measures

As of 1 January 2012, a number of fiscal changes was introduced that will impact Argenta's operations.

One of the most striking changes is the increase in the tax on interest and dividends that qualify for a tax break. The rate was raised from 15 % to 21 % as of 1 January 2012, although there are exceptions for savings accounts, for example.

An additional 4 % levy on investment income was also introduced for anyone receiving more than EUR 20,020 in interest and dividends which are eligible for a tax break. Interest on savings accounts and government savings certificates are not subject to this 4 % levy.

A tax on the conversion of bearer securities to dematerialised or registered securities was also introduced. The rate is 1 % if the conversion takes place in 2012. This becomes 2 % in 2013.

Tax on stock exchange transactions has been raised again. Both the rates and the ceiling will increase by 30 % in 2012.

The tax break for both long-term savings and pension savings as well as individual life insurance has been fixed at a flat 30 %. Until the end of 2011, this was between 30 % and 40 %, depending on income.

The tax break for interest, capital repayments and related debt protection insurance has been fixed at 45 %. This replaces a deduction at the marginal rate.

Green loans can no longer be taken out as of 2012.

Long Term Refinancing Operation (LTRO)

On 8 December, the ECB announced the creation of a new three-year LTRO, with the possibility of repayment after one year. Argenta Spaarbank participated cautiously in the first LTRO in December in the amount of EUR 200 million.

At the end of February 2012, the ECB issued a new LTRO. Argenta requested and obtained EUR 1 billion in the second LTRO; this was not done for financing requirements, but due to the attractive price. On the day the LTRO was granted, Argenta Spaarbank decided to pass on this benefit to customers by cutting mortgage rates. That is exactly one of the aims of the LTRO: to stimulate the economy.

Since the financial year-end, no other major events concerning the Argenta Group or, for that matter, the Company have, to the best of the Board of Directors' knowledge, occurred.

Information on circumstances that could significantly affect the development of the Company and the Argenta Group, insofar as they are not of the nature that they cause serious disadvantage to the Company and the Argenta Group

The Company

To the best of the Board of Directors' knowledge, there are no circumstances other than those mentioned in this Annual Report that could have a material impact on the Company's development.

Argenta Group

To the best of the Board of Directors' knowledge, there are no circumstances other than those mentioned in this Annual Report that could have a material impact on the Argenta Group's development.



FINANCIAL STATEMENTS 2011



CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

(Financial Statements for Argenta Group)

1. Consolidated financial data

1.1. Consolidated balance sheet as at 31 December 2011 after profit appropriation

in EUR

ASSETS		2010	2011
I.	Cash balances with central banks and post office giro service	32,970,978	32,702,129
II.	Government securities eligible for refinancing at the central bank	597,211,813	166,423,953
III.	Receivables from credit institutions		
	A. Repayable on demand	63,805,734	39,740,825
	B. Other receivables (with maturity or with notice)	705,452,964	678,964,293
		769,258,698	718,705,118
IV.	Receivables from customers	14,680,217,177	15,208,231,394
V.	Bonds and other fixed-income securities		
	A. Issued by public bodies	7,496,482,790	9,228,323,800
	B. Issued by other issuers	9,213,029,597	8,706,289,639
		16,709,512,387	17,934,613,439
VI.	Equities and other variable yield securities	375,065,584	460,764,445
VII.	Financial fixed assets		
	B. Other enterprises		
	1. Participating interests, equities	79,417	79,412
VIII.	Formation expenses and intangible fixed assets	94,616,395	86,323,533
IX.	Consolidation differences	98,150,460	89,227,690
X.	Property, plant and equipment	35,125,204	35,854,005
XII.	Other assets		
	• Reinsurance company share in technical reserves	2,012,011	2,067,267
	• Other	44,881,488	82,728,356
		46,893,499	84,795,623
XIII.	Deferred income	406,123,314	397,860,229
TOTAL ASSETS		33,845,224,926	35,215,580,970

in EUR

LIABILITIES AND EQUITY		2010	2011
I.	Amounts owed to credit institutions		
	C. Other liabilities (with maturity or with notice)	1,983,245,130	2,268,551,720
II.	Amounts owed to customers		
	A. Savings / savings deposits	16,450,206,767	17,339,619,806
	B. Other debts		
	1. Repayable on demand	2,639,115,429	2,749,186,779
	2. With agreed maturity dates or periods of notice	1,521,351,504	1,541,721,301
	C. Actuarial reserves and premium reserves	1,952,620,078	2,125,840,375
		22,563,293,778	23,756,368,261
III.	Debt certificates		
	A. Bonds and other fixed-income securities in circulation	6,372,359,346	5,882,883,615
IV.	Other liabilities	135,303,815	142,293,569
V.	Deferred income	353,170,957	351,790,892
VI.	Provisions, deferred tax liabilities and deferred tax assets		
	A. Provisions for risks and expenses		
	3.a. Loss reserves and reserves/provisions for bonuses	607,242,459	920,032,337
	3.b. Other risks and expenses	63,619,296	23,851,490
	B. Deferred tax liabilities and deferred tax assets	2,502,345	2,030,052
		673,364,100	945,913,879
VII.	Fund for general banking risks	0	6,000,000
VIII.	Subordinated debts	615,153,662	611,782,485
	SHAREHOLDERS' EQUITY	1,149,328,698	1,249,990,607
IX.	Capital		
	A. Issued capital	520,871,500	550,334,200
X.	Share premium account	75,980,620	113,230,449
XI.	Revaluation surpluses	11,458,470	11,013,868
XII.	Reserves and results brought forward	517,856,817	552,250,799
XIII.	Consolidation differences	23,161,291	23,161,291
XV.	MINORITY INTERESTS	5,440	5,942
	TOTAL LIABILITIES AND EQUITY	33,845,224,926	35,215,580,970

1.2. Consolidated off-balance sheet items as at 31 December 2011

in EUR

	2010	2011
I. Contingent liabilities		
C. Other guarantees	3,282,340	3,325,174
II. Commitments which could give rise to a credit risk		
B. Commitments as a result of spot purchases of transferable or other securities	49,970,018	49,096,657
C. Undrawn margin on confirmed credit lines	15,751,675	15,496,536
	65,721,693	64,593,193
III. Assets lodged within consolidated companies		
B. Safe custody and equivalent items	7,197,191,312	10,389,780,947

1.3. Consolidated Income Statement as at 31 December 2011

in EUR

	2010	2011
I.		
a. Interest receivable and similar income	1,118,841,750	1,166,995,865
including that from fixed-income securities	458,992,652	530,213,421
b. Premiums and other technical insurance products' income	391,176,131	680,961,544
c. Reinsurance	493,893	912,662
II.		
a. Interest payable and similar charges	-771,734,659	-769,059,443
b. Technical costs for insurance	-451,459,980	-710,870,712
c. Reinsurance	-2,379,283	-3,352,136
III.		
Income from variable-yield securities		
A. Shares and other variable-yield securities		195,170
B. Participating interests and shares held as non-current financial assets	82,375	67,750
IV.		
Commission received	61,861,361	65,503,043
V.		
Commission paid	-117,096,870	-133,668,191
VI.		
Gain (Loss) on financial transactions		
B. Gain on disposal of investment securities	67,427,710	57,810,023
VII.		
General and administrative expenses		
A. Remunerations, social security charges and pensions	-38,252,350	-40,995,886
B. Other administrative expenses	-93,633,901	-107,358,636
	-131,886,251	-148,354,522
VIII.		
Amortisation, depreciation and write-downs on formation expenses, intangible assets and property, plant and equipment	-65,137,696	-57,874,072
IX.		
Decrease (increase) in amounts written down on receivables and in provisions for off-balance sheet items 'Contingent liabilities' and 'Commitments which could give rise to a credit risk'	-655,560	-361,467
X.		
Decrease (increase) in amounts written down on the investment portfolio of bonds, shares and other fixed-income or variable-yield securities	28,270,948	-37,741,746
XI.		
Utilisations and write-backs of provisions for liabilities and charges other than those included in off-balance sheet items I. 'Contingent liabilities' and II. 'Commitments which could give rise to a credit risk'	630,666	1,980,604

XII.	Provisions for liabilities and charges other than those included in off-balance sheet items 'Contingent liabilities' and 'Commitments which could give rise to a credit risk'	-2,508,626	-783,667
XIII.	Abstraction (Addition (-)) to the Fund for general banking risks	0	-6,000,000
XIV.	Other operating income	7,847,352	18,135,241
XV.	Other operating costs	-11,382,362	-12,765,464
XVI.	Profit of consolidated companies on ordinary activities, before taxes	122,390,899	111,730,482
XVII.	Extraordinary income		
	B. Reversals of amortisation on non-current financial assets	11,619	0
	D. Gains on the realisation (sale) of non-current assets	65,303	125,339
	E. Other extraordinary income	2,449,969	253,050
		2,526,891	378,389
XVIII.	Extraordinary expenses		
	A. Extraordinary amortisation, depreciation and write-downs on formation expenses, intangible assets and property, plant and equipment	-65,005	0
	B. Impairment of non-current financial assets	-393	-5
	D. Losses on the realisation (sale) of non-current assets	-16,790	-42,093
	E. Other extraordinary expenses	-440,473	-79
		-522,661	-42,177
XIX.	Profit of consolidated companies for the financial year, before taxes	124,395,129	112,066,694
XIX.bis			
	A. Transfer to deferred tax assets and tax liabilities	-973,930	-32,818
	B. Withdrawals from deferred tax liabilities and tax assets	289,728	472,926
XX.	Income taxes		
	A. Income tax liabilities	-43,348,391	-32,384,848
	B. Regularising of taxes and reversals of tax provisions	2,130,991	12,989,774
		-41,217,400	-19,395,074
XXI.	Profit of the consolidated companies	82,493,527	93,111,728
XXIII.	Consolidated profit	82,493,527	93,111,728
XXIV.	Minority interest's share of the profit	380	485
XXV.	Group's share of the profit	82,493,147	93,111,243

2. Notes on the consolidated financial statements at 31 December 2011¹

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

I. Criteria for consolidation and recognition using the net asset value method

a.1. Consolidation in full

The technique of consolidation in full was applied to all companies in the Argenta Group.

This method involves the shares of the subsidiary held by the parent company being replaced in the balance sheet of the parent company by the assets and the liabilities of this subsidiary.

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

- the minority interests, which are the parts of the subsidiaries' own funds that are not due to the parent company
- the consolidation differences, which are the differences at the time of acquisition between, on the one hand, the purchase price of the shares issued by the subsidiaries that are in the portfolio of the parent company and, on the other, the net asset value of these shares
- the consolidation reserves that, after the date of acquisition of the holdings, reflect the growth of the parent company's share in the shareholder equity of the subsidiaries

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

Positive consolidation differences arising from first-time consolidation are written down over a period of 20 years, considering it is expected that the participating interests will positively influence the group results over that period. The other positive consolidation differences are written down over five years using the straight-line method. Negative consolidation differences increase the group reserves in the liabilities of the balance sheet.

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

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

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

Because all of the Group companies close the financial year on 31 December, this date has been adopted for the consolidation.

II.A. List of the fully consolidated subsidiary companies

Name	Registered Office	Company number	Proportion of the capital held (in %)
Argenta Spaarbank nv	Antwerp	BTW BE 0404.453.574 RPR Antwerp	99.99%
Argenta Assuranties nv	Antwerp	BTW BE 0404.456.148 RPR Antwerp	99.99%
Argentabank Luxembourg SA	Luxembourg	R.C. Lux B35185	99.99%
Argenta Life Luxembourg SA	Luxembourg	R.C. Lux B36509	99.99%
Argenta Nederland nv	Amsterdam	H.R. Amst 33215872	100%
Argenta-Life Nederland nv	Breda	H.R. Amst 33301491	99.99%

1. The financial statements are presented in abridged form in this brochure. The financial statements will be filed within the statutory deadline.

VI. Valuation principles

Intangible assets

Formation and restructuring costs are fully written off during the first financial year, with the exception of the costs of taking the Life portfolio into own management.

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

Costs incurred with the issuing of a loan are amortised over the expected term of the loan.

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

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

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

- Commission fees for transactions with a contractual life of more than one year but not more than sixty months, are recognised in the result, spread over the life of the transactions.
- Commission fees for transactions with a contractual life of more than 60 months are recognised in the result, spread over sixty months.

The commission fees capitalised in this manner are written down proportionally on a monthly basis.

No minimum is set for the capitalisation of commission fees.

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

Property, plant and equipment

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

- The purchase price and purchase costs of land are not depreciated, regardless of whether or not there are buildings on the site. With the purchase of a site on which there are buildings, the land value and the value of the building are separated according to an accounting estimate prepared at moment of purchase.
- For built-up property, the purchase price is divided into two parts:
 - a) The land value (as calculated above) plus the additional costs relating to the land.
 - b) The building value, plus the additional costs relating to the buildings. These costs are calculated using the formula: building value / the purchase price x total purchase cost.

The building value is depreciated at 3% per annum on a proportional basis.

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

- The construction costs relating to the new building constructed in 1986 were depreciated in the first financial year by 33% on 88% of the purchase cost and 3% on 12% of the purchase cost. Commencing in the following financial year, 3% is depreciated on the total purchase cost.
- The costs relating to the new building constructed in 1994 are depreciated at a rate of 3% on the total purchase cost.
- The revaluation surpluses relating to the Company's registered office and adjoining buildings are depreciated over the assumed residual useful life of the building. The end of this depreciation period falls at the same time as the end of the depreciation period of the purchase cost.
 - a) For the revaluation surpluses on the Company's registered office of 1990, the annual depreciation is 3.125 % over a period of 32 years.
 - b) For the revaluation surpluses from 2003:
 - For the new building constructed in 1986, the annual depreciation is 7.595 % over the period from 1 November 2003 to 31 December 2017.

- For the new building constructed in 1994, the annual depreciation is 4.316 % over the period from 1 November 2003 to 31 December 2027.
 - For the Lamorinièrestraat 58 + old print shop, the annual depreciation is 3.209 % over the period from 1 November 2003 to 1 December 2035.
 - For the Lamorinièrestraat 39-43, the annual depreciation is 3.315 % over the period from 1 November 2003 to 31 December 2034.
- The works carried out on the premises in the Lamorinièrestraat are considered as new construction and are depreciated at a rate of 3% per annum on a proportional basis. The depreciation on the purchase costs follows that of the purchase price.
 - The purchase price and purchase costs of rebuilding costs are depreciated at 10 % per annum on a proportional basis.
 - The purchase price and purchase costs of furnishings and equipment are depreciated at 10 % per annum on a proportional basis.
 - The purchase price and purchase costs of hardware are depreciated at 33.33 % per annum on a proportional basis.
 - The purchase price and purchase costs of vehicles are depreciated at 25 % per annum on a proportional basis.
 - The purchase price and purchase costs of furnishing leased buildings are written off over the duration of the lease contract. No lower limits are set for capitalisation.

Fund for General Banking Risks

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

In particular, they are set aside based on an estimate of potential future (credit) risks present in the investment portfolio, taking the general economic situation and other generally latent banking-related risks into account.

Securities portfolio

Non-current financial assets

On participating interests and shares, write-downs are applied in the case of impairment or loss of value. On receivables, write-downs are applied if it is unsure whether all or part of the receivables will be paid on the due day.

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

Securities that belong to the trading portfolio

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

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

Securities that belong to the investment portfolio

Variable-yield securities are valued at the lower of their acquisition price or their realisable value on the balance sheet date. If shares are resold, the increase in value is taken individually to the result.

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

The difference between the acquisition price and the redemption value is taken to the result proportionally for the remaining term of the securities, as an item for the interest income from these securities.

This difference is taken to the result on an updated basis, based on the real rate of return at purchase. In the balance sheet, these securities are recognised at their acquisition cost, plus or minus the part of the stated difference that is taken to the result.

The fixed-income securities that, due to their nature, are difficult to value on the basis of their actuarial return are valued at acquisition cost.

Write-downs are applied in the case of impairment or loss in value if no cash market exists.

If a cash market does actually exist, the securities are valued at the lower of fair value or purchase cost. For perpetual loan certificates, the difference between their purchase cost and their lower fair value is considered a permanent loss.

Securities that also serve as liquidity support are valued at the lower of fair value or the value calculated in accordance with the principles stated above.

Securities are designated as cash equivalents if the calculated cash planning clearly identifies an important and structural cash deficit and securities would be drawn on to cover this identified deficit. The gains and losses from the sale of fixed-income securities in the context of arbitrage work are taken immediately to the result.

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

In the case of securities with variable interest, purchased before the 2008 financial year, the difference in par at purchase is written down or credited in a spread up until the first interest adjustment date.

In the case of securities with variable interest, purchased as from the 2008 financial year, the same criteria apply as for fixed-rate securities.

For the realised gains and losses and the purchase costs, the same criteria apply as for the fixed-income securities

Loans and advances

Write-downs are recognised for loans and advance if the amount is known of the adjustments required on the acquisition cost.

On the other hand, provisions are formed for credit risks if probable or certain losses must be covered, but the amount of these is not known.

In theory, write-downs are recognised and provisions are formed for each individual asset component. In the cases in which the receivables do not easily qualify for an individual assessment, the assessment of the risk can be done 'at a flat rate'.

In addition to the devaluation referred to above, collective IBNR (incurred but not reported) provisions are also put into place on a portfolio basis.

Liabilities

All debts are recognised in the balance sheet at the amounts loaned or advanced.

Insurance

Loss reserves

Regarding indemnity insurance policies, a default initial reserve is formed for every available type of coverage. This initial reserve is adjusted contingently on the basis of specific information from which can be decided that the default minimum will be insufficient. The default loss reserves are revised annually as a function of the measured results of the preceding financial year.

All the 'fire' and 'car' products' loss reserves are revised annually.

An exception is made in the car branch, in which the files with bodily injury are revised on a six-monthly basis. The revisions can involve an increase or a decrease.

In principle, the recovery reserves track the claims reserves.

No recovery reserve is set aside for life insurance policies.

For the life insurance policies, on opening a claim file, a provision is formed which is equal to the sum assured. In this context, too, the loss reserves are revised annually with a possible increase or decrease.

Premium reserves

The expired trade premiums are recognised in the result in proportion to the part earned each month. A premium reserve is formed for the later months.

The unpaid Life premiums for redemption of a mortgage loan are valued together with the mortgage loan and write-downs are recognised accordingly.

For the premiums for car and fire indemnity insurance policies older than three months, a write-down is recognised for the total amount of the unpaid premiums.

The insurance arm performs the calculations and the entries of the write-downs.

The collected earnings are recognised proportionately in the result for the monthly owed portion.

The write-downs are applied and adjusted on a quarterly basis.

Actuarial reserves

The actuarial reserves are accrued in accordance with the Belgian Royal Decree on Life insurance dated 14 November 2003.

There has been a change to weekly pricing for the Branch 23 provisions.

Provision for levelling and disasters

The provision for levelling and disasters is formed in accordance with the notification D.151 of 6 December 1996 from the CBFA (formerly the Insurance Regulatory body).

Provision for the ageing population

A provision for the ageing population has been formed for the hospitalisation group policy.

VII. Balance of the receivables from credit institutions (asset item III)

in EUR

		Financial year
B.	Other receivables (at maturity or with notice) from credit institutions (asset item III B.)	
2. Breakdown of these receivables according to their residual term:		
	• up to three months	670,404,293
	• more than one year up to five years	8,560,000

VIII. Balance of the receivables from customer (asset item IV)

in EUR

		Financial year	Previous financial year
1. Receivables			
	• from related companies not included in the consolidation	2,915	1,723
4. Breakdown of these receivables according to their residual term:			
	• up to three months	146,267,752	
	• more than three months up to one year	114,003,796	
	• more than one year up to five years	490,885,311	
	• more than five years	14,338,452,660	
	• with indefinite term	118,621,875	

IX. Balance of bonds and other fixed-income securities

(asset item V)

in EUR

	Financial year	Previous financial year
2. Bonds and securities which represent subordinated receivables	60,106,779	59,455,594
3. Geographical breakdown of the following items:	Belgium	Abroad
V.A. • legal public issuers	7,072,123,974	2,156,199,826
V.B. • other issuers	323,325,771	8,382,963,868
4. Listings and terms:	Carrying amount	Fair value
a) listed securities	17,934,613,439	16,709,512,387
	Financial year	
b) • residual term up to one year	2,307,866,907	
• residual term more than one year	15,626,746,532	
5. Breakdown according to bonds and securities belonging to the:		
b) • investment portfolio	17,934,613,439	
7. For the investment portfolio:		
• the positive difference of all securities for which the redemption value is greater than their carrying amount	69,198,393	
• the negative difference of all securities for which the redemption value is less than their carrying amount	243,049,508	
8. Detailed statement of the carrying amount of the investment portfolio:		
a) Acquisition cost		
As at the previous financial year-end	16,713,745,062	
Changes during the financial year:		
• purchases	6,436,702,540	
• transfers (-)	-5,148,796,432	
• adjustments with application of section 35 ter (§ 4 and 5) of the Belgian Royal Decree of 23 September 1992 on the financial statements of credit institutions (+/-)	-47,331,871	
As at the financial year-end	17,954,319,299	
c) Write-downs		
As at the previous financial year-end	4,232,675	
Changes during the financial year:		
• recognised	15,473,185	
As at the financial year-end	19,705,860	
d) Net carrying amount at the end of the financial year	17,934,613,439	

X. Statement of equities and other variable-yield securities

(asset item VI)

in EUR

	Financial year	Previous financial year
1. Geographical breakdown of the issuers of securities:		
• Belgian issuers	193,602,906	106,841,069
• foreign issuers	267,161,539	268,224,515
2. Listings:		
	Carrying amount	Fair value
• listed securities	460,764,445	460,870,705
3. Breakdown according to the equities and securities belonging to the:		
	Financial year	
• investment portfolio	460,764,445	
5. Detailed statement of the carrying amount of the investment portfolio:		
a) Acquisition cost		
As at the previous financial year-end	381,635,472	
Changes during the financial year:		
• purchases	207,931,758	
• transfers (-)	-93,616,745	
• other changes (+/-)	-35,186,036	
As at the financial year-end	460,764,449	
c) Write-downs		
As at the previous financial year-end	6,569,888	
Changes during the financial year:		
• recognised	1	
• transfers from one heading to another (+/-)	-6,569,885	
As at the financial year-end	4	
d) Net carrying amount at the financial year-end	460,764,445	

XI. Balance of the non-current financial assets (asset item VII)

in EUR

	Financial year	Previous financial year
A. Breakdown of the items VII A.1 and VII B.1:		
a) Economic sector of enterprises other than credit institutions		
• other enterprises	79,412	79,417
c) Detailed statement of the carried amount at the financial year-end (VII A.1 en VII B.1)		Other enterprises
A. Acquisitions cost		
As at the previous financial year-end		79,810
no changes during the financial year		
As at the financial year-end		79,810
C. Write-downs		
As at the previous financial year-end		393
Changes during the financial year:		
• recognised		5
As at the financial year-end		398
E. Net carrying amount at the financial year-end		79,412

XII. Statement of the formation expenses and intangible fixed assets

(asset item VIII)

in EUR

		Financial year	
A. Detailed statement of the formation expenses:			
Net carrying value at the previous financial year-end			437,055
Changes during the financial year:			
• amortisation/depreciation			-75,000
Net carrying amount at the financial year-end			362,055
of which:			
• Costs of formation or capital increase, loan issuing expenses and other formation costs			362,055
		Other participating intangible non-current assets	Including provisions to pay for contributions to section 27 bis activities
B. Intangible assets			
a) Acquisitions cost			
As at the previous financial year-end	279,989,059		216,137,632
Changes during the financial year:			
• acquisitions, including fixed assets, own production	37,138,999		19,907,477
• transfers and retirements (-)	-79,939,354		-75,034,036
As at the financial year-end	237,188,704		161,011,073
b) Amortisation, depreciation and write-downs			
As at the previous financial year-end	185,809,719		146,580,353
Changes during the financial year:			
• recognised	45,356,674		36,175,445
• reversals due to surplus (-)	-79,939,167		-75,034,036
As at the financial year-end	151,227,226		107,721,762
c) Net carrying amount at the financial year-end	85,961,478		53,289,311

XIII. Balance of the property, plant and equipment (asset item X)

in EUR

	Land and buildings	Plant, -machinery and -equipment	Furniture and vehicles
a) Acquisitions cost			
As at the previous financial year-end	46,264,714	51,286,788	4,409,673
Changes during the financial year:			
• acquisitions, including fixed assets, own production	719,323	4,262,222	276,456
• transfers and retirements (-)	-702,013	-30,534,667	-505,404
As at the financial year-end	46,282,024	25,014,343	4,180,725
c) Depreciation and write-downs			
As at the previous financial year-end	17,580,563	45,991,277	3,502,256
Changes during the financial year:			
• recognised	966,496	2,332,883	161,121
• reversals due to surplus (-)	-9,593	-30,090,302	-487,686
• other differences (+/-)	-18,867	0	2,549
As at the financial year-end	18,518,599	18,233,858	3,178,240
d) Net carrying amount at the financial year-end	27,763,425	6,780,485	1,002,485

	Other -property, plant and equipment	Assets under construction and advance payments	Costs for leased buildings
a) Acquisitions cost			
As at the previous financial year-end	254,911	0	238,335
Changes during the financial year:			
• acquisitions, including fixed assets, own production	4,978	121,934	9,475
• transfers and retirements (-)	-54,457	0	-114,630
As at the financial year-end	205,432	121,934	133,180
c) Depreciation and write-downs			
As at the previous financial year-end	120,393	0	134,728
Changes during the financial year:			
• recognised	20,279	0	39,053
• reversals due to surplus (-)	-54,457	0	-107,060
As at the financial year-end	86,215	0	66,721
d) Net carrying amount at the financial year-end	119,217	121,934	66,459

XIV. Balance of the amounts owed to credit institutions

(liabilities and equity item I)

in EUR

	Financial year
B. For the amounts not immediately payable, breakdown according to their residual term (liability items I, B and C)	
• up to three months	363,061,708
• more than three months up to one year	1,638,660,012
• more than one year up to five years	266,830,000

XV. Balance of the amounts owed to customers (liabilities and equity item II)

in EUR

	Financial year	Previous financial year
1. Debts to:		
• related companies not included in the consolidation	21,583,360	19,308,210
2. Geographical breakdown of the debts:		
• within Belgium	22,514,786,278	
• abroad	1,241,581,983	
3. Breakdown according to residual term:		
• immediately payable	2,749,186,778	
• up to three months	74,888,281	
• more than three months up to one year	356,787,691	
• more than one year up to five years	1,142,584,434	
• more than five years	117,809,426	
• with indefinite term	19,315,111,651	

XVI. Balance of the debt certificates

(liabilities and equity item III)

in EUR

	Financial year
2. Breakdown according to residual term:	
• up to three months	714,779,193
• more than three months up to one year	2,473,589,495
• more than one year up to five years	2,638,497,370
• more than five years	25,907,001
• with indefinite term	3,110,556

XVII. Balance of the subordinated debt

(liabilities and equity item VIII)

in EUR

	Financial year	Previous financial year
A. For the item as whole		
• debts from other companies included in the consolidation	177,445,000	177,820,000
C. Costs related to subordinated debt	27,093,720	

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

Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the Company can pay back this loan prematurely b. conditions for the subordination c. conditions for the conversion
Arne nv Netherlands	EUR	57,445,000	14 June 2013	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	100,000,000	31 Oct. 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aras nv Belgium	EUR	20,000,000	31 Dec. 2013	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	41,046,284	Jan. 2012	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	87,420,762	May 2012	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	10,979,201	June 2012	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	140,700	July 2012	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	39,000	August 2012	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	1,000	Sept. 2012	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	3,600	Oct. 2012	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	11,250	Nov. 2012	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	11,200	Dec. 2012	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	8,000	Jan. 2013	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	10,000	Feb. 2013	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none

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Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the Company can pay back this loan prematurely b. conditions for the subordination c. conditions for the conversion
Aspa nv Belgium	EUR	600	April 2013	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	25,250	Feb. 2014	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	15,000	April 2014	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	20,000	May 2014	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	4,650	July 2014	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	3,125	Oct. 2014	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	7,947,058	Dec. 2014	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	8,381,864	Jan. 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	5,905,345	Feb. 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	8,090,541	March 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	11,722,420	April 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	16,318,740	May 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	8,434,931	June 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	4,809,400	July 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none

Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the Company can pay back this loan prematurely b. conditions for the subordination c. conditions for the conversion
Aspa nv Belgium	EUR	4,415,381	August 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	2,945,165	Sept. 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	67,500	Oct. 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	39,623,807	Dec. 2015	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	56,629,305	Jan. 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	25,519,885	Feb. 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	20,098,258	March 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	9,312,581	April 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	12,984,690	May 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	14,067,448	June 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	13,174,577	July 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	8,792,740	August 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	7,012,229	Sept. 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	3,975,633	Oct. 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none

Reference number	Currency	Amount	Due date or details of the term	a. conditions under which the Company can pay back this loan prematurely b. conditions for the subordination c. conditions for the conversion
Aspa nv Belgium	EUR	2,425,715	Nov. 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	1,791,411	Dec. 2016	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	17,600	Nov. 2018	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	EUR	133,639	Dec. 2018	a. no premature repayment b. payment of the debt after all preferential and non-preferential creditors c. none

XVIII. Balance of the reserves and results brought forward

(liability and equity item XII)

in EUR

	Financial year
As at the previous financial year-end	517,856,817
Changes during the financial year:	
• result of the Group	93,111,243
• dividends	-59,161,014
• other	443,753
As at the financial year-end	552,250,799

XIX. Consolidation differences and differences after application of the net asset value method

in EUR

	Positive differences	Negative differences
A. Consolidation differences		
Net carrying amount as at the end of the previous financial year	98,150,460	23,161,291
Changes during the financial year:		
• depreciation	-8,922,770	0
Subtotal of the changes	-8,922,770	0
Net carrying amount as at the end of the financial year	89,227,690	23,161,291

XX. Breakdown of balance sheet euros - foreign currency

	in EUR	In foreign currency (equivalent in EUR)
TOTAL ASSETS	35,215,580,970	0
TOTAL LIABILITIES	35,215,580,970	0

XXII. Balance of the secured debts and commitments

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

in EUR

		Carrying amount of the pledged assets
Pledges on other assets		
a) as security for debts and commitments of third parties		
1. Liabilities		
• OLOs pledged as collateral for repo		1,922,672,154
• securities pledged for tender		200,050,000
2. Off-balance sheet items		
• OLOs pledged as collateral for swap and repo		557,217,000

XXIV. Statement of the forward off-balance sheet transactions on securities, foreign currency and other financial instruments entailing no commitments, but with a potential credit risk in the sense of item II on the off-balance sheet.

in EUR

Types of transactions	Amount as at the closing date of the accounts	Of which transactions not designated for hedging
1. On securities		
• forward purchases and sales of securities	44,058,300	44,058,300
3. On other financial instruments		
1. Forward transactions		
• interest rate swap contracts	10,197,969,942	
• options on interest	6,300,000,000	

Appendix to standard form XXIV

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

in EUR

Categories of forward interest rate transactions	Amount as at the closing date of the accounts	Difference between the fair value and the carrying amount (b)
2. concerning the ALM management	14,343,683,686	-324,993,096

(a) nominal / notional reference amount

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

-: negative difference between fair value and results already recognised

Derivative financial instruments not valued at fair value

in EUR

	Financial year
Estimate of the fair value for each category of derivative financial instruments that are not valued on the basis of the market value, indicating the scope and nature of the instruments	
Notional swap amounts	8,043,683,686
Market value dirty price	-375,874,794
Notional cap amounts	6,300,000,000
Market value dirty price	26,833,252
Caps premium paid and not written off	63,577,745

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

in EUR

	Financial year		Previous financial year	
	Belgian offices	Foreign offices	Belgian offices	Foreign offices
A. Breakdown of the operating results according to their origin				
I. Interest receivable and similar income	1,595,201,889	253,668,182	1,364,704,956	145,806,818
III. Income from variable-yield securities				
• Shares and other variable-yield securities	195,170			
• Participating interests and shares held as non-current financial assets	67,750		82,375	
IV. Commission received	62,275,762	3,227,281	58,958,575	2,902,786
VI. Gain from financial transactions from the exchange and trading company in securities and other financial instruments				
• Gain on disposal of investment securities	56,019,874	1,790,149	59,008,191	8,419,519
XIV. Other operating income	11,712,162	6,423,079	4,280,357	3,566,995

(in units)

	Fully consolidated companies
B. 1. Average number of staff	
• labourers	1.00
• administrative staff	605.87
• management staff	43.80
2. Staff costs and costs for pensions	
	in EUR
	40,995,886

in EUR

	Financial year
C. Extraordinary results	
1. Extraordinary income (item XVII of the income statement)	
Breakdown if this item contains a significant amount	
• realised gains on buildings and other assets	125,339
• received late payment interest	47,088
• recovery of property withholding tax	410
• tax discount on the branch in the Netherlands	205,552
2. Extraordinary expenses (item XVIII of the income statement)	
Breakdown if this item contains a significant amount	
• realised losses on other property, plant and equipment	22,416
• realised losses on land and buildings	19,617
• possible losses	79
• impairments on shares Argenta Fund	5

Appendix to standard form XXV

Informations relating to operating of the financial year and the previous financial year

in EUR

Item III B	Financial year	Previous financial year
Belgium	67,750	82,375

XXVII. Financial relations with managers and directors

in EUR

	Financial year
Outstanding receivables to directors and business managers	169,847
Direct and indirect remunerations assigned to the income state pensions, as far as this disclosure is not exclusively or mainly connected to the state of one identifying person	
• To directors and business managers	3,381,664
• To former directors and former business managers	147,574

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

in EUR

	Financial year
Remuneration of auditor(s)	477,455
Remuneration for exceptional activities or special assignments carried out by the auditor	
for the Company	
• Other assignments	274,171
• Advisory assignments regarding tax	1,368
• Other assignments over and above auditing tasks	272

3. The statutory auditor's report

REPORT OF THE STATUTORY AUDITOR CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR CLOSED ON 31 DECEMBER 2011 PREPARED FOR THE GENERAL MEETING OF SHAREHOLDERS

To the shareholders

In accordance with provisions of law and the articles of association, we present you with this report in the context of our appointment as statutory auditor for which we were engaged. This report contains our opinion concerning the financial statements as well as the required additional reports and information.

Unqualified audit opinion on the consolidated financial statements

We have carried out the audit of the consolidated financial statements of Argenta Bank-en Verzekeringsgroep nv (the Company) and its subsidiaries (jointly "the Argenta Group") for the financial year closed on 31 December 2011, and drawn up on the basis of administrative law applicable in Belgium, with a balance sheet total of EUR 35,215,580,970 and of which the income statement closed with a profit for the financial year of EUR 93,111,243.

The preparation of the consolidated financial statements is the responsibility of the Board of Directors. This responsibility includes, among other things: designing, implementing and maintaining an internal control concerning the preparation and fair presentation of the consolidated financial statements so that these contain no material misstatement as result of fraud or of errors; selecting and applying suitable accounting rules, and making accounting estimates which are reasonable under the given circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole.

Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements as of 31 December 2011 give a true and fair view of the group's assets, liabilities, financial position and results, in accordance with accounting principles applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.*

Antwerp, March 21 2012

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

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

Represented by Jurgen Kesselaers

THE COMPANY'S SEPARATE BALANCE SHEET

1. Balance sheet

in EUR

ASSETS	2010	2011
Non-current assets	699,484,888	729,050,621
Non-current financial assets		
Related companies	699,484,888	729,050,621
Current assets	2,642,486	3,598,745
Amounts receivable within one year	1,678,926	1,002,798
Cash investments	400,000	2,000,000
Cash and cash equivalents	526,210	565,779
Deferred liabilities	37,350	30,168
TOTAL ASSETS	702,127,374	732,649,366

in EUR

LIABILITY AND EQUITY	2010	2011
Shareholders' equity	652,942,991	670,912,771
Capital	520,871,500	550,334,200
Share premium account	75,980,620	113,230,449
Reserves		
Statutory reserve	6,174,468	6,695,377
Distributable reserves	49,916,403	652,745
Provisions for risks and expenses	8,528	8,528
Other risks and expenses	8,528	8,528
Debts	49,175,855	61,728,067
Amounts payable within one year		
Taxes, remuneration and social security charges	1,045,538	1,959,592
Other liabilities	48,130,317	59,768,475
TOTAL LIABILITY AND EQUITY	702,127,374	732,649,366

2. Income statement

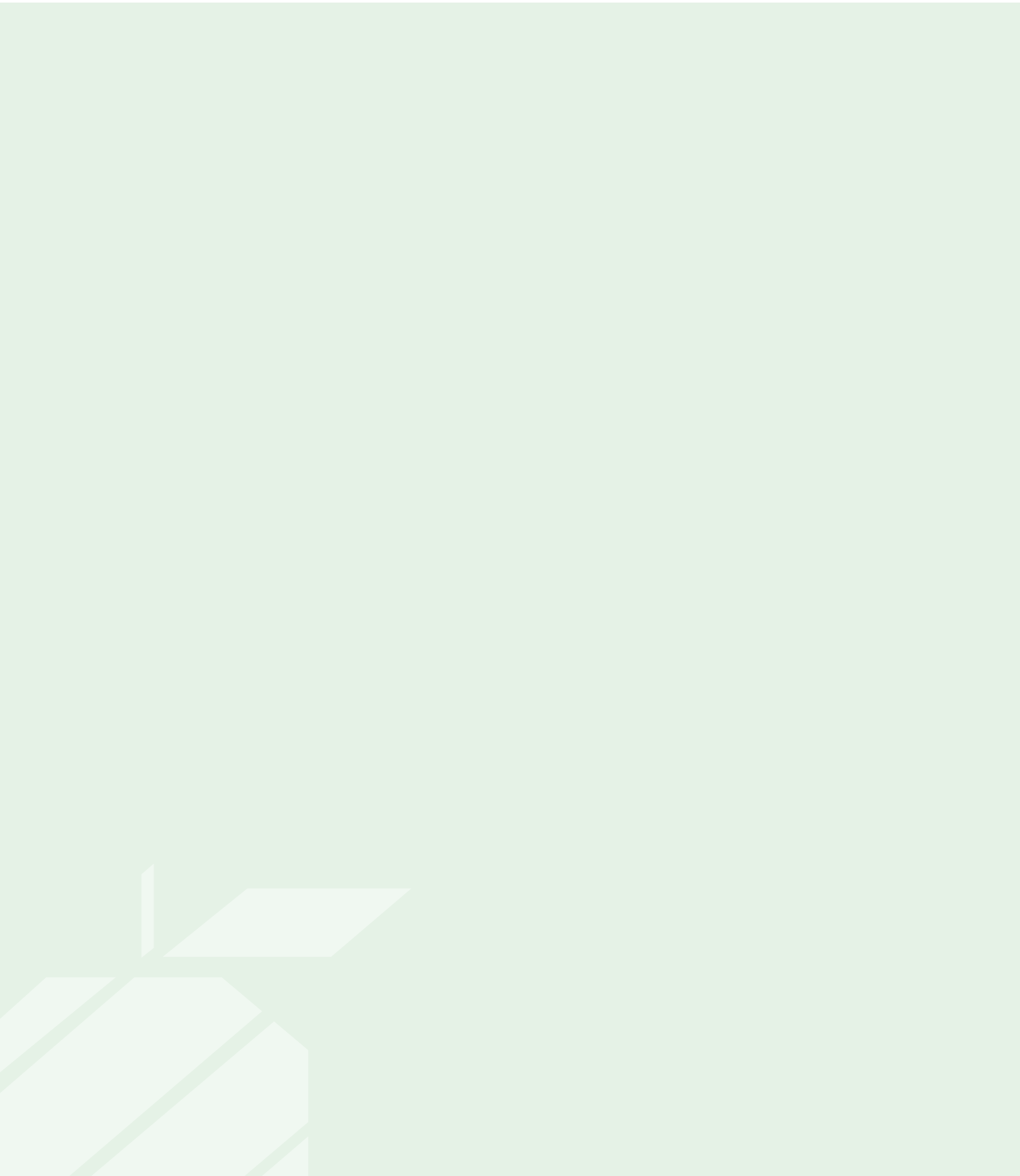
in EUR

	2010	2011
Operating income	12,957,928	14,084,425
Other operating income	12,957,928	14,084,425
Operating costs	-13,492,978	-14,723,619
Services and other goods	-3,483,200	-3,413,163
Remuneration, social security charges and pensions	-9,962,074	-11,277,235
Other operating costs	-47,704	-33,221
Operating loss	-535,050	-639,194
Financial revenues	1,115,205	11,511,275
Income from non-current financial assets	1,105,852	11,499,940
Income from current assets	9,353	11,317
Other financial revenues	0	18
Financial expenses	-2,508	-126
Interest and other debt charges	-2,508	-126
Profits on ordinary activities before taxes	577,647	10,871,955
Extraordinary income	1,139	0
Gains on the realisation (sale) of non-current assets	1,139	0
Extraordinary expenses	-362,852	-434,249
Impairment of financial fixed assets	-362,852	-434,249
Profit for the financial year before taxes	215,934	10,437,706
Income taxes	-1,295	-19,528
Income tax liabilities	-1,295	-20,379
Adjustment of income taxes and write-back of provisions for tax	0	851
Profit for the financial year	214,639	10,418,178
Financial year's profit to be appropriated	214,639	10,418,178

3. Treatment of the result

in EUR

	2010	2011
Profit to be appropriated		
Financial year's profit to be appropriated	214,639	10,418,178
Withdrawal from shareholders' equity		
From the reserves	47,711,829	59,160,927
Addition to shareholders' equity	214,639	10,418,178
To the statutory reserve	10,731	520,909
To the other reserves	203,908	9,897,269
Payable profit		
Reimbursement for the capital	47,711,829	59,160,927



APPENDICES



1. Consolidated balance sheet and income statement of Argenta Spaarbank nv as at 31 December 2011 after profit appropriation (IFRS)

Balance sheet

in EUR

ASSETS		
Cash and cash balances with central banks		32,579,251
Financial assets held for trading		214,480,884
Available-for-sale financial assets		14,207,095,790
Loans and receivables		18,817,450,016
Loans to and receivables from credit institutions	790,825,276	
Loans to and receivables from other clients	18,026,624,740	
Fair value changes of the hedged items in a portfolio hedge of interest rate risk		380,807,554
Property, plant and equipment		35,001,122
Buildings, land, equipment	34,584,696	
Investment properties	416,426	
Goodwill and other intangible assets		29,607,916
Tax assets		73,324,142
Other assets		231,337,055
TOTAL ASSETS		34,021,683,730

Balance sheet

in EUR

LIABILITIES, EQUITY AND MINORITY INTEREST	
Deposits from central banks	200,050,000
Financial liabilities held for trading	215,737,789
Financial liabilities measured at amortised cost	31,952,390,948
Deposits from credit institutions	1,894,988,426
Deposits from other than credit institutions	21,899,423,659
Debt certificates, including bonds	7,554,948,688
Subordinated liabilities	603,030,175
Derivatives, hedge accounting	549,769,673
Provisions	8,119,190
Tax liabilities	2,347,104
Current tax liabilities	1,728,245
Deferred tax liabilities	618,859
Other liabilities	183,526,470
TOTAL LIABILITIES	33,111,941,174
Equity attributable to the shareholders	909,649,134
Equity attributable to the minority interests	93,422
TOTAL LIABILITIES, EQUITY AND MINORITY INTEREST	34,021,683,730

Consolidated income statement

in EUR

Financial and operating income and expenses		213,980,638
Net interest income		306,601,933
interest income	1,227,251,974	
interest expenses	-920,650,041	
Dividends		67,750
Net income from commissions and fees		-64,697,607
income from commissions and fees	62,802,448	
expenses related to commissions and fees	-127,500,055	
Realised gains and losses on financial assets and liabilities that are not measured at fair value in the income statement		45,050,757
Gains and losses on financial assets and liabilities held for trading		-88,022,692
Gains and losses from hedge accounting		2,471,706
Gains and losses on derecognition of assets other than held for sale		46,766
Other net operating income		12,462,025
Administration expenses		-127,351,164
employee expenses	-24,306,021	
general and administrative expenses	-103,045,143	
Depreciations		-12,001,966
property, plant and equipment	-3,469,298	
investment properties	-17,776	
intangible assets	-8,514,892	
Provisions		1,192,437
Impairments		-8,002,894
available-for-sale financial fixed assets	-3,578,926	
loans and receivables	-4,423,968	
Total profit before taxes and minority interest		67,817,051
Income tax expenses		2,415,916
Total profit after taxes and before minority interest		70,232,967
Minority interests		-7,356
Net profit or loss		70,225,611

2. Consolidated balance sheet and income statement of Argenta Assuranties nv as at 31 December 2011 after profit appropriation

Balance sheet

in EUR

ASSETS	
Intangible assets	3,060,746
Intangible fixed assets	
Other intangible fixed assets	3,060,746
Investments	2,829,373,820
Land and buildings	
Other	791,911
Other financial investments	
Shares, participating interests, and other variable-yield securities	100,956,176
Bonds and other fixed-income securities	2,516,539,181
Mortgages and mortgage loans	208,416,620
Deposits with credit institutions	2,669,932
Investments concerning the transactions connected to an investment fund of the 'Life' group of activities and with which the investment risk is not carried by the Company	519,750,109
Share of the reinsurers in the technical provisions	2,038,135
Provision for unearned premiums and current risks	1,591
Provision for claims to be paid	1,443,480
Provision for bonuses and rebates	593,064
Receivables	20,413,699
Receivables related to direct insurance transactions	
Intermediaries	31,761
Other	3,932,160
Other receivables	16,449,778
Other asset items	68,370,111
Tangible fixed assets	64,476
Equities available for sale	68,292,971
Other	12,664
Deferrals and accruals	59,243,569
Acquired, unexpired interests and rents	59,018,177
Other accrued assets	225,392
TOTAL ASSETS	3,502,250,189

Balance sheet

in EUR

LIABILITIES AND EQUITY		
Shareholders' equity		207,465,739
Issued capital or equivalent funds, less the uncalled capital		
Issued capital	103,467,000	
Revaluation surplus	516,858	
Reserves	103,481,881	
Minority interest		5,937
Subordinated debts		20,000,000
Fund for future movements		19,069,688
Technical provisions		2,507,054,328
Provision for unearned premiums and current risks	18,643,881	
Provision for 'life' insurance	2,332,744,471	
Provision for claims to be paid	98,512,883	
Provision for bonuses and rebates	5,347,553	
Provision for levelling and disasters	11,969,504	
Other technical provisions	39,836,036	
Technical provisions concerning the transactions connected to an investment fund of the 'Life' group of activities for which the investment risk is not carried by the Company		519,750,109
Provisions for other risks and expenses		42,964
Other provisions	42,964	
Deposits received from reinsurers		326,729
Debts		227,406,648
Debts related to direct insurance transactions	12,064,036	
Debts related to reinsurance transactions	308,828	
Amounts owed to credit institutions	185,225,102	
Other liabilities		
Taxes, remuneration and social security costs	16,644,709	
Other	13,163,973	
Deferrals and accruals		1,128,047
TOTAL LIABILITIES AND EQUITY		3,502,250,189

Income statement

in EUR

TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE		
Earned premiums, less reinsurance		85,562,756
Gross premiums	90,501,737	
Reinsurance premiums paid (-)	-1,976,892	
Change in the provision for unearned premiums and current risks without deduction of reinsurance (increase -, decrease +)	-2,949,031	
Change in the provision for unearned premiums and current risks reinsurers' share (increase +, decrease -)	-13,058	
Attributed income from investments, transferred from the non-technical account		3,575,664
Other technical income, less reinsurance		851,337
Cost of claims, less reinsurance (-)		-50,335,277
Net amounts paid		
Gross amounts	-50,623,289	
Reinsurers' share (-)	191,270	
Change in the provision for claims to be paid, less reinsurance		
Without deduction of reinsurance (increase +, decrease -)	292,938	
Reinsurers' share (increase -, decrease +)	-196,196	
Changes in the other technical provisions, less reinsurance (increase -, decrease +)		-11,283,000
Net operating costs (-)		-23,930,346
Acquisition costs	-11,969,972	
Administration expenses	-11,961,167	
Commission fees and bonuses received from reinsurers (-)	793	
Other technical income, less reinsurance (-)		-1,120,365
Change in the provision for levelling and disasters, less reinsurance (increase -, decrease +)		-37,364
Result of the technical account for non-life insurance		
Profit		3,283,405

Income statement

in EUR

TECHNICAL ACCOUNT FOR LIFE INSURANCE		
Premiums, less reinsurance		600,529,109
Gross premiums	602,058,147	
Reinsurance premiums paid (-)	-1,529,038	
Attributed income from investments, transferred from the non-technical account		95,385,986
Value adjustments on investments concerning the transactions connected to an investment fund of the 'Life' group of activities and with which the investment risk is not carried by the Company (gains)		4,274,169
Other technical income, less reinsurance		8,228,529
Cost of claims, less reinsurance (-)		-175,858,651
Net amounts paid		
Gross amounts	-177,067,182	
Reinsurers' share (-)	797,564	
Change in the provision for claims to be paid, less reinsurance (increase +, decrease -)		
Without deduction of reinsurance (increase +, decrease -)	544,262	
Reinsurers' share (increase -, decrease +)	-133,295	
Changes in the other technical provisions, less reinsurance (increase -, decrease +)		-468,687,050
Change in the provision for 'Life' insurance, without deduction of reinsurance		
Without deduction of reinsurance (increase -, decrease +)	-447,322,127	
Change in the other technical provisions, without deduction of reinsurance (increase -, decrease +)	-21,364,923	
Bonuses and rebates, less reinsurance		2,299,205
Net operating costs		-22,396,448
Acquisition costs	-10,819,181	
Administration expenses	-11,770,357	
Commission fees and bonuses received from reinsurers	193,090	
Value adjustments on investments concerning the transactions connected to an investment fund of the 'Life' group of activities and with which the investment risk is not carried by the Company (losses)		-21,614,664
Other technical income, less reinsurance		-6,017,420
Changes in the fund for future allocations (increase -, decrease +)		-6,446,575
Result of the technical account for life insurance		
Profit		9,696,190

Income statement

in EUR

NON TECHNICAL ACCOUNT		
Result of the technical account for non-life insurance		
Profit		3,283,405
Result of the technical account for life insurance		
Profit		9,696,190
Investment income		113,972,769
Income from other investments	104,350,866	
Write-back of value adjustments on investments	843	
Gains on realisation	9,621,060	
Investment expenses		-15,011,119
Management expenses for investments	-2,132,053	
Value adjustments on investments	-10,835,060	
Losses on realisation	-2,044,006	
Attributed income from investments, transferred to the technical account for non-life insurance		-3,575,664
Attributed income from investments, transferred to the technical account for life insurance		-95,385,986
Consolidated result from the ordinary activities before taxes		
Profit		12,979,595
Income taxes		2,480,203
Deferred taxes		-54,960
Consolidated result		15,404,838
Minority interest's share of the profit		-2,232
Group's share of the profit		15,407,070
Financial year's profit to be appropriated		15,407,070

ADDITIONAL INFORMATION

The Annual Report of Argenta Bank- en Verzekeringsgroep nv is published in Dutch, French and English. Queries related to the distribution of these reports can be addressed to:

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Mediation service

If you have a complaint or comment concerning the Argenta Group's services, we request that you first get in touch with your branch. Our agents are always ready and willing to try everything they can to help resolve your problem. If you are not satisfied with this mediation, you can then contact the Argenta Group's mediation service for both Banking and Insurance issues.

Ombudsman service

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