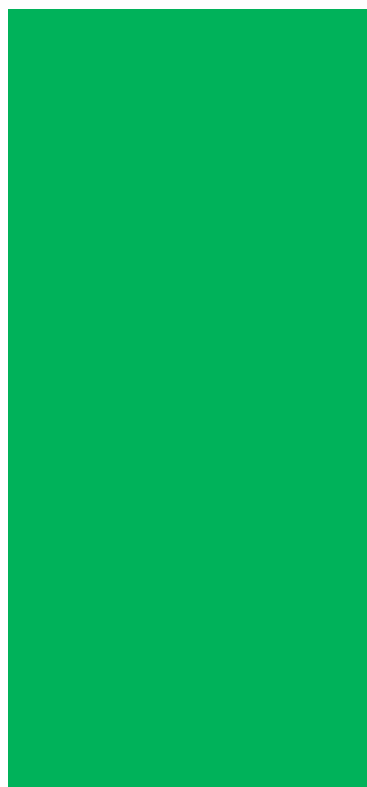


Argenta Bank- & Verzekeringsgroep nv



2012

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 on the statutory (unconsolidated) and consolidated financial statements, addressed to the shareholders of the Company and its subsidiaries.

The annual report is a combined report within the meaning of Article 119, final paragraph of the same Code and provides the required information separately for the Company, which together with its subsidiaries 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.

TABLE OF CONTENTS

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS	5
ARGENTA VOTED BELGIUM'S BANK OF THE YEAR FOR THE THIRD YEAR IN SUCCESSION	7
MACRO-ECONOMIC ENVIRONMENT	8
DESCRIPTION OF THE STRUCTURE AND ACTIVITIES OF THE ARGENTA GROUP	11
ARGENTA IN 2012	13
DESCRIPTION OF THE ACTIVITIES OF THE BANK POOL	20
DESCRIPTION OF THE ACTIVITIES OF THE INSURANCE POOL	24
INTERNATIONAL NETWORK	26
NOTES TO THE ANNUAL FINANCIAL STATEMENTS	27
KEY FINANCIALS Argenta Bank- en Verzekeringsgroep	28
CORPORATE GOVERNANCE	32
INDIVIDUAL OVERVIEW OF THE ARGENTA GROUP COMPANIES	36
BOARDS OF DIRECTORS AND SUPERVISORY BOARD	37
AUDIT COMMITTEE	38
REMUNERATION COMMITTEE	38
EXECUTIVE COMMITTEES, MANAGEMENT AND MANAGING DIRECTORS	39
SUSTAINABILITY REPORT	41
RISK AND RISK MANAGEMENT	57
OTHER INFORMATION	67
FINANCIAL STATEMENTS 2012	69
APPENDICES	103
ANNEX SUSTAINABILITY REPORT	111
ADDITIONAL INFORMATION	132



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



2012 was a Janus year, in which financial markets looked in opposing directions. In the first half, many investors fled with their assets, despite historically low yields, into the perceived safety of German government bonds. Meanwhile interest rates in the southern European countries climbed to unsustainable heights. This spread situation placed the eurozone under heavy pressure. Only after the commitment of the European Central Bank on 21 July to defend the euro at any cost and to assist the countries in trouble, did the tide turn. On stock markets this resulted in solid gains.

But in the real economy too, the situation was challenging. In 2012, a record number of companies failed in Belgium. The steady fall in unemployment over many years also came to an end, with the announced closure of Ford Genk highlighting the current difficulties.

Argenta absorbed this economic turmoil without difficulty. The banking and insurance group focuses on families in Belgium and the Netherlands. Corporate finance is not a core business area. Furthermore, surplus incoming funds that are not converted into retail loans Argenta invests primarily in Belgian government bonds.

For its target groups, Argenta has certainly not run away from its social responsibility. On the contrary, in 2012 Argenta provided a record number of mortgage loans to its family customers. New mortgage production in Belgium reached EUR 1.8 billion, almost double the figure for 2011, reflecting both strong demand from the Group's customer base and a proactive attitude by the savings bank, consciously playing its role as a driver of the real economy. Of the savings that families placed with Argenta, around 65 % were invested in loans to households in Belgium and the Netherlands and 22 % in Belgian government bonds.

This stronger presence in the retail credit market is consistent with Argenta's focus. As a family bank-insurer it seeks long-term relationships with its customers. It is no accident that Argenta was voted Bank of the Year for the third year in succession.

Argenta has sustainable banking in its genes. Ever since it was founded in 1956, it has followed its own policy line, focused on its family character. Its clientele consists solely of families in Belgium and the Netherlands, and its branches are run by independent branch managers who have in many cases remained loyal to Argenta into the second and even third generation. And the financial group is still owned by the same family as when it was founded. This makes Argenta one of the few financial institutions in Belgium to have retained its name and identity throughout this period.

Staffing too has remained very stable. In the entire history of Argenta there have been no redundancies for economic reasons. Even during the financial crisis, this course was not abandoned.

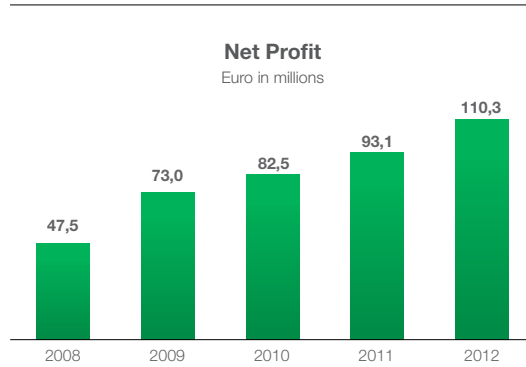
These achievements are possible if only based on a healthy and profitable business model. Argenta's shareholders – the controlling family shareholder through Investar SA and over 70,000 cooperative partners through Argen-Co cvba – are not looking for profit maximization, and much of the profit is reinvested in the company. The effective dividend amounted to only 16.8 % in 2011, and will amount to 17.9 % on 2012.

Growing profitability, self-financing, equity strengthening and stability go hand in hand. The graphs below show both the lines of force and the result of this long-term policy:

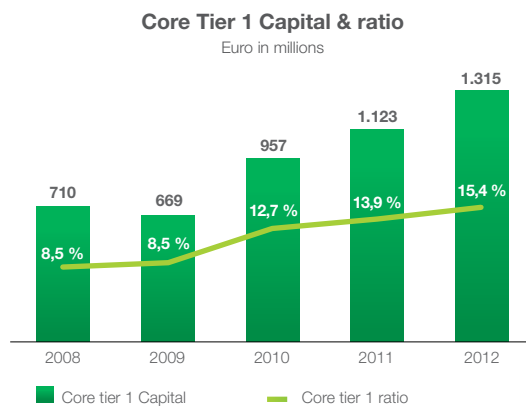
- Stable earnings growth, even during the most difficult years of the financial crisis and despite strong government pressure through various banking taxes;
- An equity growth – partly through the issue of cooperative shares – and a solvency ratio that are among the highest in Europe.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

6



23,4 %
annual growth since 2008



Since 2011, the Tier 1 - ratio has been measured in a stricter way than previously: the weighted risks for the insurer obtained by the Solvency I capital are multiplied by 12.5 (cf. 8 % rule for the banking activity).

85 %
strengthening of Core Tier 1 capital since 2008

Argenta intends to continue on this path in the coming years, with a focus on steadily building a stable reputation, founded on sobriety and integrity.

But Argenta's ambitions are higher. To strengthen the long-term character of its business, Argenta has prepared a sustainability action plan for 2013-2015. This is structured around five themes: Argenta's own identity, Argenta as a driving force in the real economy, Argenta as a customer-focused bank that develops understandable, transparent products, Argenta as an employer, and Argenta in society.

With this sustainability plan Argenta wants to fulfil a legitimate expectation of society. The recent financial crisis and the sovereign debt crisis in Europe have raised all sorts of questions about how the financial world really works. Today it is for banks to demonstrate that they are indeed worthy of trust. Not with advertising campaigns and declarations of intent, but day by day proving their added value for their customers, their branch staffs, their employees, their shareholders and the community.

Jan Cerfontaine
Chairman of the Board of Directors

ARGENTA VOTED BELGIUM'S BANK OF THE YEAR FOR THE THIRD YEAR IN SUCCESSION



Bedankt!



Voor de 3^{de} keer "Bank van het jaar"!*^{*}



* All thanks to you ! "Bank of the year" for the third time around...

In the online "Bank of the Year" poll, organized by the comparative banking sites Bankshopper.be and Comparebanque.be, Argenta took the title in 2012 for the third year in a row. The result of this vote was further confirmation of Argenta's strategy.

Argenta wants to be the preferred bank-insurer for families in Belgium. Its products and services stand out for their simplicity, transparency and quality. The range is admittedly limited but covers families' needs.

The Argenta philosophy is one of personal banking. Tailored advice is the key to a long-term relationship with the customer. The local roots and the social involvement of a network of self-employed branch managers – with

some branches already managed by the third generation of the same family – have guaranteed this already for more than 50 years.

Despite numerous ownership shifts in the financial sector, Argenta stands for stability. The Group is still owned by the founding family. At the same time, participation in the capital has since 2010 been opened to branch managers and customers. By underwriting shares in Argen-Co, they can become co-shareholders in the bank-insurer, further strengthening the long-term relationship between Argenta and its customers. Since 2010, over 70,000 partners have placed their trust in Argen-Co and Argenta in this way.



MACRO-ECONOMIC ENVIRONMENT

A vulnerable restoration of confidence in the eurozone, supported by substantial liquidity facilities and historically low interest rates

Financial markets were again far from calm in 2012, taking very disparate courses in the first and second halves of the year.

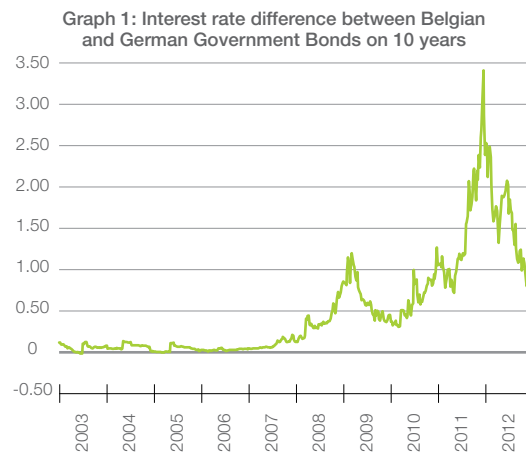
In the first half, German long-term interest rates fell to an unprecedented low. Many investors sought to place their funds in a safe place, despite the remuneration level. In the meantime, interest rates soared in a number of other countries, reaching levels that denied these countries normal access to bond markets for funding their budget deficits. The euro slipped further and further into a grim and increasingly desperate-looking crisis.

The tide was not turned until 21 July 2012 with the speech of the President of the European Central Bank (ECB), Mario Draghi. The announcement of a European banking union and the potential 'unlimited' availability of financial resources within the European Union succeeded in effecting a drastic change. The ECB was now able to take unrestrained action to combat speculation against the government bonds of its member states. Moreover in future banking problems can be resolved at a European level, with an individual member state less likely to come under pressure if one of its banks fails.

These interventions were in line with the strong monetary growth in the Eurozone. Since November 2011, the ECB had been making particularly cheap working finance available to the European banks. This means that they are no longer forced to sell government bonds of peripheral countries in order to finance themselves. This broke the vicious circle whereby falling bond prices were provoking additional sales by banks with liquidity problems, forcing down prices even further and forming an imminent threat to the stability of the Eurozone.

As a result of these measures, the German long-term interest rate saw a limited but significant increase. At the same time, the premium that corporate borrowers and a number of countries were having to pay above the market interest rate in order to fund themselves, gradually decreased.

The interest rate differential between Belgian government bonds and German long rates fell significantly, stabilizing at a level consistent with the real economic differences between the two countries.



Source: Thomson Reuters Datastream

In this connection, it should be noted that the net increase in private sector financial assets in Argentina's home markets of Belgium and the Netherlands is a factor of special stability that largely supports the business strategy. (graph 2)

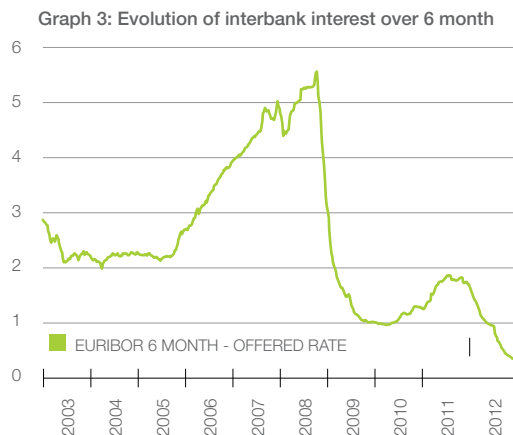
Graph 2: Net financial assets in the member states of the EU¹
(data at the end of 2011, in % gdp)



Source: EC, NBB.

¹ Difference between the outstanding amount in financial assets & liabilities. The data are not available for Luxembourg.

The interbank rates at which banks lend and borrow among themselves also fell to historic lows as a natural consequence of the rapidly increasing money supply. This also translated fairly rapidly into increasing pressure on interest rates on traditional retail savings products. (graph 3)



European stock markets reacted euphorically, quickly making good their earlier losses and even ending the year with a net gain.

These stock market increases are not, however, based on higher profits or the immediate prospect thereof, but are primarily the result of rising price/earnings ratios.

Waiting for recovery

The European real economy is still showing too little sign of recovery to talk about a fundamental change in economic direction in 2013. The growth forecasts continue to point to only very modest economic growth for the current year, with at best an increased likelihood of an acceleration in the second half of the year.

For the U.S. economy, the outlook is much better. In 2012 growth was somewhat muted, but the economic indicators point to continued growth in 2013, albeit at a modest level by American standards, supported primarily by a further recovery in the construction sector, increasing productivity, a remarkable increase in available – and therefore consumable – income and a further acceleration of growth in the services sector.

The Chinese economy returned in the second half of 2012 to a faster growth path, despite the fact that the Chinese authorities are still very careful handling their interest rate weapon, with intervention limited to a single rate decrease, to avoid an overheating of their economy. This reticence is certainly partly inspired by the development of food prices, which again recorded alarming increases in 2012. Rising food price inflation is a source of political instability in China and will thus be avoided. Further rate cuts appeared, however, unnecessary. China's economic indicators turned positive again of their own accord, with the local stock markets catching up at an impressive pace.

Despite the very moderate economic outlook for Europe, a moderate undertone prevails as to the stability of the euro as currency union. This optimism is justified because of the evolution of the current accounts of countries like Spain, Italy, Ireland and Portugal and the evolution of their real effective exchange rates. This suggests that the imposed savings are already having some positive effects. However, there is still a very long way to go. The saving efforts will need to be sustained. This requires patience from the financial markets. This patience is indeed justified by the most recent economic and financial observations. Though this could be jeopardised if the necessary local political stability is endangered.

The bank tax

The Belgian bank tax represents significant costs 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.

On 29 June 2010, Argenta Spaarbank filed a petition with the Constitutional Court for the annulment of Articles 169, 1° and 5° of the Programme Law of 23 December 2009. These articles introduced in Belgium an additional bank tax with as its sole base the private savings deposits held by a credit institution, on which a contribution of 0.15 % was levied. 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.

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

Argenta was delighted that in this way the unreasonable impact of the bank tax on savers could in future be averted. That the banking sector is required, as a result of the crisis, to deliver an additional contribution to the budget is not illogical. The old system led, however, to unequal competition.

Following this, in December 2011, a new law was voted that imposes a contribution on Belgian credit institutions to safeguard the stability of the financial sector (FSC) and which, in establishing the contributions to the Special Deposit Guarantee Fund (DGS) also takes into account the risks that these financial institutions create for society. With its cautious risk profile, Argenta Spaarbank belonged, for all the risk factors considered, to the very top class ('very low risk' according to the Royal Decree of 22 April 2012). The risk weighting for the institution was only 75 %, against an industry average of 94 %.

For 2012, in addition to this recurring bank tax, a significant additional tax was imposed on the banking sector. This is calculated solely on deposits and amounts to 0.18 % of the totality of these collected funds. The charge was justified by the government through increased fear of need for effective intervention, although from 2013 onwards a gradual decrease in the risk is expected.

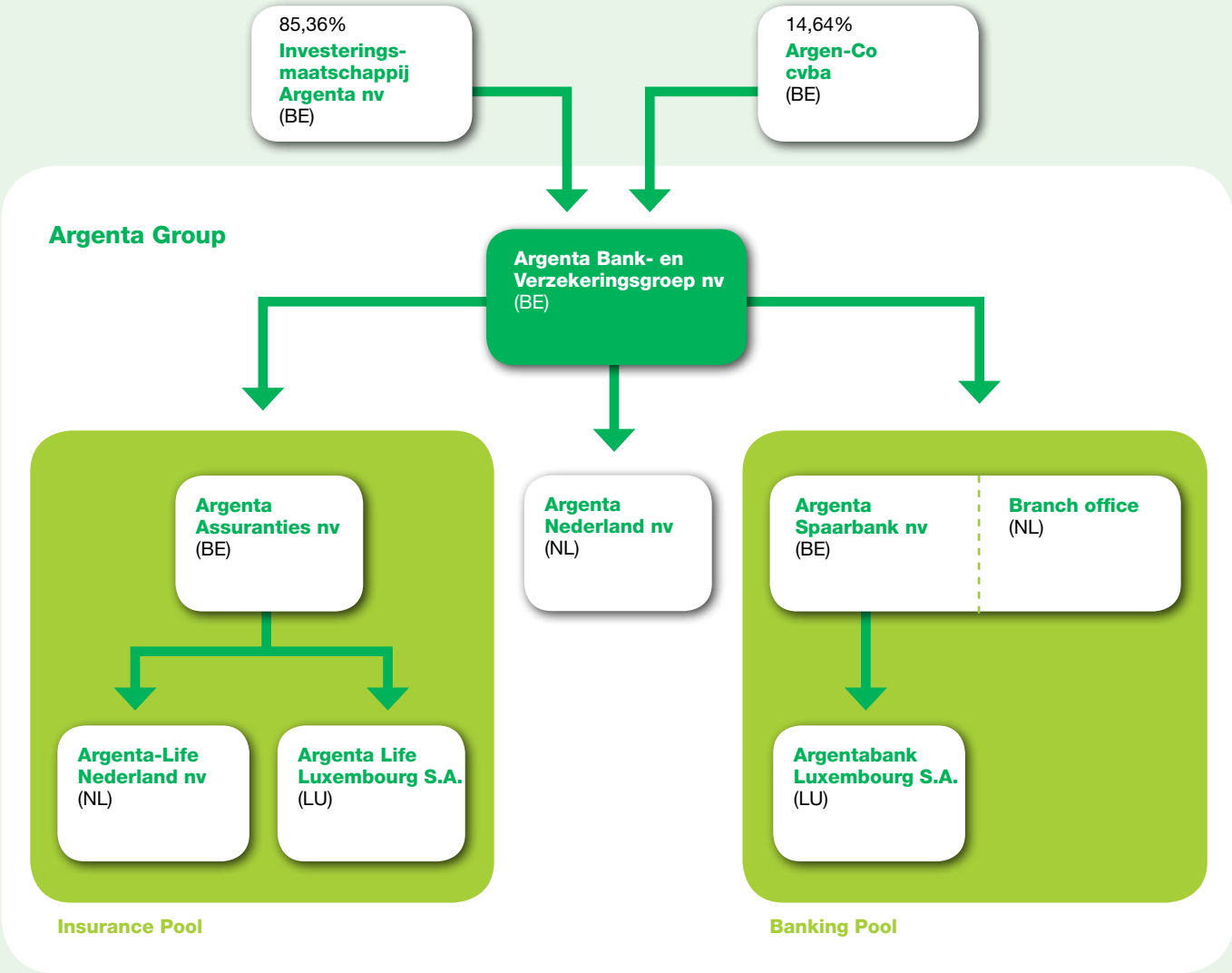
At the same time, the recurring bank tax (DGS) on deposits was slightly reduced. However, this was immediately offset by a new annual tax on credit institutions, this time based on regulated savings accounts. This amounts to 0.05 % of the outstanding capital multiplied by a weighting coefficient based on the 'loan to deposit' ratio. This ratio measures the ratio of credit granted to collected savings. For Argenta Spaarbank, the weighting is 85 %.

In 2012, Argenta Spaarbank received a reimbursement from the Protection Fund for Deposits and Financial Instruments. This mitigated the total bill, which remains, however, a heavy one to bear. Banks that exclusively target retail savers continue to be hit harder than the others.



DESCRIPTION OF THE STRUCTURE AND ACTIVITIES OF THE ARGENTA GROUP

Organisational chart



* All participating interests are (almost) 100 % owned by group companies

Description of the activities of the Company

Argenta Bank- en Verzekeringsgroep is the holding company of the Argenta Group. Its operational activities consist of the cross-cutting control functions (i.e. Internal Auditing, Compliance and Group Risk Management) and of Human Resources, Mediation Service, Distribution (commercial and support) and Inspection, which are organised at group level.

The Company has the status of a mixed financial holding in accordance with article 49bis, 5 of the Law of 22 March 1993 regarding the legal status and the supervision of credit institutions.

The Company consolidates and provides the joint management of the insurance operations of its subsidiary Argenta Assuranties nv, which has the status of a Belgian insurance company, and the banking activities of Argenta Spaarbank nv, which has the status of a Belgian credit institution. Argenta Nederland nv, a Dutch SPV for issuing bond loans, has also been included in the consolidation on this level.

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 subsidiaries will hereinafter be called the Bank Pool.

The activities of the Bank Pool focus mainly on two areas: on the one hand attracting funds in the retail market in the form of savings accounts, current accounts, retail savings certificates and bonds, and on the other hand reinvesting these funds in mortgage loans. Shares in collective investment funds as well as structured notes are also offered.

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

Argenta Spaarbank consolidates its activities with those of Argentabank Luxembourg SA. Argentabank Luxembourg has the status of a Luxembourg credit institution.

The activities of the Insurance Pool comprise both life insurance as well as non-life 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 SA.

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 in life insurance with branch 26 – Capitalisation activities and branch 23 – Investment insurance.

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



| Distribution

Distribution in Belgium

Argenta's branch network consisted at the end of 2012 of 512 branches. In this way, customers always have a contact point in their own neighbourhood. Argenta aims, especially in Flanders, for every customer to have a branch within his or her vicinity. In practice, this is interpreted as reachable within 10 minutes.

Region	# branches 2010	# branches 2011	# branches 2012
Brussels	12	11	13
Flanders	484	474	473
Wallonia	28	28	26
Total	524	513	512

416 self-employed branch managers and their 1,110 employees, of whom 38 are directly employed by Argenta, manage the Belgian branches. They work exclusively for Argenta, thereby avoiding any confusion of interests.

Exclusivity means that branch managers can offer both Argenta products and those of Argenta-selected partners. It also covers all insurance and loans, where Argenta has been freely selected by other market players.

Argenta selects these partners always with due care to ensure that the interests of the customer are always guaranteed. In practice, this means that the products have to be of high quality and that branch managers are trained in the special characteristics and administrative processing of these products so that they can be

correctly offered. Moreover, Argenta watches to ensure that controls are built into the process to ensure maximum quality.

When selecting new branch managers, Argenta assesses not only candidates' know-how and business qualities, but also their cultural match with Argenta's own values. This approach not only benefits customers, branch managers too react positively. The number of branches already run by second and third-generation managers already stands at an impressive 86.

At the commercial level, 2012 was in many respects a good year. The self-employed branch managers agents realized a handsome production in fire insurance, taking Argenta past the milestone of 100,000 policies. In mortgage loans, Argenta had an absolute record year, producing in Belgium more than EUR 1.8 billion of mortgage loans, against the trend of a market that fell by 20 %.

Argenta also invested heavily in its branch managers' knowledge and skills, with specialists providing 1,500 coaching sessions. Additionally, 166 self-employed branch managers took part in a GITP Development Center.

The group of branch managers was also renewed. In 2012, 20 new managers were inducted, including 9 situations where the branch was taken over by the next generation or by an existing branch staff member. Within the branch network, both branch managers and the head office continued to invest in the quality of the buildings. An additional 59 ATMs were installed, bringing the total to 201.

A constant theme throughout 2012 was the new commercial branch agreement (HAO) between the

self-employed branch managers and Argenta. This replaces the old mandate agreement and reflects the latest legislation.

Branch managers receive commission for their selling and management activities. The balance between the commissions earned by product pillar has become more balanced in recent years. Commissions earned on insurance and mortgage business in particular rose sharply in 2012.

Finally, Argenta can state with satisfaction that 99 % of the effective managers and distribution officers in the branches meet the requirements of the continuing education points system imposed by the law of 22 March 2006 on the brokerage of banking and investment services and the distribution of financial instruments ("Willems Law") and the law of 27 March 1995 ("Cauwenberghs Law"). Both laws seek to ensure the adequate training of persons in the financial sector who come into contact with the public. The exceptions concern long-term illness and transfer of branch ownership.

Marketing

Argenta has the most satisfied customers

Argenta is the financial institution with the most satisfied customers. This is the message of a number of satisfaction surveys including the comparative Bankshopper.be bank website, consumer organization Test-Aankoop and Argenta's own "Net Promotor Score" loyalty survey. In this latter study, conducted by the independent research bureau Benthurst & Co., 6500 Flemish consumers were surveyed online. When asked to what extent they would recommend their bank to friends or family, the respondents gave the highest score – 51 % – to Argenta. The second bank in the ranking achieved 32 %. The scores of the other banks ranged from negative to slightly positive. In all the polls, the free basic banking service, the transparent and simple products and the friendly and personal service from the branch manager were mentioned as the main reason for the high satisfaction.

Argenta's marketing policy in Belgium

Argenta's marketing policy is supported by three themes: Healthy Banking, Healthy Saving & Investing, and Healthy Living. All campaigns are pegged to these three core themes, with "healthy" standing for "safe and appropriate for the customer".



En u?*
Doet u al het broodnodige?*

Surf naar
www.gezond-beleggen.be
en zorg ervoor dat uw broodje gebakken is!*

* How is your future looking?
Go to www.gezond-beleggen.be and invest in a brighter tomorrow.



U wilt gezond met uw geld omgaan?*

* Do you want to take a healthy approach to your finances?

Argenta's marketing policy is itself "healthy". High marketing budgets are still banned. Despite this, in 2012, a large audience was reached by the smart and efficient use of a limited budget. The main advertising channel remains Argenta's own customers and word-of-mouth advertising. Branch managers are local marketers. They conduct their campaigns in their local communities. Nationally, they are supported by targeted advertising in newspapers and thematic magazines. Social media also bring Argenta closer to its customers.

The two most notable campaigns in 2012 were the "Pension Savings: do you have the bare essentials?" campaign and the year-end "Healthy Money" campaign.

That the current system of statutory pensions is under heavy pressure from the demographic pyramid is still not common knowledge. Argenta therefore decided to call attention in two campaign periods to the third pension savings pillar, that of individual supplementary pensions. Consumers who during this period purchased bread at a bakery close to an Argenta branch received the bread wrapped in an Argenta breadbag with the message 'Retirement Savings: the Bare Essentials (in Dutch, literally: 'bread-necessary').

The year-end campaign urged consumers to reflect for a moment on their financial situation. The "Guide to Healthy Money" – available at branches and downloadable for free – takes consumers to a number of important moments in their lives and points to a number of issues that need to be taken into account. There are no ready answers. A suitable solution can be achieved only after proper discussion with a branch manager.

Distribution in the Netherlands

Argenta has also grown substantially in the Netherlands in recent years. In just two years (2011-2012), more than EUR 3.1 billion of mortgage credit was granted and around 15,000 new mortgage loan-related life insurance policies were subscribed. All of these are long-term contracts. Argenta's savings business in the Netherlands grew in particular from the second half of 2012. Since then customers have been able to open savings accounts, which has greatly contributed to customer satisfaction.

Credit, life and savings products in the Netherlands are sold mainly through two channels. Simple savings products are sold via the internet bank. Together with the Scandinavian countries, the Netherlands scores very high in terms of Internet penetration and the number of families doing their banking via internet. Mortgages, life products and more advice-intensive savings products are sold through a carefully developed network of professional intermediaries. Some of these intermediaries belong to

larger franchise chains, such as De Hypotheker, which sets the tone in the Dutch market. With their franchise formulae and their exclusivity features, these chains exhibit many similarities with the Belgian distribution organization.

Argenta's marketing policy in the Netherlands revolves around two themes: Direct Savings and Healthy Living. In the Netherlands, as in Belgium, Argenta does not guzzle large marketing budgets. In 2012, the brochure 'Groot in alle Eenvoud' (Great in all Simplicity) was distributed. In this handy booklet; Karel van Rompuy, Jan Cerfontaine, John Heller and Marc De Moor describe Argenta's specificity for Dutch consumers.

Argenta has conducted limited promotion for Direct Savings with bannerings on a series of popular websites providing information on financial products. Otherwise, Argenta in the Netherlands makes grateful use of word-of-mouth advertising and the good reviews that its products receive from consumer organisations and financial journalists.

Distribution in Luxembourg

Retail operations in Luxembourg were terminated in 2011. Argenta Luxembourg today acts only as the administrator and administrative agent of Argenta-Fund Sicav and Argenta Fund of Funds.

Human Resources

In the area of recruitment, 2012 was a busy year. At Argenta, 141 new employees started work, of whom 39 in the branch network.

The female presence in Argenta's senior management remains unchanged: 9 out of 30.

In 2011, Argenta streamlined its internal operations to be able to respond more effectively to the needs of customers and branch managers. This exercise was continued in 2012. Greater responsibility is being given



Birgit Ceulemans
HRM Director

**"From lifetime
employment to
lifetime employability."**



Total head offices workforce by type of work, employment contract and country

		2010	2011	2012
Total salaried staff by country	Belgium	626	661	725
	Netherlands	16	16	23
	Luxembourg	45	29	28
Distribution of full-time/part-time employees	Full-time	78 %	78 %	76 %
	Part-time	22 %	22 %	24 %
Distribution by gender	Male	41 %	41 %	43 %
	Female	59 %	59 %	57 %
Distribution by contract type	Permanent	98 %	98 %	99 %
	Temporary	2 %	2 %	1 %
Distribution by age	< 30	30 %	26 %	22 %
	30 - 50	59 %	62 %	66 %
	> = 50	11 %	12 %	12 %

Total number and rate of employee turnover at head offices by age group, gender and region.

		2010	2011	2012
Departures by country	Belgium	99	76	68
	Netherlands	3	1	2
	Luxembourg	3	18	0
Departures by gender	Male	38	52	33
	Female	67	43	37
Departures by age	< 30	31	26	18
	30 - 50	66	61	43
	>= 50	8	8	9



to senior management to enable them to take more initiatives on our four product pillars of Savings and Payments, Loans, Insurance and Investments.

In 2012, the job descriptions were rewritten and converted from a mainly task-related to a responsibility-focused basis.

Recruitment and training support for the branch network was made more professional.

2012 was also marked by the social elections, which took place in a calm and constructive atmosphere.

General principles of the remuneration policy for executives and administrative staff

The Boards of Directors of the respective Argenta Group companies establish the general principles of the remuneration policy with the advice of the Remuneration Committee, and monitors its implementation.

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 informs 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 functions in all operating companies of the Argenta Group. Human Resources proposes changes whenever internal and external circumstances require. 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 a limited variable remuneration can be earned where 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 is also based on a specific recommendation from the Remuneration Committee. The individual targets for "Identified Staff" are, however, formulated in a way that cannot hinder independent operation. This means that no business-related targets will be agreed where it is expected that the staff member in question 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, like inter-Argenta Group transfers, the Pay Policy of the Argenta Group is aligned primarily with the 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 several different joint committees, to determine the pay of all employees.

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 make good 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 in a position to assess whether the Pay Policy is in line with market conditions, Human Resources participates in the Hay salary survey. Based on this survey, Argenta Group's pay for the various position grades is compared with various benchmarks, following which Human Resources makes proposals to the Executive Committees in order to correct any inequalities.

Variable remuneration solely for the regional director position

In the Argenta Group, only regional directors receive variable remuneration on top of a fixed salary in line with market conditions. This means that the amount of the fixed remuneration meets the business requirements of internal consistency with other similar roles, while an 'extra' variable remuneration can be earned on top of this salary, subject to achieving certain objectives, including competency coaching, in both commercial and first line risk and in compliance aspects of the external network.

If all objectives are achieved in full, the regional director will receive an additional variable remuneration of up to 1.5 to 2 times the monthly 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.

Since 1 September 2012, all personnel (with salaried employee status) receive group insurance as an additional extra-legal benefit. Previously, this was reserved for staff from category 4 upwards.

Overview of group insurance reserve

	2010	2011	2012
Overview group insurance reserve (in EUR millions)	24	26	30

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 its respective subsidiaries and Argenta Spaarbank and its respective subsidiaries.

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

Compliance

In 2012, the biggest Compliance challenge continued to be, apart from keeping watch on Argenta's reputation, that of impressing on every employee the importance of reputational risk and the duty of care. It is and remains essential to embed this in our organization so as to be in a position to offer a loyal, fair and professional service to our customers.

The main points of attention in 2012 were the money laundering and tax evasion policy, MiFID compliance, the application of rules of conduct and the correct provision of information to our customers. As part of the permanent duty of training and awareness-raising, the e-learning module on money-laundering was updated, with every employee required to take the related test. A further focus was on embedding compliance applications in the project for the complete renewal of the people database.

The Royal Decree in March 2012 adopted a new regulation on the recognition of the compliance officer. As a bank-insurer Argenta is required to organize an

appropriate, independent compliance function at group level. The proposed compliance officer was recognized by the supervisory authorities and will now concentrate fully on providing functional direction to the compliance staff in Belgium, the Netherlands branch office Argenta-Life Nederland and the subsidiaries Argenta Bank Luxembourg and Argenta Life Luxembourg.

The National Bank of Belgium (*hereinafter NBB*) and the Financial Services and Markets Authority (the *FSMA*) have issued a new circular on the compliance function, which redefines the principles and terms of reference. This circular came into force on 4 December 2012.

An important task for Compliance in the Netherlands is to keep the products Argenta offers in the Netherlands compliant with developments in the Dutch market. These developments in the Netherlands concern, among other things, the problems of money laundering and identification of savings accounts. Furthermore, Compliance in the Netherlands has been active in the field of the impact on the branch office of BGFO3, the commission ban and the banker's oath.

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 discussion is included in the detailed note on Risk and Risk Management at the end of this report.

Information & Communication Technology (ICT)

The renewal of the customer and transaction applications in the branches, begun in 2011, was continued in 2012, with the delivery of an integrated customer and product view, online savings and payments, and digital signatures. The introduction of online transactions also meant an adjustment of the operational processes vis-à-vis the branches.

Throughout the year, several projects were delivered to ensure compliance with both European and national regulations. The main ones are: connection to the European payments system (SEPA), alignment to the European savings taxation regulations, preparations for the introduction of Solvency II regulations in insurance, conformity with general security standards and norms for payment cards, and adjustments in the context of the government's fiscal measures. The latter led to some unplanned deliveries at the end of the year. The growth of Argenta in the Netherlands was further supported by the renewal of the website and the introduction of the Direct Savings product. In Belgium, the infrastructure capacity of the Internet



Christof Claes :
Portfolio Manager

“Every day we and our team are constantly asking ourselves: ‘What are the right projects for Argenta?’ In every case, we weigh up the benefits for our customers, our branch managers and our headquarters colleagues. A fascinating challenge for building together a bright future for Argenta.”

banking system was increased and the management process made more robust. The main result of these efforts was a fully available and efficient application during the peak period just after New Year. Internally, the organization and processes in the areas of portfolio and project management were updated. This ensures a greater control of project risk and an improved alignment between business strategy and project implementation on the one hand and the business management teams and the IT organization on the other. On top of this, the entire development activity was reorganized and adapted to the pillar structure of the business management teams.

Finally in 2012, preparations were made to start work, once the online environment was introduced in the branches, on other important strategic projects like updating the internet banking system, lending activities at the branches and renewal of the finance & accounting software.

Mediation service

Argenta attaches great importance to good relations with its customers. This also includes effective handling of complaints. This is why a central mediation service operates in the Group. Customers, branch managers and third parties can address their complaints to this service.

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

Complaints about customer privacy violations

	2010	2011	2012
Justified complaints	13	5	21
Not admissible complaints	5	1	8
Total complaints received	18	6	29

Total number of complaints

	2010	2011	2012
Total number of complaints	2,141	2,687	3,404
Not admissible complaints	850	1,009	1,482
Admissible complaints	1,291	1,447	1,508
• Unjustified complaints	825	851	955
• Justified complaints	466	596	553
Number answered by mediation service		231	414

DESCRIPTION OF THE ACTIVITIES OF THE BANK POOL



Gezond geld denkt niet alleen aan u. Maak op tijd werk van uw vermogensoverdracht.*

* Healthy money not only thinks of you. Start your asset transfer timely.

Argenta Spaarbank, together with its subsidiaries, forms Argenta's Bank Pool.

For situating the activities of the Bank Pool within the Group as a whole, the reader is referred to pp. 11-12.

| Savings and 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 current accounts portfolio grew by 39 %. The number of cards in circulation (both Bancontact and MasterCard) increased to 1.16 million.

All Savings and Payment products together showed an increase of EUR 598 million. There are, however, major internal shifts. Thus, outstandings in the form of term deposits and retail savings certificates fell by 30 % with a corresponding increase in regulated savings accounts, current accounts, investments and life insurance products (branches 21 and 23) falling within the Insurance Pool. There was also a shift from non-regulated savings accounts to the traditional savings account.

A new government has several consequences

The government issued in 2012 a series of important fiscal measures. These include a further differentiation in the withholding tax rate on interest and dividends. Under certain conditions an additional 4 % charge was introduced on interest and dividends which 21 % withholding tax was owed. With its new customer files, Argenta was able to apply this tax through to the individual level. Even so, there were many questions surrounding this additional charge. Most were about how the basis of this additional tax would be determined in personal income tax.

In the draft budget for 2013, the government decided in late November to increase withholding tax from 21 % to 25 % across the board and abolish the additional levy. Banks have incurred significant expense to adapt their operational processing systems to the changed tax rules, which have then in many cases proved unnecessary or only temporary owing to the many changes.

Figures (in EUR millions):

	Savings accounts		Term products (retail savings certificates + subordinated certificates + term deposits)	Current Accounts (Giro + Golden + Internet)
	Regulated (Maxi + e-Savings + Growth)	Non-regulated (Savings accounts + Plus)		
31-12-2011	16,803	528	6,937	1,635
31-12-2012	18,907	454	4,863	2,276
Growth	2,104	-74	-2,074	641

In the summer of 2012, the government also took several initiatives to protect consumers in the banking sector. A number of these relate to the reform of regulated savings accounts. All this means a lot of work ahead in 2013.

From 1 July 2012 onwards, the branch office in the Netherlands saw a significant increase in new customers and savings, made possible by the technical implementation of 'Direct Savings' via internet in combination with an attractive interest rate, made possible by the elimination of commissions for the sale of savings products through intermediaries. In total, in 2012, 12,657 new savings customers were attracted and 15,439 new accounts opened.

Customers new and old provided a EUR 390 million increase in savings during the second half of 2012, bringing the total balance to EUR 1.4 billion.

As the cherry on the cake, the Argenta internet savings account won the 'Golden Savings 2012' prize.

In 2011, Argenta Bank Luxembourg stopped all its retail activities.

Loans and advances

In 2012, in Belgium, EUR 1.8 billion of mortgage loans were granted. This was an increase of 98 % compared with 2011, when a total of EUR 0.9 billion was reached, and an increase of 165 % compared with 2010. This unexpected result was well in excess of the business plan of EUR 1.3 billion.

The sale of mortgage loans was influenced by the historically low market interest rates, which are also encouraging consumers to refinance and to shop around. In combination with Argenta's pricing policy, this made for a very busy and productive year.

For instalment loans, total production in 2012 stood at EUR 61 million. This was less than in 2011 (EUR 130 million), but still a very good year thanks to the tax benefits of the green loan.

The Netherlands branch office also achieved a good result. In all, EUR 1.9 billion of new mortgages were granted. Reimbursements amounted to just EUR 0.4 billion, to give a net increase of EUR 1.5 billion on 31 December 2012.

These commercial results are all the more remarkable for being achieved in a distinctly sluggish market. With major uncertainty surrounding the role of the Dutch government in housing policy, the number of housing transactions and house prices fell sharply for the fifth consecutive year.



* Smart loans? Challenge us to be the best.

By the end of 2012, it was becoming clear in which direction the government was going: gradual reduction of the mortgage interest tax deduction and mandatory repayment instalments over the term of the loan. Many buyers had already anticipated this in 2012, with the share of annuity repayment loans increasing in the space of one year from under 5 % to around 30 % of Argenta's mortgage loan production.





Argenta Fund Plan, alles op uw maat en ritme.*

* Argenta Fund Plan, all at your own pace.

Investments

In 2012, the portfolio of units in Undertakings for Collective Investment (UCIs), placed by the Company on behalf of customers, grew by EUR 159.8 million, or 11 %, to a total of EUR 1,610 million.

Among the most successful UCIs are the Argenta pension savings funds managed by Petercam nv. Their success stems from a good return over a long period, a low cost structure and a strong attention to them in the distribution network. Over a period of ten years, the Argenta Pension Savings Fund (Arpe) is by far the number 1. During this period, it has been the only fund to achieve a higher return than the fictitious capitalization rate of 4.75 % that the tax authority applies in calculating the advance levy.

The Argenta Defensive Pension Savings Fund (hereinafter Arpe Defensive) was also successful. In 2012, new inlays rose by over 78 %. The fund was launched in late 2010 to complement the more dynamic Argenta Pension Savings Fund that Argenta Spaarbank has been offering for the last ten years already. 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 7 (highest risk). This fund was an immediate hit.

Argenta-Fund sicav is an open-ended investment company under Luxembourg law. Established in 1987, its 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 invests in both bonds and equities.

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 a fund of funds that invests primarily in units of other UCIs. This means that the assets collected within this sicav are invested in other mutual funds. Via the Argenta Fund of Funds sicav we want to offer investors the opportunity of investing, in a simple and transparent way, according to their chosen investment profile in the defensive, neutral or dynamic sub-fund. By investing in one of these sub-funds, the investor achieves a risk-weighted distribution over various asset categories.

Argenta Spaarbank also markets UCI units in open architecture. It distributes UCIs managed by Petercam nv, by Carmignac Gestion SA, by Edmond de Rothschild Asset Management and by GS&P, thereby diversifying its offering.

Carmignac Gestion:



A strong demand for investments in emerging countries combined with the potential growth of these countries and the quality of the Carmignac funds led to the inclusion of the Carmignac Emerging Patrimoine in the offering on 31 July. This fund is complementary to the Argenta range.

GS&P Fonds Family Business:



The GS&P Fonds Family Business invests primarily in shares of family or owner-managed companies. This fund is complementary to the Argenta range. The quality of the management, the originality of the fund theme and the strong potential for good results in the long term convinced Argenta to include this fund in its range.

The fund is managed by the German asset manager GS&P.

Argenta Spaarbank also distributes structured notes issued by BNP Paribas nv and BNP Paribas Arbitrage Issuance bv. Fifteen new issues took place in 2012. The total sales amounted to EUR 88.7 million including entry fees. On 31 December 2012, the total portfolio amounted to EUR 839.6 million.

Impact of the general financial economic situation

In the context of a fragile recovery, Argenta Spaarbank and the Bank Pool are able to submit a good report. The core balance sheet activities remain strong and profit has risen sharply.

Argenta Spaarbank had a very strong year in 2012 in mortgage lending.

In the area of lending to companies and governments it maintained its cautious policy. The counterparty risk and the liquidity of positions were closely monitored. The funds raised on the balance sheet increased. A large number of retail savings certificates arrived at maturity in 2012. Not only did the money stay within the company, but further money came into savings deposits.

Argenta continues to promote its Investment pillar by way of diversification. Growth was better in 2012, following a poor year in 2011 due to the unfavourable economic conditions.

The profit for the year has increased considerably through improved net interest income and continuing control of expenses.

Shareholders' equity increased by the amount of profit recognized. The solvency ratios are evolving favourably.

Rating

At the end of 2012, Standard & Poor's confirmed the Company's BBB+/A-2 rating, with a continuing 'stable' outlook. Its liquidity and capital position, its conservative risk policy – illustrated by the absence of any significant credit risk – and its moderate systemic importance in the Belgian banking system remain the main strengths of Argenta Spaarbank. In addition, Standard & Poor's has for the first time adjusted upwards its assessment of the Company's market position.

The rating by Standard & Poor's also takes into account the expectation that the Company can withstand an economic downturn, and that since 2008 effective management action has been taken to make income formation less sensitive to any interest rate shocks.

DESCRIPTION OF THE ACTIVITIES OF THE INSURANCE POOL



Bescherm wat u lief is.
Verzeker u daarom bij Argenta.*

* Protect what is dear to you. Get your insurance from Argenta.



Dimitri De Maeyer:
Team Leader Life Insurance

“In 2012, we concluded no less than 50,000 life insurance contracts. Oct-a-vie and Pension Life Plus got off to an overwhelming start in 2012. Followed by a veritable rush on mortgage protection life insurance and Argenta-Flexx towards the end of the year. This was only possible thanks to the hard work of the branch staff and our back office colleagues.”



For situating the activities of the Insurance Pool within the Group as a whole, the reader is referred to pp. 11-12.

Argenta Assuranties offers a complete package of insurance products for private customers. For other groups, and special insurance situations, Argenta works with Baloise Insurance.

Argenta frequently conducts tests to check the adequacy of its provisions. Analyses of the embedded value, the combined ratio, the value new business and the profit tests are good tools for controlling the profitability and risk management for both life and non-life insurance. Argenta is anticipating the new Solvency II regulatory framework by participating in QIS exercises and ORSA, in the Netherlands and Belgium.

| Life Insurance Belgium

In 2012, subscription income rose sharply to EUR 845 million. Sales were of both branch 21 and branch 23 individual life policies. Life insurance sales are often related to the sale of credit products by Argenta Spaarbank or fall within the framework of Argenta's 'Healthy Investment' approach.

The revised insurance guidelines concerning the equal treatment of men and women have produced a confused legal situation. On 1 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 regard to insurance premiums and benefits would no longer be permitted as of 21 December 2012.

Profit sharing

For certain life insurance policies in effect on 31 December 2012, a profit-sharing bonus was granted subject to a number of criteria. The table provides an overview of the main categories.

guaranteed interest rate in 2012	Profit sharing in 2012	Gross return in 2012
1.80 %	1.20 %	3.00 %
2.00 %	1.00 %	3.00 %
2.25 %	0.75 %	3.00 %
2.30 %	0.70 %	3.00 %
2.40 %	0.60 %	3.00 %
2.60 %	0.40 %	3.00 %
2.75 %	0.30 %	3.05 %
2.80 %	0.25 %	3.05 %
3.00 %	0.15 %	3.15 %
3.05 %	0.15 %	3.20 %

For supplementary payments into Kapital Plus, customers have a guaranteed interest rate of 1 % and a profit share of 0.50 %. For life insurance policies with guaranteed rates of 3.25 % to 4.75 %, no bonus is paid in respect of 2012.

Non-life Insurance Belgium

Non-life insurance produced very attractive growth with EUR 99 million of subscription income, including strong growth in home and motor insurance. In October 2012, Argenta celebrated the sale of its 100,000th home insurance policy.

The 'Home Insurance owners' rates were increased in 2012, as were third party auto tariffs, where a generic price increase of 5 % was applied. Argenta Assuranties is one of the largest providers of individual hospitalization insurance. For the third consecutive year, Argenta has adjusted premiums in line with the consumer price index.

For car insurance, higher provisions were set up for insurance dossiers involving 'weaker road users' (i.e. pedestrians and cyclists). This is related, among other things, to the increase of the indicative table.

Argenta has a strategic partnership with the Van Ameyde Group, which provides a specialized non-life claims handling service. This outsourcing, which began at the end of 2010, has structurally improved the quality and speed of claims handling.

Life Insurance Netherlands

Argenta-Life Nederland posted strong growth in 2012. The growth of loans by the distribution partners is in many cases combined with the sale of an Argenta

endowment mortgage policy. New business written grew to nearly 55 million.

The new tax legislation on mortgages beginning on 1 January 2013 could well have a severe negative impact on the sale of life insurance. In response to this situation, Argenta will be launching a new life insurance product.

Life Insurance Luxembourg

Sales of new policies were stopped in 2011. The portfolio is quickly reducing in size with policies arriving at maturity and additional surrenders. Argenta attaches great importance to continuing to provide an adequate service for remaining customers.

Impact of the general financial economic situation

Argenta Assuranties grew solidly in 2012. 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 experienced considerable success. In the Netherlands, the number of savings mortgage insurance policies grew strongly.

Argenta Assuranties reinvests a portion of the collected premiums in order to guarantee future payouts. In so doing, the company adheres to the strict rules of its financial policy. Government bonds in the portfolio were monitored particularly closely.

Despite the cautious reinvestment policy, the Company built up provisions for its securities portfolio and its limited volume of perpetual loans to financial institutions. In 2011, the Company was required to contribute for the first time to the deposit protection scheme. This levy for 2012 currently amounts to EUR 3.2 million. Administrative costs were also kept under control.

Argenta Assuranties maintained its profitability and was able to achieve the targeted results. The favourable result made it possible to set up a provision via the Fund for Future Allocations and to grant a profit share to its policy holders which was one of the best in the Belgian market.

To enable Argenta Assuranties to continue its growth, a capital increase of EUR 28 million was undertaken. With this, the Company amply meets the solvency requirements. Work continues on the transition to new Solvency II regulations.

INTERNATIONAL NETWORK

Information concerning the existence of branch offices

Neither the Company nor Argenta Assuranties has branch offices. Argenta Spaarbank has had a branch office in the Netherlands since 2003. It is located in Breda, Essendonk 30. In April 2006, new mortgage production was also effectively placed in the Dutch branch office, alongside the existing banking activities.

Information concerning foreign companies of the Argenta Group

Foreign subsidiaries of Argenta Spaarbank

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

Since 2011, Argentabank Luxembourg has limited its 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 currently retains its role as paying agent for its own bonds. With the cessation of new issues, this portfolio is running down of its own accord and will completely disappear in 2014. The retail banking activity has been discontinued.

Foreign subsidiaries of Argenta Assuranties

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 in branch 21 life insurance, 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 are invested in other investment vehicles.

Argenta Nederland

Argenta Nederland is an issuing vehicle. It has a remaining bond portfolio of EUR 110 million on its balance sheet, of which EUR 60 million matures in 2013 and EUR 50 million in 2014.

Discussion of the financial statements of the Argenta Bank- en Verzekeringsgroep for the 2012 financial year

The balance sheet of the Company has risen by EUR 83,050,713 and now amounts to EUR 815,700,079.

In addition to non-current financial assets in the form of investments in affiliated companies amounting to EUR 794,432,524, the Company has EUR 21,267,555 of current assets.

The profit to be appropriated for the financial year amounts to EUR 71,032,040. The proposed appropriation of the profit for the financial year is:

• to the statutory reserve:	3,551,602 EUR
• to the other reserve:	47,698,837 EUR
• profit to be distributed:	19,781,601 EUR

After the proposed profit appropriation, shareholders' equity amounts to EUR 793,658,283 according to the balance sheet as at 31 December 2012.

The present 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.

Discussion of the consolidated financial statements of Argenta Bank- en Verzekeringsgroep for the 2012 financial year

Balance sheet and income statement

The consolidated balance sheet total amounts to EUR 35,517,204,349. This is an increase of EUR 301,623,379, or 0.86 %.

The consolidated profit for the financial year amounts to EUR 110,283,476. This is a 18.44 % increase in profit compared with the previous year.

Interest income increased by 2.82 % to EUR 1,199,973,788.

Interest charges increased by 2.87 % to EUR 791,160,758.

The premiums and other insurance revenues increased by 45.51 % to EUR 990,889,038. The technical costs of insurance products also rose by 51.12 % to EUR 1,074,267,926.

The commission income of EUR 64,660,254 is 1.29 % lower than in 2011. Commission expenses increased by EUR 24,678,547 or 18.46 % to EUR 158,346,738.

In the past year, EUR 92,176,079 net profit was achieved from financial transactions recorded (mainly capital gains from the disposal of investment securities). That is more than the EUR 57,810,023 posted in 2011, but lower, if one takes into account the costs of EUR 65,525,058 recorded in 2012 for the reversal of the related swaps.

Remuneration, social security charges and pensions increased by 13.34 % to EUR 46,463,219.

Other administrative expenses increased by 3.14 % to EUR 110,727,518.

Shareholders' equity and ratios

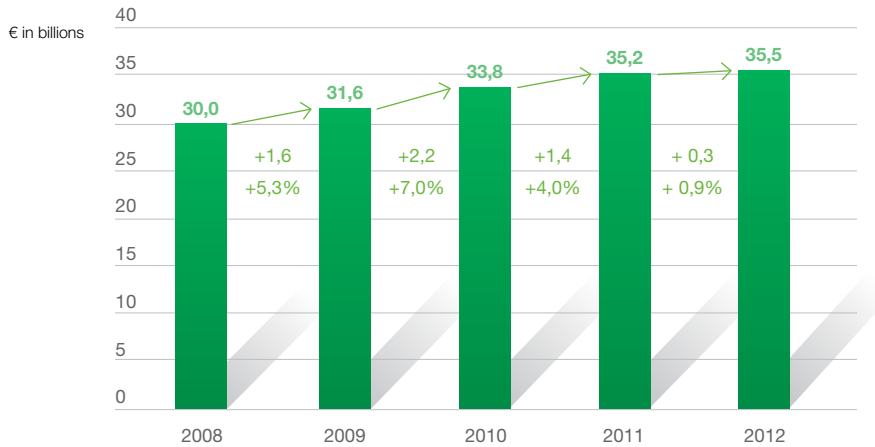
After the proposed profit appropriation, shareholders' equity amounts to EUR 1,411,987,069 according to the balance sheet as at 31 December 2012. Compared with EUR 1,249,990,607 at 31 December 2011, this is an increase of 12.96 %.

The solvency ratio is 20.16 % and the gearing ratio is 5.32 %.

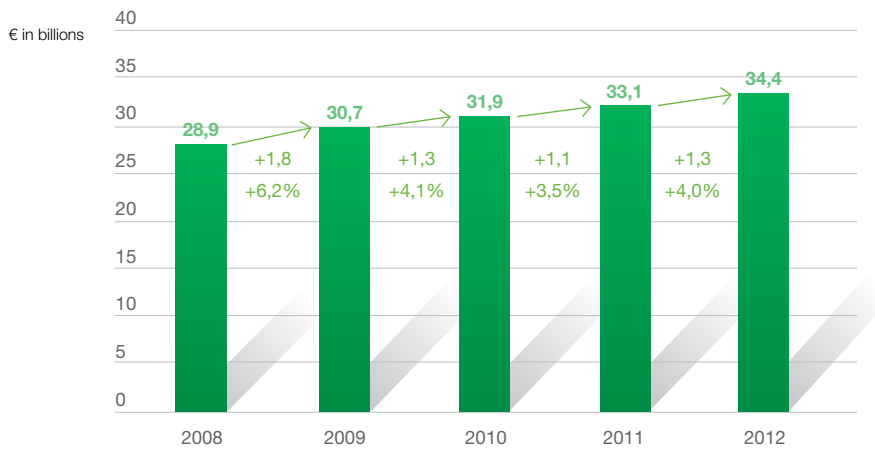
KEY FINANCIALS

Argenta Bank- en Verzekeringsgroep

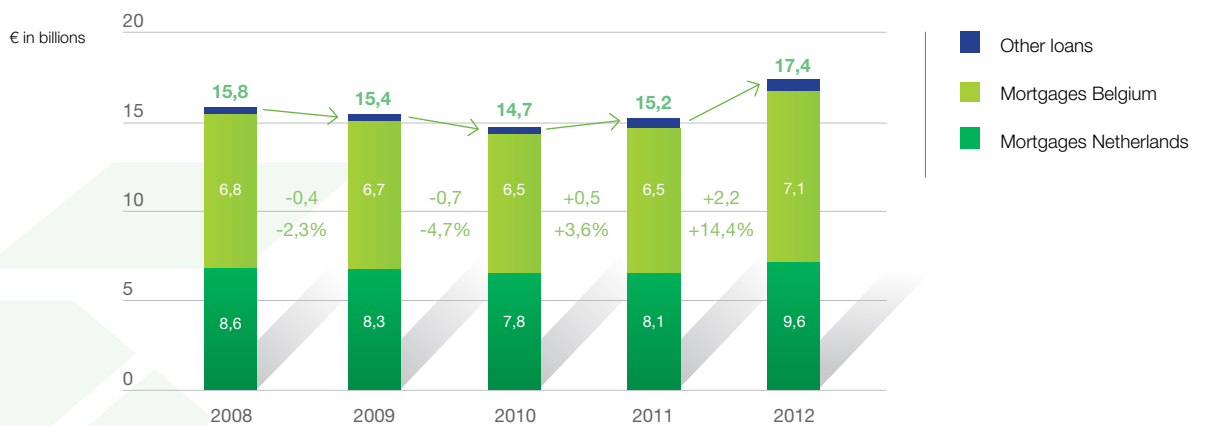
Consolidated balance sheet



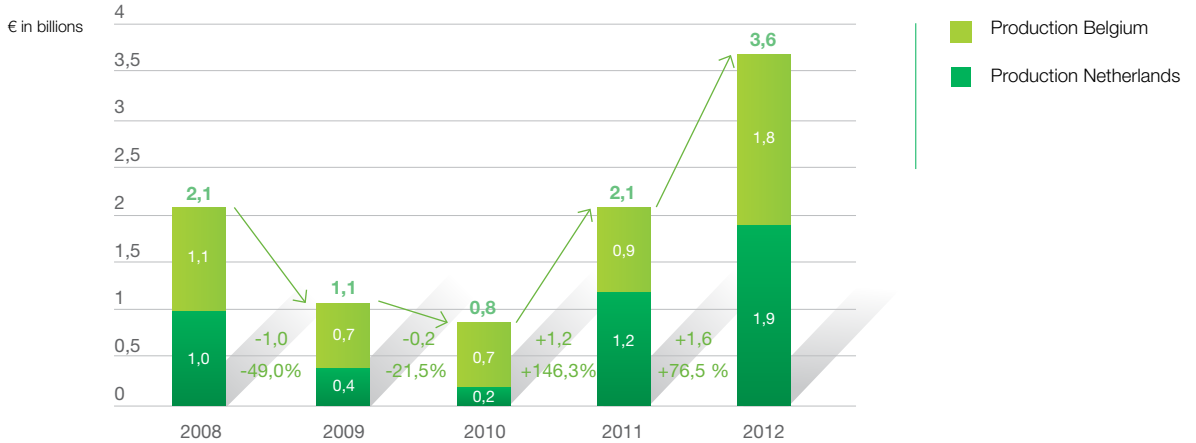
Funds collected from the public



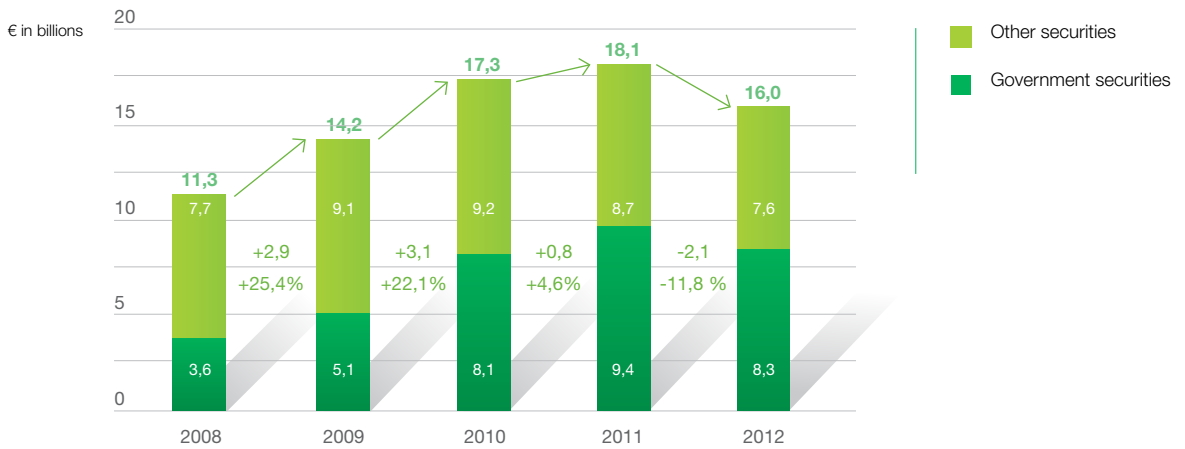
Retail lending



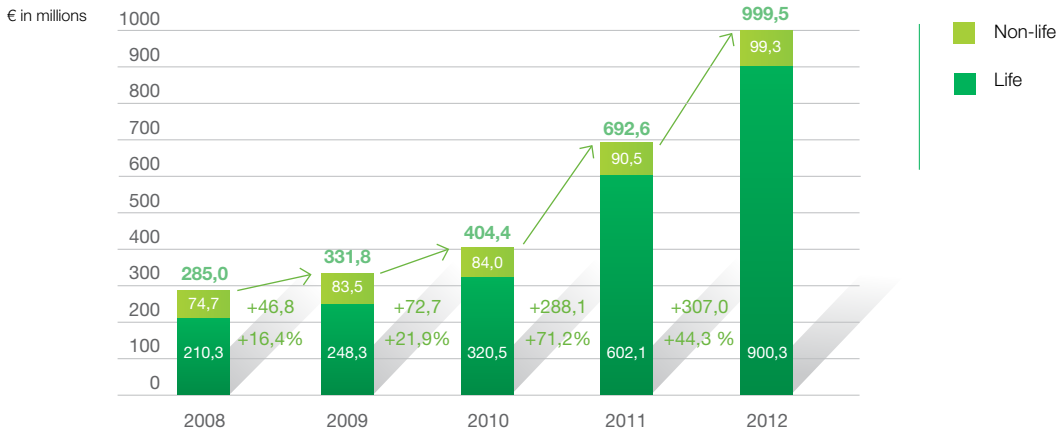
Mortgage production



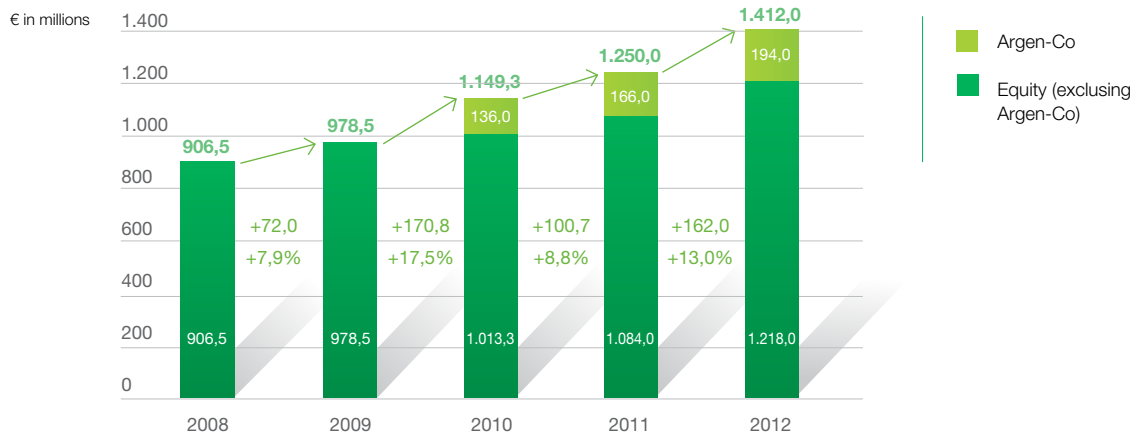
Bonds and fixed-income securities in investment portfolio



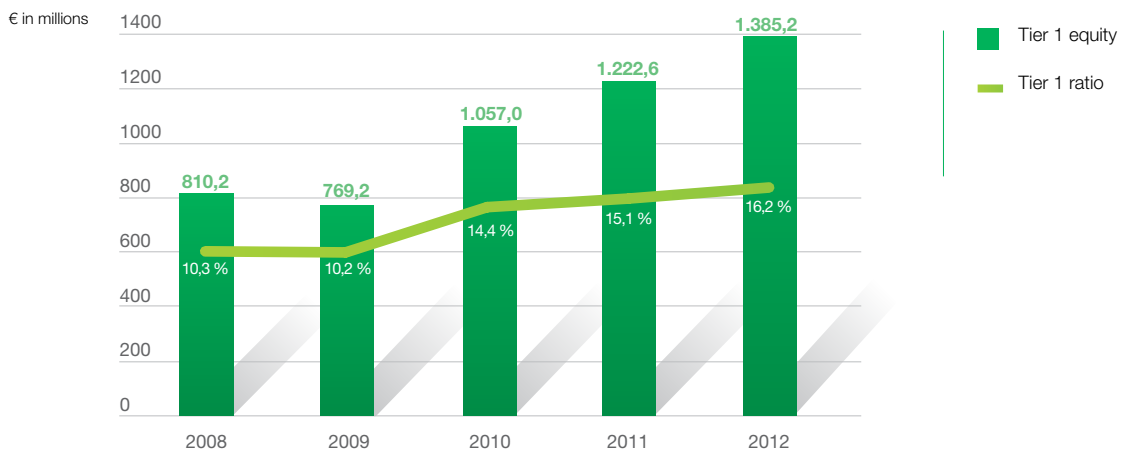
Insurance premium income



Balance sheet equity

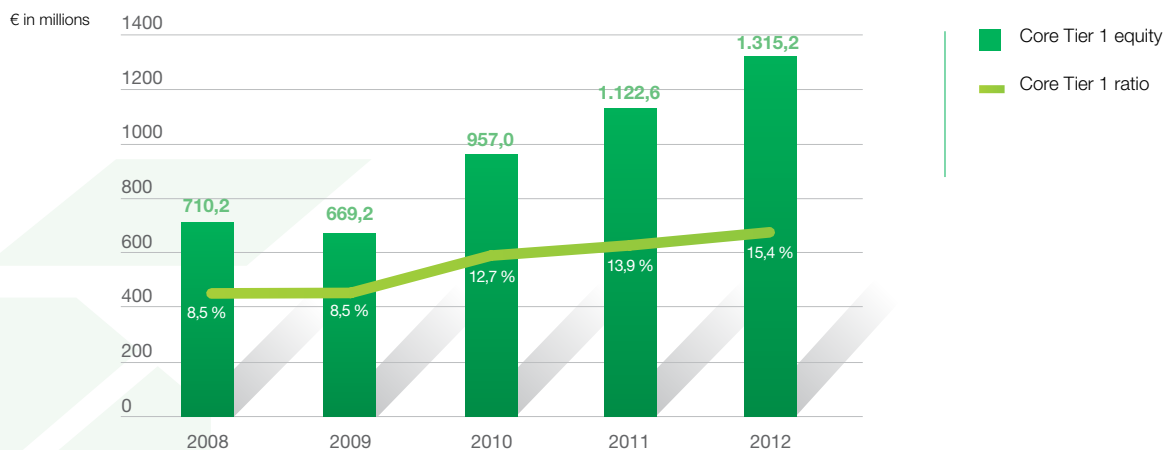


Tier 1 equity and ratio



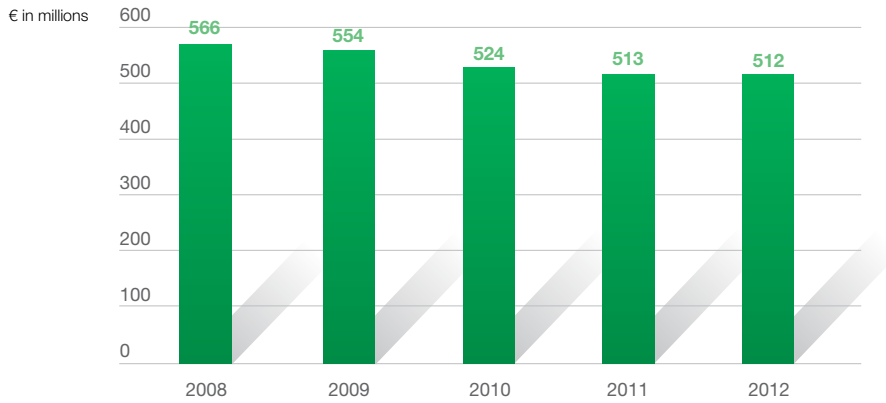
Since 2011, the Tier 1 ratio has been measured more strictly than previously: the weighted risks for the insurer obtained by the Solvency I capital are multiplied by 12.5 (cf. 8 % rule for the banking activity).

Core Tier 1 equity and ratio

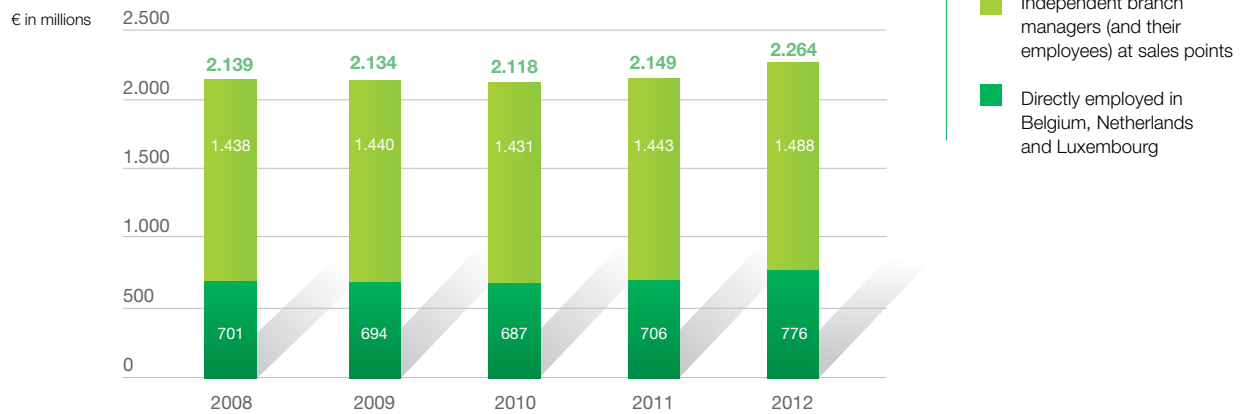


Since 2011, the Tier 1 ratio has been measured more strictly than previously: the weighted risks for the insurer obtained by the Solvency I capital are multiplied by 12.5 (cf. 8 % rule for the banking activity).

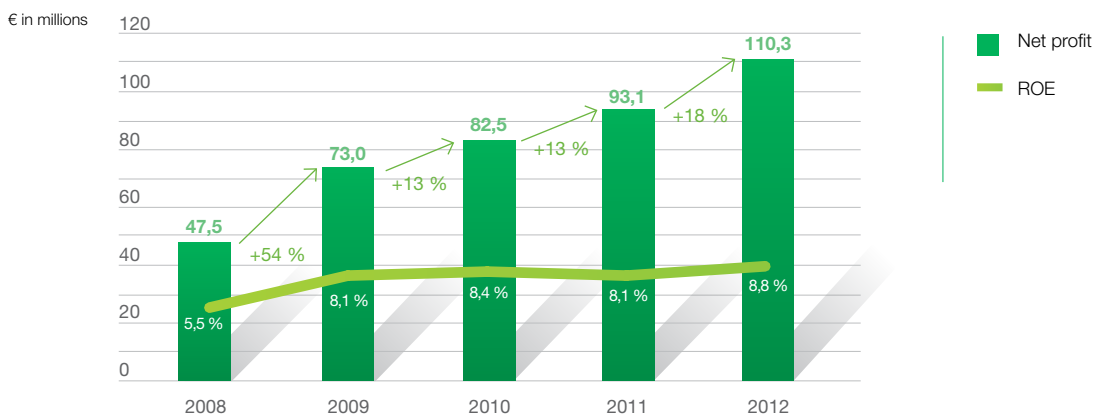
Number of sales points in Belgium



Employment



Net profit en ROE



CORPORATE GOVERNANCE



From left to right
Back row: Marc De Moor, Gert Wauters, Bart Van Rompuy, Jean-Paul Van Keirsbilck, Marc Mathijsen, Geert Ameloot,
Dirk Van Dessel
Front row: John Heller, Elke Vanderhaeghe, Geert De Haes, Marie Claire Pletinckx, Walter Van Pottelberge, Jan Cerfontaine,
Karel Van Rompuy (zittend), Dirk Van Rompuy.

The composition and functioning of the Boards of Directors of the Argenta Group

The Boards of Directors of the Company and of the other companies of the Argenta Group have similar structures. They include in each case:

- the members of the Executive Committee of the company concerned (executive directors);
- a number of independent directors;
- a number of directors that represent the family shareholder (together with the independent directors: the non-executive directors).

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

In principle, directors' mandates are for a period of six years.

The following age limits apply to directors:

- executive directors are legally resigning when they reach the age of 65;
- non-executive directors automatically resign on reaching the age of 70;
- directors reaching the age limits may continue to exercise their mandate until a successor is appointed.

The Board of Directors may permit exceptions to this rule on a case-by-case basis.

The Boards of Directors are composed in such a way that none of the three groups (the directors representing the family shareholder, independent directors and directors who are members of the Executive Committee) are in the majority. On the other hand, non-executive directors are always in the majority in the Board of Directors.

The independent directors on the Board of Directors of the Company, are also members of the boards of Argenta Spaarbank and Argenta Assuranties. In this way, all Boards of Directors of the Group have the same independent directors. They must meet all the requirements as stipulated in art. 526ter of Companies Code.

Meetings of the Boards of Directors

The Company

The Company's Board of Directors met 10 times in the past year and discussed various relevant items.

The Argenta Group

The Boards of Directors of the various Argenta Group companies met regularly during the past year to discuss the various relevant items.

The Board periodically evaluates its operation, its performance and the performance of individual directors.

Following an evaluation of the organization of the Board on the basis of an internal survey by the chairman in 2011, in 2013 a more comprehensive and externally facilitated evaluation of the functioning and performance of the Board will take place.

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

Audit Committee

There is a single Audit Committee for the Argenta Group, consisting of members of the Board of Directors of the Company. Based on a waiver granted by the supervisory authority, the Audit Committee operates at group level and no separate audit committees have been set up within the Boards of Directors of either Argenta Spaarbank or Argenta Assuranties.

The Committee consists of members of the Company's Board of Directors. Most of these are independent members plus one member representing the family shareholder and the Chairman of the Board of Directors of the Company. The audit Committee is chaired by an independent director.

The Company's Audit Committee met five times, reporting after each meeting to the Board of Directors.

The Audit Committee assesses 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 takes care to ensure 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 happens and that the employees of these departments have the necessary skills and experience.

In most cases, reports come with a list of recommendations. 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 very closely watches over on the implementation of the high-scored recommendations.

Remuneration Committee

There is a single Remuneration Committee for the Argenta Group, established within the Board of Directors of the Company. Based on a waiver granted by the supervisory authority, the Remuneration Committee operates at group level and no separate remuneration committees have been set up within the Boards of Directors of either Argenta Spaarbank or Argenta Assuranties.

The Remuneration Committee is composed of 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 chaired by an independent director.

The Company's Remuneration Committee met three times, reporting after each meeting to the Board of Directors.

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

On the advice of the Remuneration Committee, the remuneration package of the executive directors was adjusted in 2012, and the existing regime on the basis of hours worked was replaced by a completely fixed annual remuneration. In addition, on the advice of the Remuneration Committee, the premiums for the group pension capital and disability policies will be charged to Argenta as from 1 January 2013. For 2012, a transitional regime was applied.

The Committee further proposed to the Board that a number of employees be identified as "Identified Staff". The decisive factor in this qualification is the exercising of significant influence on the risk profile of the financial institution.

Composition of the Executive Committee of the Argenta Group

The Executive Committee of the Company stipulates the limits within which the various group companies can perform their activities and exercise their responsibilities. The Executive Committees of the various Argenta Group companies (see table on page 39) met regularly during the past year to discuss the various relevant items.

The Executive Committee of the Company consists of a Chairman of the Executive Committee (CEO), a Chief Financial Officer (CFO) and a Chief Risk Officer (CRO). These three members are also part of and exercise the same functions in the Executive Committees of Argenta Spaarbank and Argenta Assuranties.

The Executive Committees of Argenta Spaarbank and Argenta Assuranties also have a common member responsible for ICT, the Chief Information Officer (CIO). Both Argenta Spaarbank and Argenta Assuranties have Executive Committee members who are not part of the other Executive Committees of the Group. They are responsible for the product management and operations of the banking or insurance business respectively. At Argenta Spaarbank, the Chief Operations Officer (COO) Bank and COO Netherlands are members of the Executive Committee. At Argenta Assuranties, the COO Insurance is a member of the Executive Committee.

The Executive Committee of Argenta Spaarbank is composed of executive directors having a strong banking experience or strong training and/or experience that is not specific to banking but valuable in the managing of a bank (e.g. ICT), and who have also clearly demonstrated leadership qualities.

The Executive Committee of Argenta Assuranties is composed of executive directors having strong insurance experience or strong training and/or experience that is not specific to insurance but valuable in the managing of an insurance business, and who have also clearly demonstrated leadership qualities. Only natural persons may be appointed as Executive Directors.

Remuneration of the Argenta Group Board of Directors

The remuneration of the executive and non-executive directors of the Argenta Group companies is established by the respective Boards of Directors following a proposal from the Remuneration Committee. This proposal is also presented to the general meetings of the respective companies for ratification.

Remuneration of non-executive directors

The remuneration of the non-executive members of the Boards of Directors of the Argenta Group companies consists solely of fixed remuneration established by the respective general meetings. Effective 1 January 2012, this fixed remuneration is 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 fee is the same for all members of such a committee. The chairman of this committee receives a higher fee.

The chairman of the Boards of Directors is a director who represents the family shareholder. He has a fixed remuneration which differs from that of 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 via the Cost-Sharing Association Agreement.

Remuneration of executive directors

With effect from 1 January 2012, executive directors have been paid an annual fixed remuneration rather than remuneration based on hours worked. This does not include elements that could encourage the pursuit of short-term goals that are inconsistent with the longer term objectives of the Argenta Group. The remuneration meets the provisions of the CBFA Regulation of 8 February 2011 concerning the remuneration policies of financial institutions.

The remuneration is the same for all members of the Executive Committees, with the exception of the chairman.

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

The composition and division of tasks within the Executive Committees of the Argenta Group's three core companies (the Company, Argenta Assuranties and Argenta Spaarbank) are largely 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 provides explanations on the remuneration of the executive directors of the Argenta Group, regardless of the company that actually paid the remuneration.

In 2012, 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 354,225. The contribution to the supplementary pension and disability group policies in respect of John Heller was EUR 55,437.

In 2012, the total direct remuneration of the executive directors/members of the Executive Committee of the Argenta Group (excluding that of the CEO) amounted to EUR 1,756,445. The contribution to the supplementary pension and disability group policies in respect of Executive Committee members (excluding those of the CEO) was EUR 147,539.

No severance payments were made to directors or members of the Executive Committee in 2012.

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 based on the annual gross remuneration, calculated over the 24 months prior to the decision to terminate the contract, or over the entire period of office if less than 24 months.

The 18-month period is reduced to

- 12 months if the termination occurs after the director reaches age 58, but before age 61;
- 9 months if the termination occurs after the director reaches age 61, but before age 63, and
- 6 months if the termination occurs after the director reaches age 63, but before reaching age 65.

INDIVIDUAL OVERVIEW OF THE ARGENTA GROUP COMPANIES

HOLDING COMPANY

Argenta Bank- en Verzekeringsgroep

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

CREDIT INSTITUTION

Argenta Spaarbank

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

Argenta Spaarbank nv has a branch office in the Netherlands: Netherlands branch office

Essendonk 30
NL – 4824 DA Breda

INSURANCE COMPANY

Argenta Assuranties

public limited liability company
Belgiëlei 49-53 – 2018 Antwerp
RPR Antwerpen BTW 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
H.R. Amsterdam 33215872

LIFE INSURANCE COMPANY

Argenta-Life Nederland

public limited liability company
under Dutch law
Essendonk 30
NL - 4824 DA Breda
H.R. Amsterdam 33301491

BOARDS OF DIRECTORS AND SUPERVISORY BOARD

	Argenta Group	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. Mathijssen									
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

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

Messrs J.-P. From Keirsbilck and W. From Pottelberge and Mrs. MC Pletinckx have worked for many years in the financial sector, in both the banking and insurance sectors. Mr J.-P. Van Keirsbilck has experience in this sector as an auditor, Mr W. Van Pottelberge as chairman of the executive committee of a bank and an insurance company and Ms M.C. Pletinckx as chairman and member of various executive committees of a bank-insurer. All members have guaranteed independence along with expertise in 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 members of the Remuneration Committee within the meaning of article 526ter of the Belgian Companies Code

EXECUTIVE COMMITTEES, MANAGEMENT AND MANAGING DIRECTORS

	Argenta Group	Argenta Spaarbank	Argenta Spaarbank nv Bijkantoor Nederland	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										
D. Heiser										
M. Mathijssen										
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

External appointments and personal interests 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 companies):

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

- Justitia nv, with its registered office at Plantin en Moretuslei 295, 2140 Borgerhout, not listed on a regulated market, as director;
- Private Insurer nv/sa, with its registered office at Avenue Tedescolaan 7, 1160 Brussels, financial institution, not listed on a regulated market, as director;
- Unibreda comm. v., with its registered office at Plantin en Moretuslei 303, 2140 Borgerhout, non-executive partner; appointment ended 1 April 2012;

EXECUTIVE COMMITTEES, MANAGEMENT AND MANAGING DIRECTORS

- Vanbreda International nv, with its registered office at Plantin en Moretuslei 299, 2140 Borgerhout, not listed on a regulated market, as director; appointment ended on 1 April 2012;
 - Vanbreda Risk & Benefits nv, with its registered office at Plantin en Moretuslei 297, 2140 Borgerhout, not listed on a regulated market, as director;
 - Stichting Edgard Castelein en C. Jussiant, with its registered office at Markgravenstraat 12, 2000 Antwerp, public utility, not listed on a regulated market, as chairman of the Board of Directors;
 - Cryo-Save Group nv, with its registered office at IJsselkaai 8, NL-7201 HB Zutphen, a public limited liability company under Dutch law (naamloze vennootschap), listed on Euronext Amsterdam, as Board of Directors member;
 - Gudrun Group nv/sa, with its 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; appointment ended on 13 March 2012;
 - Inventive Designers nv, with its 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 its 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 its 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 its registered office at Lei 19/1, 3000 Leuven, a public limited company (naamloze vennootschap), not listed on a regulated market, as director.
 - Nipponkoa Insurance Company (Europe) Limited, with its registered office at 18 Bevis Marks, London EC3A 7JB, not listed on a regulated market, as director.
2. Marie-Claire Pletinckx (permanent representative of MC Pletinckx bvba) holds external appointments at:
- Nationale Suisse Assurances nv/sa, with its registered office at Rue des Deux Eglises/Twee Kerkenstraat 14, 1000 Brussels, not listed on a regulated market, as director;
 - Europese Goederen-en Reisbagage Verzekeringsmaatschappij nv/sa, with its registered office at Rue des Deux Eglises/Twee Kerkenstraat 14, 1000 Brussels, not listed on a regulated market, as director;
 - Mensura Gemeenschappelijke Verzekeringkas, with its registered office at Place du Samedi/Zaterdagplein 1, 1000 Brussels, not listed on a regulated market, as director.
3. Jean-Paul Van Keirsbilck (permanent representative of Parus Management bvba) has an external appointment in:
- Parus Consult bvba, with its registered office at Mezenhof 16, 1933 Zaventem, not listed on a regulated market, as general manager.



SUSTAINABILITY REPORT





Argenta has sustainable banking in its genes. The financial group has, in both its banking and insurance activities, always looked to the long term, and continues to do so. Argenta is the family bank and insurer par excellence for families in Belgium and the Netherlands. After nearly sixty years, Argenta still has the same main family shareholders. Argenta is one of the few financial institutions in Belgium to have retained its name and identity throughout this period. Its strategy too, has remained unchanged all this time. The Belgian branches are managed by self-employed persons, with many branches run by second or third generation members of the same families that have remained loyal to Argenta.

Staffing has also remained very stable. Ever since it was founded in 1956, Argenta has never dismissed anyone for economic reasons, even during the recent financial crisis.

This first sustainability report, integrated into the annual report, has been prepared in conformity with the global GRI reporting standard (GRI 3.1). The indicators of the Financial Sector Supplement (FSSS) have also been included. Argenta intends to produce a sustainability report each year.

GRI has checked whether this first sustainability report has been prepared in accordance with GRI guidelines 3.1 - application level A+. The report's contents have also been reviewed by the auditor. The report covers Argenta Bank- en Verzekeringsgroep bv, the underlying companies (Argenta Assuranties nv, Argenta-Life Nederland NV, Argenta Life Luxembourg sa, Argenta Nederland nv, Argenta Spaarbank nv and Argenta Luxembourg SA), plus the branch office in the Netherlands. The Belgian branches are not included because they fall under the direct responsibility of the self-employed branch managers. Argenta nonetheless encourages them to endorse the commitments set out in this report.

This report is structured around five themes:

- Argenta's identity
- Argenta as a driving force in the real economy
- Argenta as a customer-focused bank
- Argenta as an employer
- Argenta in society

These themes were prepared in a project group on sustainability. The completeness of its work was checked against the GRI reporting standard. Based on this preparatory work, extensive consultations were held with the various departments, the Executive Committee and the Board of Directors.

In parallel, a completeness check was performed using the materiality matrix and the report on the social responsibility of the financial sector issued by Febelfin, the Belgian federation of the financial sector. For both, Febelfin undertook a very extensive consultation with stakeholders. Further information on this stakeholder consultation and the completeness checks (GRI & Febelfin) can be found in the annexes to this report.

The information was collected by the following Argenta departments: Customers, Channels and Marketing, Distribution Support, Product Management Banking, Product Management Insurance, ICT, Financial Planning and Analysis, Human Resources, Legal Department, Compliance and Integrity, and Audit. The underlying companies and the branch office in the Netherlands were also consulted. Internal reporting data was used. Argenta will take steps to include in future sustainability reports indicators that were not available for the present one.

Corporate social responsibility is and remains very important for Argenta.

On the basis of this report, the Executive Committee has developed a sustainability plan for 2013-2015. It is included in this report and lists concrete actions in different domains. Argenta undertakes to provide transparent status reporting.

Argenta's identity

Argenta is the fifth largest bank-insurance group in Belgium. Over the years, it has built up a stable reputation. In so doing, it holds firm to its own values, culture and strategy, in which sobriety and honesty are central. It offers transparent products through a network of independent branch managers. These give Argenta its own distinctive identity within the Belgian banking sector.

Argenta's values and its own specific culture are described in the Ethics Charter. Their expression is very clearly visible in the local branches. Branch managers and employees are evaluated not only on their knowledge and business skills, but also on the way they express Argenta's values.

Argenta not only masters the knowledge of banking and insurance, but also how to elevate banking and insurance to an art. It is here that the secret of Argenta's success lies.

Like other financial institutions, Argenta trains staff and branch managers in, for example, credit acceptance, MiFID-compliant advisory services, system administration, claims handling, process

management, product development, anti-laundering process, modelling, and the like, all important aspects of the craft of banking. Argenta products are good, simple and cost-transparent. But the products alone do not make the difference. Even the free current accounts and the top-performing pension savings fund are not the basis for Argenta's success. Just like in music, it is not the score that makes the difference. Being a good banker requires more than that.

At the core is the art of giving confidence and getting it back from your customers. Coming to work every day with passion for your customers. Wanting to work for an honest bank. Argenta hears those considerations only too often from employees and trainee branch managers on their induction days. And also of course from the managers of its branches, some of whom are the second or third generation of the same family managing the same branch.

Argenta wants to stimulate its employees, its leaders and its branch managers to encourage talent. It wants its employees' talents to blossom in their various functions. And to offer room for this. This stimulates employees to discover their passion and, as proud bankers, to build up long-term relationships with customers in local communities. Passion also leads to innovative ideas. Argenta's leaders are constantly seeking to strike a balance between on the one hand giving space and freedom, delegating and giving autonomy to employees, and on the other hand maintaining adequate control of quality and performance.

Leadership development, intensive cooperation with independent branch managers and talent management all have an important place in Argenta's personnel and distribution policy.

This art of banking and insurance is Argenta's secret.



Cultural values

Own vision & strategy

Ever since its creation in 1956, Argenta has followed the same vision and strategy. It wants to be the best bank-insurer for families. What does this mean? Offering customers simple and transparent products with a price/performance relationship that is better than that of comparable products in the market.

Several elements enable Argenta to realize this vision. One of this is the conscious choice always to pursue its own independent course. Since 1956, the company has been owned by the same family shareholders, who moreover reinvest the profits in the company. This makes it possible to guarantee a long-term vision.

For the shareholders, the gradual growth of the company is more important than short term profitability. Healthy and sustainable growth is the result of the consistent application of this policy.

Own style

Argenta does things its own way. Threats are seen as opportunities. The company also acts accordingly. This is made possible in practice by a highly flexible organization and decision processes and a no-nonsense culture.

Argenta does everything in an uncomplicated and efficient way. It has always been very careful with its resources. This 'lean' process is also hard-wired into the internal business processes. A telling example is the publicity and marketing policy. In this area, Argenta counts heavily on its local marketers: its branch managers.

Unique distribution

Argenta has opted, since it was founded, to distribute its services and products through an exclusive network of self-employed branch managers. It is convinced that this is the only way to guarantee lifelong relationships with customers. Proximity and personal contact with local branch management are the best way to secure trust. Through in-depth advisory discussions aimed at discerning their medium and long term needs, branch managers can justifiably claim to know their customers. The relationship between the two parties is a lasting one. Argenta now has branch managers in the second and even the third generation. This is the ultimate proof of a long-term bond between Argenta and its branch managers and between branch managers and their customers. Here, too, Argenta's family focus comes into play.

Talent development

Argenta staff are given opportunities to develop at a sufficient pace and gain the skills they need, with a focus on their strengths and talents, thereby creating opportunities for themselves and the company.



Jonathan Samyn
Second generation trainee
manager at the Kortrijk branch

“We have created additional space for our clients. In this way, we give them the quality attention they deserve.”



Reputation & Integrity

Argenta's consistent policy has built it a reputation in the sector. This confidence it wants to preserve into the future. For this reason, the importance of reputation and integrity is continuously emphasized and further developed. Within Argenta, Compliance coordinates the activities related to ethics, corruption, fraud, money laundering, investor protection and financial markets integrity (MiFID). The policy applies to the Argenta Group and to its independent branch network.

Ethical conduct of branch managers and employees

Anyone working with or for Argenta is required to sign the code of conduct contained in the Ethics Charter. Branch managers too sign up to the Ethics Charter in the commercial branch agreement. The Ethics Charter describes what customers can expect from their bank and insurer, and what attitude branch managers and their employees should adopt towards them. Further information is available on the website www.argenta.be. Situations of non-ethical behaviour can be reported to a confidential contact person at Argenta.

	2010	2011	2012
Number of informal and formal complaints via confidential contact person	6	2	2

Managing and developing reputation and integrity

All Argenta staff, at head office and in the branches, are required to take the training on the application of the money laundering legislation and CBFA Circular 2010 09. They also take the associated test. This module concerns the duty of diligence towards customers to prevent the use of the financial system for money laundering and terrorist financing and to prevent the financing of the proliferation of weapons of mass destruction. In the Netherlands, Argenta adopts the same policy regarding training and sensitization under the Prevention of Money Laundering and Financing of Terrorism Act (Wwft). Before starting work, new employees must first pass a test establishing their competence in this area. Furthermore, all employees of the Dutch branch office have followed an in-house training course on the Dutch money laundering legislation.

What does Argenta pay particular attention to?

- Establishing and applying a customer acceptance policy and achieving increased vigilance in order to protect the interests of its customers.
- Monitoring customer transactions via an automated system where atypical transactions are detected. Suspicious transactions and reports of suspected money laundering are investigated and where appropriate reported to the Financial Information Unit and the Financial Intelligence Unit-Netherlands in the case of suspicious transactions in the Netherlands.

Additionally, in order to safeguard Argenta's reputation and integrity, the necessary attention is given to training and sensitizing staff at headquarters and in the branches on compliance, on the special fiscal mechanisms, on the application of Argenta's own and the sectoral codes of ethics, respect for the law on privacy and consumer protection.

Argenta also establishes the necessary guidelines and procedures to ensure the correct application of the above codes and regulations, and organizes appropriate internal control of the same, including quarterly reporting to the Executive Committee and reporting to the National Bank.

Membership of Febelfin and Assuralia in Belgium and of the Dutch Association of Banks and the Association of Insurers in the Netherlands also involves subscribing to the codes of conduct of these organizations.

MiFID

MiFID is a European law that aims to protect investors and to safeguard the integrity of financial markets. Argenta believes in proper assessment of customers' needs as a basis for a long term relationship. It has also translated this into a customer profile and an accompanying MiFID questionnaire.

A working group composed of employees from the Compliance and Integrity, Inspection, Distribution, Product Management, Banking and Insurance and Investments departments followed the (changing) requirements of this legislation. Coaching, regional meetings, e-learning sessions and training at individual level served to communicate the necessary changes to the entire branch network.

Training

Argenta staff are required to take additional training on a regular basis. This includes e-learning sessions. In certain areas, this continuous training takes the form of a cycle of regular revision and updating.

All our branch managers, branch employees and head office staff who are in contact with the public have successfully completed the various e-learning modules that have been developed for this in recent years by the Compliance and Integrity department.

Moreover, branch managers and their employees receive training in loans, investments and insurance services, including from branch manager 'mentors'.

Share ownership

Argenta has, since its foundation in 1956, been an independent family institution. The Group is still in the hands of the founding family. In 2010, shares in the Group were offered to branch managers and customers, who were able to subscribe to shares of the cooperative company Argen-Co, which in turn took a participating interest in Argenta Bank- en Verzekeringsgroep nv.

Argen-Co is recognized by the Minister of Economics and is affiliated with the National Council for Cooperation (NRC). This latter organization promotes the cooperative philosophy.

Cooperative entrepreneurship is a form of sustainable entrepreneurship, wealth creation and income generation. A member of a cooperative acts together with like-minded people. In Argen-Co, these are all Argenta customers and branch managers.

In two share issues, Argen-Co has raised EUR 197.7 million from Argenta customers and branch managers. This amount has served to take a 14.64 % minority interest in the capital of Argenta Bank- en Verzekeringsgroep nv. The majority of the shares (85.36 %) continue to be owned by the family through the family holding company Investar nv.

Argenta as a driving force in the real economy

Argenta is a major player in the economy, converting retail customers' savings into loans and advances for retail customers, businesses and governments. This is possible only because Argenta continues to enjoy the confidence of all stakeholders. For this reason, it maintains a high standard of integrity and reputation. This makes Argenta a stable bank, which thanks to its robustness and resilience did not need government help during the financial crisis of recent years.

Argenta's role in the economy

Argenta is a Belgian bank-insurer with its headquarters in Belgium. It collects funds from families with surplus savings and lends these out to families with a temporary cash shortfall or investment plans. The funds that it collects and that are not converted into loans for families, Argenta invests mainly in Belgian government and corporate bonds. Speculative transactions are avoided.

Based on a study by Fairfin, several indicators (see table below) were examined to measure a bank's impact on

the real economy. Argenta scored highest among the traditional banks operating in Belgium, surveyed on the various ratios. *"It [Argenta] places more than half of the resources in the effective financing of the real economy and relies mainly on the savings deposits of its customers. Furthermore, the Bank has hardly any products that explicitly pursue short-term profits."*

The other banks surveyed were KBC, ING, Belfius, BNP Paribas Fortis and Deutsche Bank.

The following table quantifies Argenta's role in the economy:

	2010	2011	2012
Savings from families:			
In EUR millions	29,551	30,251	31,026
In % of total assets	87 %	86 %	87 %
Loans and advances to families² :			
In EUR millions	17,749	18,142	20,102
As % of savings from families	60 %	60 %	65 %
As % of Argenta total assets	52 %	52 %	57 %
Reinvestment in Belgian government bonds:			
In EUR millions	5,088	7,239	6,657
As % of savings from families	17 %	24 %	22 %
As % of Argenta total assets	15 %	21 %	19 %

Source: Argenta

The stability of Argenta can be expressed by expressing the core capital (Tier 1) as a percentage of the risk-weighted assets, and also the leverage ratio that expresses the core capital (Tier 1) as a percentage of the balance sheet total:

Stability	2010	2011	2012
Tier 1 core capital vs. risk-weighted assets	14.38 %	15.14 %	16.24 %
Tier 1 leverage ratio	3.12 %	3.47 %	3.90 %

Basel III or the third instalment of the Basel Accords has been developed in response to the deficiencies in financial regulation revealed by the financial crisis. Basel III strengthens bank capital requirements and introduces new rules on bank liquidity and bank leverage. Core capital (Tier 1) is required to be at least 6 % of total assets from 2015 onwards.

The Basel Committee wants to place a ceiling on leverage to prevent banks building excess debt positions. It is expected that by 2018 a bank may not lend out more than 33 times its Tier 1 capital. Or in other words, that it must maintain a core capital of at least 3 %.

¹ Fairfin, Greg Van Elsen (2012): 'Een bank achteruit' - analyses were based on the 2011 annual reports.

² Includes securitized loans

Argenta more than meets these Basel III requirements today.

The credit, liquidity and interest rate risks associated with Argenta's role as a financial institution are explained in the "Risk and Risk Management" section of this annual report.

Financial stability and relationship with the government

Argenta is a stable bank-insurer. The company's Board of Directors has a defined risk appetite, which allows it to develop in a healthy way in each of its four product pillars. This helped Argenta pass safely through the storm of the recent financial crisis, with no need for government support.

Argenta as a customer-focused bank

Argenta's operation is focused on meeting the financial needs of families in Belgium and the Netherlands. Argenta's product range is directed at this objective. Argenta aims mainly at long-term relationships of trust, taking an attitude of fair competitiveness. Business companies are not part of its target group.

Customers make Argenta:

	2010	2011	2012
Number of persons (Belgium)	1,208,000	1,253,000	1,294,000
Number of persons (Netherlands)	219,000	202,000	234,000

This focus enables Argenta to operate in a highly targeted way. Argenta's characteristics as a customer-oriented bank are given below:

Customer-directed entrepreneurship

You oted us the best bank.



Family bank
Honest service provision
For individuals and families
Financing the real economy

Savings & Payments

Investments

Insurance

Lending

Free payment accounts
Free bank cards

Healthy investing
Free security custody

Ample range
No industrial risks

Healthy living
No industrial risks

Distribution

Loyal branch managers into second and third generation
Compliant working with up-to-date professional skills

Transparency

Simple, clear products for all stages in life
No tariff negotiation

Processes

Lean
No frills



Bart Prinsen:
Branch manager

“Sustainability is no empty word at Argenta. I belong to the third generation managing this branch. This enables us to build long-term relationships with our customers.”



This chapter elaborates on Argenta's unique distribution system and the transparency and sustainability of the products it offers.

Branch managers into the third generation

All financial products that a family in Belgium requires, are available through an exclusive network of self-employed branch managers. These are Argenta's contact point with its customers. The local anchoring is important. Not only are branch managers very close to customers, but they also remain available to them for many years. Proof of this is that in 86 branches Argenta works with branch managers that have been faithful to the institution already into the second or even third generation. This avoids the danger of office personnel who work hard to earn promotion and be transferred, to the detriment of the customer, to a larger branch in another municipality.

The distribution system in Belgium, Netherlands and Luxembourg is explained on page 13 of this report.

No Frills - also in our marketing strategy

Argenta deliberately chooses a policy of “no frills”. It also allows its customers to benefit from the savings achieved in this way. Customers are not charged for maintaining luxurious headquarters, mass advertising and/or sponsorship of major events. Also, no bonuses are paid to directors and senior executives. For the compensation of the CEO, see the section on Corporate Governance - Board of Directors.

Marketing in Belgium is supported by three core themes: Healthy Banking, Healthy Saving & Investing, and Healthy Living. Healthy stands always for “Security”, “Long Term” and “Appropriate to the customer profile”. The branch managers are the local marketers. They

organize themselves, through regional consultations, to launch more efficient and effective local marketing campaigns, while headquarters is able, via central control and a national reach, to promote Argenta's brand values, image, products and services to a wider audience. Word-of-mouth advertising still plays an important role here. The introduction of social media as a communication channel also offers new perspectives.

Argenta vets every advertising message that a branch manager wishes to put out. In this way, it can guarantee that what is promised is deliverable. This is fully in line with where Argenta stands for: a product that does what it promises, with no small print.

In the Netherlands, marketing is conducted around the themes of Direct Saving and Insured Housing. Without large budgets, but with bannering for Direct Savings. Mainly by word-of-mouth advertising and good reviews by consumers and financial journalists.

Clear product policy

Argenta's product policy was shown earlier schematically by pillar. Everything must be aligned at all times with achieving and maintaining long term relationships with our target group of individuals and families

Savings and payments

To make its products as accessible as possible, Argenta offers a range of payment and savings products free of charge. These include current, term deposit and savings accounts, access to Internet banking and bank cards. The philosophy is that customers should not pay to make their own money available.



Alexandra Boaventura Marques
Marketing & Communications
Manager

“Our 420-person marketing team in the form of our branch managers puts us very close to our customers.”



Overview of free products	Belgium 2012	Netherlands 2012
Number of current accounts	960,000	Not offered
Number of savings accounts and term deposits	1,201,000	100,000
Number of pension savings accounts	100,000	Not offered
Number of internet banking subscriptions	487,000	112,000
Number of debit and credit cards	1,160,000	Not offered

Argenta reinvests the savings it attracts mainly in (mortgage) loans to households in Belgium and the Netherlands (see section “Argenta as a driving force in the real economy”). These loans are individually relatively small in size and are adequately covered by the underlying mortgage guarantees. In this way, the overall credit risk is very small.

Investing

The Investing pillar is fairly new to Argenta. In developing it, the institution is guided by the principles of “Healthy Investing”. Special attention is paid to the clear wording of the objectives, and the realistic presentation of the expected results and the potential impact of various risks. This principle allows Argenta to determine an appropriate risk profile of the investment product, and clearly align this with the customer’s own investment profile. Argenta also offers its customers a free securities account.

Overview of free products	Belgium 2012	Netherlands 2012
Number of securities accounts	115,000	Not offered

Lending and Insurance

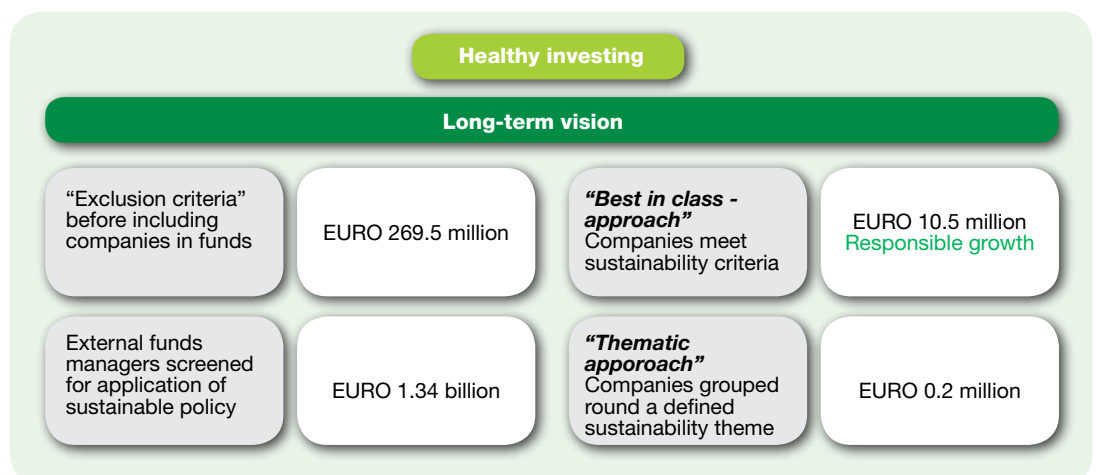
Argenta does not offer products that cover industrial risks. Nor does it provide mortgage loans to business enterprises. In this way, it can protect itself against vulnerability to recession and crisis. Argenta offers only consumer credit facilities and mortgage loans that are adapted to customer profiles and in line with MiFID rules. It also offers traditional insurance products for families. These are described in the section “Description of the activities of the Insurance Pool”. In each, their purpose is to protect the assets of private individuals. Argenta is not active in credit insurance.

Changes in products

All new products and tariff adjustments in Belgium and the Netherlands are subject to an internal quality management procedure in which the Product Management, Investment, Compliance & Integrity and Risk Management departments are closely involved. In addition, certain products need to be approved by the Belgian and Dutch regulators. These regulators have not established any instances of non-compliance.

Customer-focused investments with social impact

Argenta wants to be in the first place a sustainable family banker for individuals and families that builds long-term relationships with its customers via a loyal network of branch managers and which uses the savings received from families primarily for making loans to families. In addition, customers also have access to financial products with an (indirect) impact on society. In line with its own long-term vision, Argenta focuses among other things on funds with a long-term horizon. Particular attention is given to the management of possible temporary downward corrections. The basic elements of our long-term vision for sustainable investment are given below:



³ The Belgian regulator is the FSMA. The Dutch regulator is the Financial Markets Authority.

Argenta offers its customers both its own funds and funds from external suppliers.

In composing its own funds Argenta always performs a screening based on a list of social and environmental exclusion criteria. No investments may be undertaken that are linked to depleted uranium, cluster bombs, mines, breaches of arms embargoes, white phosphorus, or violations of environmental, human and labour rights.

For those funds that Argenta obtains from other providers such as Carmignac, Petercam, Edram, GS&P and BNP Paribas Fortis, it checked in 2012 whether these external parties applied sustainability policies in the composition of these funds.

To guarantee the further sustainable composition of a fund, Argenta offers two types of funds for customers who expect these additional sustainable investment criteria:

- **“Best in class”** funds: containing only those companies that score best in their ‘class’ (= sector) in a range of social and ecological criteria. The Argenta-Fund Responsible Growth is based on the Ethibel Sustainability Index (ESI).
- **“Theme”** funds: only companies focused on sustainability issues are eligible. Argenta offers the GS&P Family Business fund, which targets its investments at family companies. Argenta believes that family businesses in general have a long-term vision and seek growth in a responsible way.

Argenta as employer

Sustainable banking cannot be achieved without a sustainable personnel policy. Argenta puts its employees centre-stage. They need to have a work environment in which they feel at home from day one. The open, family atmosphere and the direct communication create a strong commitment.

Argenta is growing and its employee(s) can help build this growth. Argenta gives them room for personal development, helped here in particular by training courses and exchanges of knowledge and experience between colleagues and executives.

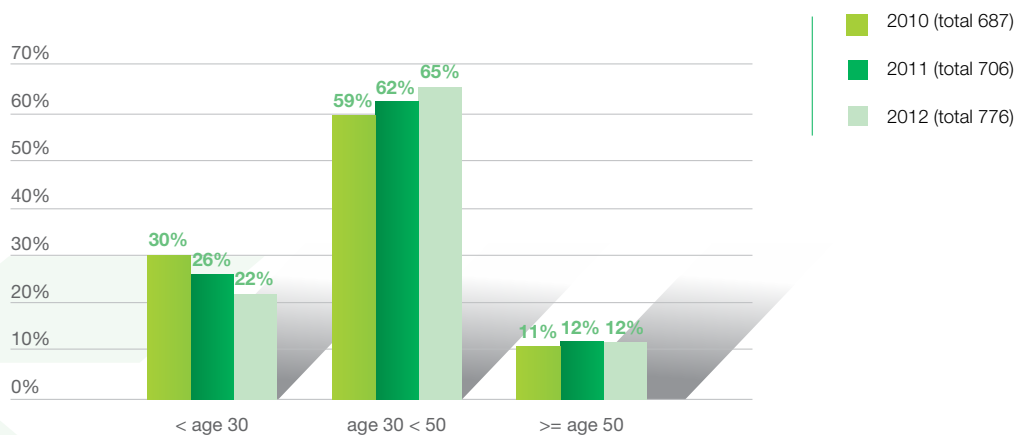
Argenta is a young and dynamic company. This is illustrated by the age pyramid and the low absenteeism rate:

Average number of days absence per employee	2010	2011	2012
Total	12	13	11

Human Resources is a matter for each department, with the HR department playing the role of supporting facilitator.

Argenta organizes each year several events for staff, branch managers and employees. The highlight of the year is the Argenta party, an enthusiastically attended event at which Argenta’s open, family culture comes to the fore.

Number of employees





Why work for Argenta?

Argenta is keen to clearly position itself as an employer. To substantiate this, employees and self-employed branch managers were asked what Argenta stands for as an employer. The result:

- Argenta has a healthy environment and workload.
- Argenta is a personal approach, with a strong customer focus. The approach is no nonsense.
- Argenta's employees have freedom and autonomy. The relationship with management is one of openness and accessibility.
- Argenta gives the opportunity for a personalized career, with attention to work-private life balance.
- Argenta is an employer that offers security.

More details can be found on www.argentajobs.be.

Personal development

Argenta wants its employees to bring out the best of their talents. It therefore offers them a programme of skills management and lifelong learning that supports their continued employability. This program applies to the entire Argenta Group.

	2010	2011	2012
Average number of training hours per employee (BE + NL)	17	18	33

Branch managers and staff are also offered courses to support their personal development.

Transparent policy and consultation

Working together as a single team in a pleasant and transparent atmosphere. Argenta attaches great importance to smooth communication. To-the-point and clear. This is typified by the open space offices where every employee can be seen working and is approachable. Argenta believes in the importance of management-employee dialogue. This is stimulated, among other things, by the qualitative way in which performance and evaluation interviews are supposed to be conducted. Argenta even provides specific courses in this. The regular staff meetings are also a clear example of this. In 2012, a further step forward was taken by opening up these meetings via web connection to the employees in the Netherlands.

Argenta attaches great importance to good relations with both its direct employees and the self-employed branch managers. For direct employees, formal consultation exists in the Works Council and in the Committee for Prevention and Protection at Work, both of which were recomposed in 2012.

The Works Council consists of five representatives elected by the employees of the company and of representatives from the Executive Committee designated by the employer. The Works Council is chaired by the HR Director. The Committee for Prevention and Protection at the Workplace is explained below.

Consultation with the self-employed branch managers takes place in the Joint Consultation Body (Paritair Overleg Orgaan). Here, ten legally elected branch managers negotiate commissions with Argenta. If these formal consultative bodies are insufficient, employees can still rely on a whistleblower rule if they wish to call attention to any improper situation.

Diversity

Every employee should feel at home in Argenta, whether male or female, young or old, and regardless of ethnic origin, political affiliation, sexual orientation or disability. In its recruitment policy, Argenta assesses candidates on their skills, talents, knowledge and experience. These are the only relevant factors.

Male/female composition of management and executive committees:

	2010	2011	2012
Number of men	24	21	21
Number of women	7	9	9

Safety

Safety at headquarters and at branch offices

Health and safety at the Belgian headquarters falls under the direct authority of the safety advisor. He draws up an annual action plan and a five year plan. The Committee for Prevention and Protection at Work approves this plan and receives monthly progress reports.

The Committee for Prevention and Protection at Work is composed equally of employees (4 delegates or 0.5 % of total employees), the employer (HR director, safety advisor and 2 delegates of the Executive Committee). These are joined by two external parties (company physician and a representative of the psychosocial service).

The safety advisor is also responsible for the training of safety and fire officers at Argenta. Employees are also offered first aid courses on a voluntary basis. In addition, the company physician and the internal prevention advisor together monitor ergonomics in the buildings.

In the Netherlands too, employee safety is an important item of attention. Two employees have started emergency response (BHV) training. At the same time, a crisis manager has been designated to take control in any crisis. Under his leadership, a working group has begun work on an emergency plan.

Security in the branches

Safety is an important factor in the operation of a bank branch. Argenta is aware that branch managers and employees incur an increased risk of security incidents, given the presence of money and/or securities.

That is why the company supports branch managers in detecting, assessing and controlling the various security risks that arise in the operation of a bank branch.

Argenta commits to making every branch manager and employee aware of the risks through centrally organized awareness sessions.

In addition, each branch undergoes a periodic safety audit, with the branch manager pointed to the specific risks at his branch. Finally, a security plan translates all this into concrete tips on material, suppliers and mitigation measures to reduce and control risks. In this way, the independent branch managers are mobilized - together with Argenta - to offer a safe working environment for all employees and customers.

Finally, Argenta provides follow-up and care, should something nevertheless go wrong. Through victim assistance, monitoring by regional directors, assistance with temporary staff and legal assistance, where necessary, it seeks to support branches after any incident.

Health

Argenta is concerned about the welfare of its employees. Thus, Argenta offers free annual flu vaccinations for staff. Annual preventive eye examinations are also provided.

In case of illness of employees or their close family, HR stimulates department managers to maintain frequent touch. Argenta strives to arrange things in a human way which is tailored to the employee.

It is also an explicit aim of Argenta to embed a preventive alcohol and drugs policy within a modern HR policy, and more specifically in the welfare policy. This serves several purposes: the better functioning of employees, the prevention of risks, the image of the company and not least the welfare of employees, who represent the human capital of the company.

Argenta in society

Argenta wants to play its role in society to the full.

This it does by, among other things:

- increasing customers' and students' knowledge of financial products;
- offering additional services to customers;
- paying the taxes on its own activities;
- collecting taxes on behalf of the government on customer operations;
- making efforts to reduce its ecological footprint in the environmental and energy areas;
- promoting volunteering and supporting local initiatives.

This role is illustrated in the following sections.



Pieter Calliauw
Social Media Specialist

“It’s amazing how positively Argenta customers speak about us on Facebook and Twitter.”



Financial literacy

Argenta has a range of initiatives to increase the financial literacy of both customers and students:

Target Audience	Action
Customers	<p>Local information sessions are organized for new or updated products. 55 such information sessions were organized in 2012. Argenta also provides free information sessions at fairs like Batibouw (Brussels) and Wonen (Mechelen).</p> <p>Argenta, as a prudent business, limits its customers' credit lines / credit card limits according to their individual risk profiles.</p> <p>Product sheets are always available on the website in Dutch and French.</p>
Students	<p>As a bank-insurer, Argenta wants to contribute to young people's financial education. For this, Argenta organized in 2011 and 2012 a school competition for "The best investor". For this, Argenta and Cartamundi together devised a special card game. This allows young people to get acquainted in a fun way with the secrets of the financial world.</p> <p>They learn how to handle money and to understand the effects of the economic situation on their capital.</p> <p>Argenta offers exciting internships and mentoring of dissertation students.</p> <p>We also support the courses in insurance and credit training at the Thomas More schools group and practice job interviews at the various colleges in Antwerp.</p>

Additional services to customers

To give everyone the opportunity to carry out his or her payments through the banking system, basic banking services have been regulated since 2003. Argenta complies with this legislation and also provides the basic banking service.

In addition to basic banking services Argenta in Belgium provides:

- information sessions for older people on online banking to reduce the digital divide;
- sessions on Healthy Banking, Healthy Savings and Investment, and Healthy Living for over 7,700 customers;
- special digipasses (device to permit secure online banking) for people with impaired vision.

Financial contribution to society

Argenta also contributes financially to the functioning of society.

The contribution of corporate tax results for Argenta in an effective tax rate of 27.85 %. Through the application of the notional interest deduction, this is lower than the standard 33.99 %. On top of this, Argenta also pays subscription tax and an annual tax on savings.

Efforts in the field of environment and energy



Argenta strives to limit as far as possible its energy consumption and the impact of its operations on the environment. The direct environmental footprint consists mainly of paper and energy/CO2 consumption. Targets have been defined for reducing the current footprint. Argenta is continuously looking for ways to make its purchasing policy greener, and continues to support financially the 'green' mobility of its employees.

Paper consumption

In 2012, Argenta analysed its paper consumption and prepared measures to reduce paper consumption and make it more ecological:

- purchase of more environmentally responsible paper for account statement printers in offices and ATMs (since late 2012);
- credit offering letters and files are no longer sent to notaries on paper but by email (since late 2012).

This report too will be published in a limited edition printed on paper carrying the FSC label.

Total paper consumption:

	Unit	2010	2011	2012
Paper with FSC label	Tons	163	180	279
Paper without ecolabel/ FSC label	Tons	67	85	90
Total paper consumption	Tons	230	264	369
Environmentally friendly paper as % of total consumption	%	71	68	76

Energy consumption

Argenta has purchased green electricity since 2010. In 2011, we also placed 229 solar panels on the roofs of our company headquarters. We also automated our air conditioning and heating and replaced 395 light fixtures.

Total energy consumption in MWh:

	Unit	2010	2011	2012
Generated energy (solar panels)	MWh	/	/	14
Electricity (green)	MWh	2,033	1,882	2,277
Electricity (grey)	MWh	6	6	38
Purchased heat	MWh	56	49	77
Natural gas	MWh	1,613	1,733	1,508
Car leasing	Litres	/	/	112,184

Totale energieverbruik in GJ:

	Unit	2010	2011	2012
Generated energy (solar panels)	Gj	/	/	50
Electricity (green)	Gj	7,319	6,775	8,197
Electricity (grey)	Gj	22	22	135
Purchased heat	Gj	200	175	278
Natural gas	Gj	5,807	6,239	5,429
Car leasing	Gj	/	/	4,039

CO2 impact

In 2012, Argenta's CO₂ footprint was calculated for the first time. In the first quarter of 2013, we are switching to an improved printer network with fewer printers that use less energy. The evolution towards flexible workplaces and the possibility of working more from home can make it possible to reduce the amount of office space in the head office building. We will also be issuing guidelines

in 2013 to the branches for reducing their energy consumption and CO₂ impact.

Total CO₂ emissions:

	Unit	2010	2011	2012
Diesel vehicles - scope 1	CO ₂ Teq	/	/	3,328
Heating oil - scope 1	CO ₂ Teq	/	/	356
Electricity - scope 2	CO ₂ Teq	/	/	87
Natural gas - scope 2	CO ₂ Teq	/	/	49
Commuting - scope 3	CO ₂ Teq	/	/	761

Waste

The hardware of both headquarters and branches is taken to a professional intermediary that provides further dismantling. Empty toner cartridges are stored separately and collected on demand by the toner supplier. Paper and cardboard are also separated out and collected separately for recycling. This recycling is carried out free / at cost by the supplier. We are also compliant with the environmental legislation.

Total waste:

	Unit	2010	2011	2012
Recycled hardware	Units	/	3,451	/
Recycled toner cartridges	Units	528	706	913
Recycled energy saving lamps and fluorescent lamps	Kg	70	51	0,06
Recycled paper and cardboard	Tons	16	117	68
Residual waste	Tons	90	659	15,6

Assessment of purchasing policy

In 2012, Argenta sent a questionnaire on Corporate Social Responsibility to its twenty major IT and non-IT suppliers. Together these account for 67 % of all company purchases. The questionnaire probed into our suppliers' commitment to CSR, how and how far this is integrated into their policies and its actual impact on the product range, the supporting supply chain and HR policies (including human rights).

The results are serving as input for a more sustainable purchasing policy to be rolled out in 2013-2015. This acquisition will also take into account the targets Argenta has established for paper and energy/CO₂ consumption.



Mobility

Argenta tries to get its staff to make maximum use of sustainable transport:

% of headquarters staff using Environmentally-friendly transport	2010	2011	2012
Public transport	37 %	45 %	49 %
Bicycle	17 %	18 %	17 %
On foot	15 %	16 %	16 %
Total:	70 %	79 %	83 %

The use of sustainable transport is deliberately encouraged. In Belgium Argenta reimburses annual train, bus and tram passes in full to employees. Employees arriving by bicycle or on foot receive an allowance corresponding to the sums paid to public employees. Furthermore, staff driving to the headquarters have to pay a parking fee. In this way, the use of cars is discouraged.

Additionally in 2012, the cyclists were spoiled during the annual Antwerp cycling day with, among other things, a full breakfast and a warm welcome from the CFO who had also arrived by bike and CRO. In total, 1 in 6 employees took part in the initiative. In all, some 1,580 kilometres were cycled on 8 May 2012.

Supporting volunteer work

Our self-employed branch managers are in many places completely embedded in their local communities, supporting local activities such as youth and sports movements.

Since 2011, a number of branch managers have put their shoulders to the "Apple Garden" project, which supports a new building project for the children's wing of the Brussels University Clinic.

Management also supports the commitments of employees, individual projects and more broadly even national initiatives like Music For Life, the Oxfam walk, Broederlijk Delen and family member surgery.

Political neutrality

Argenta is not politically bound and therefore absolutely neutral. Branch managers and employees who wish to enter into political commitments and responsibilities are entirely free, both to the nature of the engagement and the nature of the party, to the extent that remains compatible with the business aspect of the job.

New challenges for Argenta in 2013 - 2015

The preparation of a sustainability report integrated into the annual report aims to demonstrate that social responsibility and sustainable banking lie in Argenta's genes. But its ambitions are higher than this. It is not enough to simply write a report. This report has served as a basis for discussion at Executive Committee level on further strengthening the sustainable character of Argenta. This has been translated into the sustainability action plan for 2013-2015 that is outlined below.

Topic	Focus / Action
Governance	Further integration of CSR in the Argenta Group
	Designation of an executive director responsible for socially responsible and sustainable banking
	Designation of a person to take operational responsibility for further supporting CSR and the Sustainability Action Plan 2013-2015
	Communication of the sustainability policy to staff and to branch managers and their employees
Purchasing policy	The further development of the process based on the CSR questionnaire, confirmation of the same to suppliers (outsourcing partners included) and giving thought to a more sustainable purchasing policy
Human resources	The further development of talent management
	Increasing pay policy transparency
	Stimulating working differently
	Supporting our employees' social commitments
	Measuring staff satisfaction
	Internal publishing of vacancy descriptions
	Appointment of a second confidential contact person in Belgium
	Appointment of a confidential contact person in the Netherlands
Two employees in the Netherlands to obtain the emergency response diploma (BHV)	
Financial products	Improving headquarters support to branch managers
	Improving product transparency
ICT	Improving the sustainable development of the Investments pillar (e.g. use of consistent checklists, sustainability indices, and structuring funds around specific sustainability themes)
	Developing initiatives with suppliers to reduce the impact of ICT on energy and the environment by: <ul style="list-style-type: none"> • partnerships for hardware recycling • purchase of new IT equipment with high energy efficiency
Distribution	Developing guidelines for independent branches in terms of accessibility (for disabled persons), energy efficiency, safety and waste selection
Environment	Developing further measures to reduce paper consumption
	Developing further energy efficiency measures
	Defining a reporting system to calculate the results of these measures
Social	Identifying and continuing projects to increase financial literacy



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

General

The nature of its business expose the Argenta Group to various risks. The main one is market risk, including the general and specific interest rate risk. Other important risks are the evolution of economic activity in Belgium and the Netherlands and the risks associated with the limited geographical spread of the business activities. On top of this come credit, operational, liquidity, insurance, strategic, business and reputational risk, the risks associated with debt financing, and the risks associated with changes in laws and regulations. Failing to maintain control over these risks can negatively affect the financial performance and reputation of the Argenta Group.

Market risk

General

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Within this market risk we distinguish, among others, three types of risk: interest rate risk, currency risk and other price risks.

- Changes in interest rates and yield curves and fluctuating rates of return can affect the interest margin between the cost of lending and the cost of borrowing for the Bank Pool and, in the Insurance Pool, create

an imbalance between the contractually guaranteed interest rate and the earned interest rate.

- Currency fluctuations affect the value of assets and liabilities denominated in foreign currency and possibly also the income from trading conducted in foreign currency.
- The performance of the financial markets can cause the value of the Argenta Group's investment portfolio to fluctuate.

Interest rate risk

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

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

The results and capital position of Argenta Spaarbank display a certain sensitivity to changes in interest rates. This is because a major component of the business strategy consists of attracting short to medium-term funds – primarily via savings deposits and retail savings certificates placed by retail customers – and reinvesting

these via various forms of loans and investments. As the duration of these reinvestments does not necessarily match that of the funds raised, a maturity mismatch occurs. Via the interest rate differentials between the various maturities, this produces a transformation result.

The gross value of the business (the difference between the investments measured at market value and the cost of financing them) is affected by the fluctuations in these interest rates. The intensity of these is determined by the size of the selected 'duration gap'. This parameter serves as a benchmark for the weighted maturity mismatch, which can serve to a large extent to manage the interest rate sensitivity.

The duration gap is therefore one of the main instruments used by Argenta Spaarbank to steer – based on its views as to future interest rate developments – its operating results, also taking into account the potential impact of this gap on the gross value of the company as a guide to its capital position.

The duration gap can be adjusted flexibly and at short notice by means of financial instruments. It can also be adjusted in the longer term by considering a fundamental change in the positioning of certain activities:

- the first-mentioned way of modifying interest rate sensitivity uses standard and liquid financial instruments available on the capital markets, such as interest rate swaps and caps. These exogenous instruments are used, among other things, for managing the interest rate risk. They are subject to a strict policy concerning counterparty risks.
- The second series of measures relates to endogenous adjustments whereby, based on the pricing policy for deposits and retail 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. This type of adjustment is obviously focused on the fundamental strategic positioning of Argenta Spaarbank, while the aforementioned exogenous measures are more tactical in nature, and serve to supplement the permanent aim of a maximally endogenous management of the balance sheet.

For its risk management processes, Argenta Spaarbank pays considerable attention to having a coherent internal organisation enabling it to carry out these activities judiciously, objectively and efficiently and to report on them in a timely and complete manner to the various competent management bodies. In the first place, these are the Asset and Liability Committee (ALCO) for the bank and the Aras Risk Committee (ARC) for the insurance company. These policy bodies directly monitor the active positioning with respect to interest rate risk. They carry special responsibilities for monitoring the

daily management of the financial position, on which they report to the Executive Committee. ALCO and ARC have, in their respective fields, the ongoing mission of maintaining both net interest income and the market value sensitivity of equity within the prescribed limits.

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 so far set precise capital requirements for the interest rate risk, 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 increases.

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 developments. For this reason, it was decided a few years ago to place more emphasis on fee business, particularly the sale of off-balance sheet products, the financial risk of which is borne rather by the customer. The execution of this strategic decision was prepared at length and has been implemented since 2008. This fee business (or "Investments") pillar, alongside the other pillars of "Savings and Payments", "Loans" and "Insurance", is intended to diversify Argenta Spaarbank's income and improve its earnings quality.

Earnings quality at Argenta Spaarbank was much improved in 2012 by the ALM policy implemented and by the macro-economic developments. It was influenced less than in preceding years by the effect of interest rate hedging instruments. On the insurance side, besides the regular branch 21 insurance to which duration matching is generally applied, attention is also paid to the activation of the fee business, in particular through the sale of branch 23 unit-linked insurance policies.

The combination of endogenous and supplementary exogenous ALM hedging ensures that the Argenta Group's commercial strategy (including long-term relationships with households, the growth of its mortgage business, sustainable and profitable growth in deposits, and the extension of the four pillars) remains fully within the scope of the approved Risk Appetite Framework (hereinafter the RAF).

Currency Risk

The Argenta Group operates only in the Benelux countries and does not make investments in currencies other than the euro, as a result of which it is not exposed to any currency risk. Nor is consideration given to taking positions in other currencies than the euro.

Other price risks

The Argenta Group is also exposed to price risks (other than interest rate and currency risk) that cause fluctuations in the real or future value of financial instruments (such as the Argenta Spaarbank and Argenta Assuranties investment 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 specific to the individual financial instrument or issuer (e.g. a particular country's level of debt and its assessed repayment capacity) or by factors that affect all similar financial instruments traded on the market (such as a global financial market crisis).

The Bank Pool does not invest in individual equities. It therefore runs only a limited equity risk as a result of a number of investments in UCIs, with their underlying equity investments. The number of units in undertakings for collective investments shown as of 31 December 2012 came historically onto the balance sheet as a result of the establishment of new sub-funds by UCIs promoted by Argenta Spaarbank.

In accordance with the financial policy approved by Argenta Assuranties' Board of Directors, the Insurance Pool is authorised to make limited investments in individual equities. On 31 December 2012, there was an equity portfolio of EUR 28.5 million.

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

The Argenta Group undertakes 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.).

As a result, the Group's performance is affected primarily by the level and the cyclical nature of its business activities in Belgium and the Netherlands, 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 of a counterparty being unable to meet its payment obligations. This can be the result of the insolvency of a customer or counterparty. This risk arises in both the traditional loan portfolio and the investment portfolio.

Risks relating to changes in the credit quality and the recoverability of loans and amounts due from counterparties are an indissoluble part of much of the activity of the Argenta Group. A decrease in the credit quality of Argenta Group borrowers and counterparties, a general deterioration of 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, requiring an increase of the provision for non-performing and doubtful loans, as well as other provisions.

The management of credit risks within the Argenta Group is controlled by appropriate policies (retail credit policies and Treasury & ALM policies at Bank and Insurance Pool level). These policies set out the basic principles, rules, instructions and procedures for identifying, measuring, approving and reporting credit risks.

All Argenta Group entities and departments have adequate measuring instruments, guidelines and procedures with which to manage credit risk. This includes a fully independent loan approval process with set limits for creditworthiness, monitoring procedures and overall indicators of the quality of the retail loan portfolio and the investment portfolio.

Concentration of credit risk

Credit risk increases where concentrations of credit risk occur. In this way, Argenta's sector and geographical concentration exposes the Group to an increased credit risk.

Argenta Spaarbank has a concentration in lending to private individuals in Belgium and the Netherlands, more specifically in residential mortgage loans to individuals. 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.

In addition, the Argenta Group has a diversified and high quality investment portfolio with a concentration in Belgian government debt instruments.

The framework for managing credit risk is clearly defined and detailed in the Treasury & ALM policies. These are set out in the 'Credit Risk Management' section.

Liquidity risk

Liquidity risk is the risk that insufficient liquidity is available to meet financial obligations when they fall due.

This may be the result of:

- an unexpected prolongation of the outstanding receivables, e.g. default of a loan;
- the risk, in the Bank Pool, of a greater proportion of credit lines being drawn down or more savings deposits being withdrawn;
- the risk, in the Insurance Pool, of payment obligations increasing owing to a rising number of claim events, as a result of which Argenta is unable to meet its payment obligations;
- the risk that the necessary financing transactions cannot be performed (or can be performed only at bad conditions);
- the risk that assets can be liquidated only at a serious loss.

Like any bank-insurer, the Argenta Group pays particular attention to monitoring liquidity risk. Unlike the Bank Pool, the liquidity risk of the Insurance Pool is closely linked to the technical provisions. The coverage gains are reported on a quarterly basis.

A significant component of the liquidity risk is the risk of being unable to sell certain assets at the desired point in time owing to a shortage of 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 its sources of financing can affect such a financial institution's ability to fulfil its obligations as and when they fall due.

Operational risk

General

All businesses carrying on any activities have to contend with operational risk. Financial institutions are no exception.

The activities of the Argenta Group depend on the ability to process a very large number of transactions efficiently, accurately and in accordance with the policies and regulations. Potential operational risks include a violation of the money laundering legislation, breach of confidentiality obligations and the execution of unauthorized transactions. Operational risks and losses result from inadequate or failed internal processes (such as processes not aligned with the legal requirements), human actions (including fraud, employee errors) and systems (such as system failure) or are due to external events (such as natural disasters or malfunctions of external systems, including those of the Argenta Group's suppliers or counterparties). The impact may consist of financial or reputational loss.

The Argenta Group has a fairly limited number of products and services, which allows the operational risks to be kept limited. 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, the increasing complexity and growing range of products as well as the general trend towards outsourcing of non-core business activities.

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

Each year, a very extensive internal audit report is presented to the Board of Directors and the NBB. This report assesses the adequacy and effectiveness of the existing control measures.

External service providers

The Argenta Group is exposed to the risk of termination of agreements with important 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

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

For non-life 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 the liability to compensate for loss. To the extent that the actual results are less favourable than assumed in the calculation of the obligations, this can lower the profit.

For life insurance, the underwriting risk includes surrender risk, mortality risk and expense risk. In general, the Insurance Pool is exposed to risk when the number of surrenders increases, because in this case it is not always possible to fully recover the handling charges on the sale of a product. An annual evaluation of the hypotheses involving surrenders, expenses and benefit payments 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).

To achieve the strategic goals set out in the business strategy, the Argenta Group makes available resources, including communication channels, systems, human resources, networks, and management time and skills.

The ultimate fulfilment of the business strategy depends on the adequacy of the resources made available and on the way in which these resources are used. All this will be assessed on a permanent basis.

Business Risk

The 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 and/or the inability as an organization to respond to these. This risk also refers to a poor diversification of earnings or the inability to maintain a sufficient and reasonable level of profitability.

In order to best cushion the business risk which it faces, the Argenta Group has, in addition to its traditional activities, taken the strategic option of selling products that generate fee income. Alongside the Insurance, Lending, and Savings & Payments pillars, this fourth business line should give rise to greater diversification of generated earnings. Another important factor in this regard is the attention given to cross-selling, in order to attract as many customers as possible into several pillars.

For determining the profit contribution of each product, funds transfer pricing is applied when pricing Bank Pool products. For insurance products, the Insurance Pool bases itself on profit testing.

Reputational risk

Argenta Group runs the permanent risk of damage (loss) through a deterioration of its reputation or standing caused by a negative perception of the image of the organisation by its customers, counterparties, shareholders and / or regulatory bodies.

This is a second-order risk; in other words, a risk that results from another risk but which 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 retail savings certificates, bonds, tier 1 notes and subordinated notes. Although the Argenta Group is convinced that its financing structure is appropriate to its requirements, the Argenta Group entities need to generate sufficient available cash flows to be able to repay these debts. If the Argenta Group wishes to refinance its debt, either early or at maturity, there is no absolute guarantee that new funding can be found at what are for the Argenta Group acceptable terms.

Risks associated with changes in legislation and regulations

Wherever the Argenta Group operates, it is subject to laws, regulations, administrative measures and policies governing financial services. Changes in the supervisory framework and regulations may affect the activities, products and services that the Argenta Group offers or the value of its assets. Although the Argenta Group works in close collaboration with the supervisory authorities and keeps constant watch on the situation and future changes in regulations, fiscal policy and other policy areas can be unpredictable and are beyond the Group's control. Right now, for example, there are

ongoing discussions for a new bilateral tax ruling with the Netherlands in the field of corporation tax.

The capital adequacy requirements for credit institutions and insurance companies are also currently under revision (the so-called Basel III standards and (EU) Solvency II standards). These will have 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 integrated in 2010, with a number of members in common: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Risk Officer (CRO).

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

The Argenta Group further developed its conservative and transparent risk management in 2012, with further clarification of certain areas of the Company's risk management and risk appetite:

- translation of risk appetite into concrete limits, with a clear link to the business plan, periodic monitoring and reporting;
- monitoring the consistent reduction of positions that could present potential risks owing to the continuing crisis;
- new or revised policies, with strengthened and consistent input from the Risk department in each of the core activities;
- further development of ICAAP for Argenta Spaarbank and the start of ORSA (Own Risk and Solvency Assessment) for Argenta Assuranties;
- deployment plan for the IRB (internal ratings based) models for banks & corporates, which was submitted to and approved by the NBB (National Bank of Belgium);
- further integration of the Validation Unit within the Risk and Validation Department (without any loss of independence).
- the more extensive external (financial) audits and stress tests provided an opportunity for the external testing of internal risk management and control;
- active role of risk management in the Asset & Liabilities Committee, the Aras Risk Committee and Group Risk Committee, with a signalling function vis-à-vis the Executive Committee and Board of Directors.

The importance of rigorous risk management, now and in the future, is substantiated by the following risk governance tools:

- The RAF (Risk Appetite Framework), that exists for both the Bank Pool and the Insurance Pool, is a transparent flashing light system, in which the daily risk management for each risk category is monitored based on three indicators (green, yellow and red flashing lights).
- The Company's conservative risk appetite is watched over using several risk categories: capital adequacy, asset quality (and liabilities quality in the Insurance Pool), income and value stability, liquidity and concentration.
- Argenta Group's risk management also benefits from considerable cross-fertilization between banking and insurance risk expertise.

Governance

Besides the independent Internal Audit and Compliance control functions, group risk management is organised mainly at the level of the Argenta Group. In the Company-Wide Risk Management Charter, the risk management function is defined as the second-line function **that controls general risk management within Argenta.**

The risk management function supervises and controls the first-line management and provides supporting risk advice. This function is performed by the Risk & Validation Department and is under the hierarchical responsibility and supervision of the **Chief Risk Officer (CRO).**

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

Between the first and second line is the actuarial knowledge centre that advises several departments within the Insurance Pool. This knowledge centre plays a fundamental role in the risk management of Argenta Assuranties by providing specifically insurance-focused information and advice.

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

The Risk & Validation department:

- provides the independent second-line control;
- has as its basic principle: "identify, report, monitor and mitigate" for all material risk factors (including interest rate and business risk), which then serve as input to the ICAAP for the Bank Pool. In so doing, it also helps direct (economic) capital management;
- has in this way a 'radar' function of pro-active identification of not yet fully identified risks;
- plays an important role in risk modelling policy and validation;

- undertakes the necessary formal risk checks, and in this capacity plays an active role in, among others, the Group Risk Committee and Assets & Liabilities Committee / Aras Risk Committee;
- advises the Executive Committees and Boards of Directors in an independent manner on the risk management process at Argenta.

The Actuaries Department watches over both the profitability and solvency of the Insurance Book – first in the context of product innovation and second in the context of monitoring – and over the adequacy of the technical provisions, by formulating timely, proactive and quality recommendations to management and the Aras Risk Committee on the basis of sufficiently mature calculation models.

The monthly umbrella Group Risk Committee (GRC) has an alternating agenda consisting of (for the Bank Pool) in one month ICAAP topics, and in the following month credit risk topics (Kreco - Credit Risk Committee) topics and after that operational risk (ORCO - Operational Risk Committee).

Validation

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

The activities of the Validation unit included in 2012:

- Validation of the review and calibration of the credit risk models of the mortgage portfolios of Argenta Spaarbank, CBHK and the Netherlands;
- Validation of the update of Argenta Spaarbank's PD model;
- Validation of the new PD and LGD model for the Netherlands;
- Validation of the review, calibration and stress testing of the investment portfolio, and more particularly of the exposure to financial institutions, corporates and covered bonds.

Market risk management

Interest rate risk

Much attention was again paid in 2012 to the management of the interest rate risk. 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, additional interest rate caps were purchased in 2012. These exogenous hedging instruments are to be considered as

supplementing the endogenous management of the balance sheet that is pursued as far as possible.

For the endogenous hedging, the whole array of on-balance-sheet management products are available, including price setting, new products, and adjustment of product characteristics. Endogenous actions can have a significant impact, but one which manifests itself only relatively slowly and systematically.

The size of the exogenous hedging is determined from an assets and liabilities perspective. In an upward interest rate trend, we need to be able to follow by repricing liabilities that are sensitive to this. Thanks to a capped interest rate hedge, price-setting for savings accounts can partially keep step with a potential future interest rate increase, whereas without a hedge this would be difficult to do because of the less frequent repricing of assets.

On the other hand, it needs also to be possible to convert long-term fixed-rate assets into floating rate instruments. With interest rate hedging, budgeted long-term fixed-rate mortgage production can be made floating in the event of a future rise in interest rates. This provides protection in terms of both income and value.

The combination of endogenous and supplementary exogenous ALM hedging ensures that the Argenta Group's commercial strategy (including long-term relationships with households, the growth of its mortgage business, sustainable and profitable deposits growth, and the extension of the four pillars) remains fully within the scope of the approved Risk Appetite Framework (RAF).

The Risk department pays great attention to framing the financial risks, and in particular the interest rate risk. In this way, we achieve sufficient income and value stability.

The ALM policy on interest rate risk is described in the 'Treasury and ALM' policies of Argenta Spaarbank and Argenta Assuranties.

Given the significance of these parameters, a strict framework has been agreed, with the Board of Directors of Argenta Spaarbank imposing unambiguous and specific guidelines.

- The authorised duration gap has been 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 1 % rise in the general interest rate level.
- Internally, Argenta Spaarbank applies an interest rate risk limit based on the adjusted market value of equity (MVE): This is -10 % / 1 %. This internal limit stands alongside the prudential observation ratio of -20 % / 2 %, which is calculated on the basis of core capital.

- A global Earnings@Risk limit in the context of the RAF and a specific Earnings@Risk delta NII limit at 100 bps up/down for interest rate sensitivity. This limit is therefore set alongside the classical Value@Risk delta core capital limit at 200 bps up/down.

In addition, many scenarios are generated in which the impact on either earnings or value is calculated, and from which 99.90 %, 95 % and 80 % ICAAP scenarios are selected.

Moreover, the Argenta Group focuses mainly on conservative investments within the RAF such as government bonds, bank and non-bank bonds and mortgage loans. This has the effect of limiting not only the financial risk, but also the spread and liquidity risk.

As stated above, the Argenta Group has implemented and applied risk management methods to cushion and control the market risks to which it is exposed. Exposure to such risks is permanently monitored and controlled using professional software programs. In this way, 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 positions.

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

Interest rate risk is alternately reported (one week in the Assets & Liabilities Committee for Argenta Spaarbank and the following week in the Aras Risk Committee for Argenta Assuranties). This reporting includes: overview of the aggregated positions, compliance with the policies and policy limits, the applicable assumptions, stress-test results, recommendations, and the net interest rate risk balance for both Argenta Spaarbank and Argenta Assuranties.

On a monthly basis, reports are submitted to the respective Executive Committees and Boards of Directors of the Argenta Group.

Equity risk

In 2011, a small diversified portfolio of individual equities was launched at Argenta Assuranties. This was done after receiving the appropriate approvals from the Executive Committee and the Board of Directors, with a limited risk appetite and based on a fundamental analysis. Argenta Spaarbank, on the other hand, has no portfolio of individual shares.

Liquidity risk management

In order to measure, monitor, check and report on the liquidity risk, the Argenta Group has a specially adapted management information system (MIS), including a contingency plan in order to be able to adequately manage its liquidity in both normal and exceptional circumstances.

Since the outbreak of the liquidity and credit crisis, liquidity management has been central to global bank management and bank supervision. The integration of specific liquidity standards within the new capital regulations endorses the importance of a robust liquidity management in the banking sector. The Bank Pool therefore takes liquidity policy very seriously. The liquidity risk appetite is managed in the RAF of the Bank Pool via “early warning light” levels based on two risk indicators, the “Liquidity Coverage Ratio” (LCR) and the “Net Stable Funding Ratio” (NSFR). The LCR sets the liquidity buffer here against a defined outflow of customer funds over a one-month period. The NSFR sets the available liquidity in the light of the liquidity requirement over a period of one year. For the Insurance Pool, the LCR is also calculated with subsequent monitoring of the cumulative maturity gap. The RAF sets a minimum limit of 100 %, but a ratio of at least 120 % is targeted so that the Company still has a comfortable liquidity situation.

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

Daily reports on the funding situation are distributed to a wide target audience, including all members of the Executive Committee. Discussion of the liquidity indicators is also a fixed agenda item for the bi-weekly ALCO meeting. In other words, 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 the insolvency of a customer or counterparty. This risk arises both with traditional lending and with investment activities (other interest-bearing assets). In the latter case, widening spreads and rating downgrades are indicators of credit risk. The Argenta Group incurs credit risk in both the Bank Pool and the Insurance Pool.

For the Company, there are essentially two sub-areas of importance for credit risk: the market for mortgage lending to individuals, and the investment portfolio. Credit risk management therefore focuses on these two segments.

More intensive use was made during 2012 of the investment portfolio rating tool. This is the tool Argenta uses to determine the internal ratings of the counterparties in the Company's securities portfolio. Around one hundred counterparties were thoroughly screened in accordance with the internal governance procedure.

In addition to a thorough first-line analysis, this procedure also includes a second-line risk check and validation of this internal rating. All these proposed ratings were also ratified or decided by a rating committee. For the Bank Pool, this approach is part of the continued deployment of the 'Foundation Internal Rating Based' approach under the Basel framework. In 2012, each new counterparty within the banks and corporates portfolio was assigned an internal rating. As planned, also the annual re-rating of previously allocated internal ratings was also implemented.

In 2012, in the context of the further F-IRB deployment in the Bank Pool, Argenta continued preparing the dossier for the government (and regional and local authorities), for which Argenta Spaarbank will submit an application dossier to the NBB in late 2013.

The management framework for the investment policy is clearly defined and detailed in the Treasury & ALM policy of both the Bank and the Insurance Pool, including the following principles:

- A country limit is applied which measures, besides the central government (= sovereign) risk, the risk of all other counterparties / borrowers for each country.
- For each counterparty, a separate internal limit is used for repos, derivatives and covered bonds in addition to the bond limit.
- Counterparty limits reflect not only the rating of the counterparty/debtor but also the term of the transaction.
- Asset-backed securities (ABS) and residential mortgage-backed securities (RMBS) are permitted only under very stringent conditions: 5 % retention by the issuer / initiator, permanent monitoring of the underlying risk positions for arrears and default, known underlying assets and clear view of the structure: no RMBS on RMBS / ABS on ABS but direct underlying collateral.

Within these policy frameworks, the Argenta Group also focused in 2012 on the development and application of the RAF. In this context, country concentration and asset quality ratios were very important.

In 2012, the Argenta Group again continued to invest in credit risk management. Thus, the department responsible for credit risk analysis (first line) was expanded and an even better first-line portfolio reporting from the middle and back office was structured. The information from these departments also serves as a starting point for the independent risk management.

The credit risk of the mortgage portfolio remains fairly stable. For Belgium, this translates into stable arrears and low default rates. In the Netherlands, there has been a limited increase in default rates, but these remain well within the required limits.

A number of credit risk models related to the mortgage business in Belgium and the Netherlands were extensively updated. This process will be completed in 2013. Both the methodology and the variables used were reviewed and updated. A new RAF indicator for measuring the asset quality of the mortgage portfolios was introduced alongside the existing indicator for the investment portfolio.

Insurance risk management

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

Acceptance and pricing policies are both set and adjusted by continuously monitoring the technical results of the Insurance Pool. The clear acceptance policy for well-defined target groups serves to limit the acceptance risk.

Whenever a new product is developed, all possible risks are taken into consideration in order to keep these under control. Continuous monitoring enables the necessary measures, such as a possible price adjustment, to be taken in good time.

Argenta Assuranties has a limited, concentrated product range. For the insurance products not originated by Argenta itself, cooperation agreements have been concluded with other insurance companies.

The Insurance Pool also uses reinsurance to limit underwriting risks, thereby reducing earnings volatility and improving the solvency ratios. The retention and the limits of the reinsurance contracts are determined based on the acceptance policy and the risk appetite of Argenta Assuranties.

A reinsurance policy and a related reinsurance programme with unlimited upward cover exist for third party liability insurance policies (Auto - Private Life and Building). For fire risk, reinsurance is concluded per risk and per event, so that catastrophes such as storms, are also covered. Argenta Assuranties also has a reinsurance programme for life insurance policies.

The rules for calculating the technical reserves are conservative. These are systematically examined for adequacy. If, on the basis of the LAT ('Liability Adequacy Test') policy the reserves are considered inadequate, a decision is made to assign supplementary provisions and / or adjust the pricing and risk acceptance strategy.

In addition to the prudent reserve policy and the reinsurance programmes, the Insurance Pool has established an equalisation and catastrophes provision for both fire and car insurance. An ageing provision has been set up for hospitalization insurance. Because the Insurance Pool's activity as insurer is exposed to specific risks, a large number of management tools have been developed in order to keep the insurance risk under control.

Management of operational risk

The management of operational risks in the Argenta Group is covered by the Operational Risk Management Guideline, which was approved by the Executive Committee and the Board of Directors at the end of 2010. The guideline establishes the principles, rules, instructions and procedures for identifying, monitoring, assessing and reporting on operational risks. It also defines the reporting lines of the various subsidiaries, which remain accountable for managing their own operational risks.

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

Individual divisions or departments have a central responsibility with regard to operational risk. The Mediation Service within the Compliance & Integrity division manages all incoming complaints, which are an important source of information about possible causes of operational risks. Senior Human Resources, Financial Planning & Analysis and ICT management have a central responsibility for operational risk. Each in their area, they need to develop a company-wide policy which helps keep operational risk under sufficient control. In addition, the Legal Department is responsible for, among other things, the legal correctness of contracts.

The Argenta Group risk department, from a position of second-line responsibility, ensures that each subsidiary manages the operational risk in a uniform manner, and that each subsidiary manages every risk that could have an impact on the business or on other Argenta Group subsidiaries.

Additionally, the Compliance department within the Compliance & Integrity division is responsible for the operational risk regarding compliance with laws and regulations (compliance risk). The Inspectorate department within the same division is responsible for second-line control of branch operations.

The second line responsibility for information security and business continuity (BCM) is also included in the risk department.

All (operational) risks identified by those with first, second or third-line responsibility, and all incidents 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 made by Audit, Compliance, Risk and Validation in the exercise of their second / third-line control function and the ensuing actions are also monitored through this database. The status of the actions is periodically assessed by the relevant control function and reported. Combining all information and having a common approach to operational risk enables the Argenta Group to adjust management measures more efficiently. This contributes to a further qualitative improvement of the management of operational risk.

This commitment to quality is a key objective for everyone in the Argenta Group. It will also lead to a more mature internal control.

Every two years, each division is required to identify and assess its operational risks and where necessary take action to reduce them. Given that these risk & control self-assessments are initiated and supervised by Risk, they represent a large portion of its annual workload.

To involve the first line more in managing operational risks, a contact person was designated in each division in 2012. He or she acts as a contact and specialist with regard to the operational risk management in the division. The designation of these contact persons was an important step in the implementation of the recommendations made concerning operational risk management in 2012.

In the areas of information security and BCM, work continues on updating the framework and policies.

Management of other risks

In 2012, further investments were made in the economic capital models, particularly for developing stress and scenario tests. Along with the economic capital calculations based on simulation models, these offer the Argenta Group a complete picture of all material risks. The results play an important role in the income and value control models.

| Increases in share capital

The Company

On 27 April 2012, Investar and Argen-Co subscribed a capital increase of the Company.

Investar nv did so by taking EUR 19,149,800 of its dividend in respect of 2011 in the form of stock. Argen-Co made a cash contribution of EUR 12,327,800.

As a result, the Company's authorised capital was increased from EUR 550,334,200 to EUR 581,811,800 with the issue of 191,498 shares to Investar and 123,278 new shares to Argen-Co and against payment of an issue premium of EUR 24,345,140.75 by Investar and EUR 15,672,332.14 by Argen-Co.

The Argenta Group

On 8 May 2012, the Company subscribed a capital increase of Argenta Assuranties by a cash contribution of EUR 28,000,000. The share capital of Argenta Assuranties was increased in this way, with no issue of new shares, from EUR 103,467,000 to EUR 131,467,000.

On 18 December 2012, the Company subscribed a capital increase of Argenta Spaarbank by a cash contribution of EUR 37,850,400. The share capital of Argenta Spaarbank was increased in this way, with no issue of new shares, from EUR 421,255,000 to EUR 459,105,400.

| Acquisition of the company's own shares

Neither the Company, nor a direct subsidiary, nor any person acting in their own name but on behalf of the Company or the direct subsidiary, acquired shares of the Company during the 2012 financial year.

| Application of article 134 of the Belgian Companies Code

The Company

During the 2012 financial year, the Company paid to the statutory auditor, Deloitte Bedrijfsrevisoren cvba, or to companies having a relationship of professional cooperation with it, additional fees for additional services in relation to the contribution in kind to the Company, for tax advice and for services related to the sustainability report in a total amount of EUR 47,129.50 (incl. VAT).

The Argenta Group

During the 2012 financial year, the companies of the Argenta Group paid to the statutory auditor Deloitte Bedrijfsrevisoren cvba or to companies having a relationship of professional cooperation with it, additional fees totalling EUR 409,471.53 (incl. VAT) for additional services in relation to the contribution in kind to the Company, to the sustainability report, the IFRS review and analysis, additional audit assignments, analysis and verification of the liquidity costs and expenses allocation process, research costs and advice, training, tax advice, work related to the medical index, actuarial services relating to Solvency II and control of lender accountability.

| Information concerning significant events after the balance sheet date

Government fiscal and legal measures

From 1 January 2013, the 4 % 'additional tax on investment income' introduced last year was repealed. The tax remains payable in respect of 2012.

Investment withholding tax has since 1 January 2013 been further harmonized and is currently 25 %, both for interest and dividends.

The existing exceptions, such as for savings accounts, will however be maintained.

The 3 % tax on the base capital of our Pension Life Plus annuity product rises to 25 %.

Besides the above changes, the insurance premium tax was raised since 1 January 2013 from 1.1 % to 2 %, with the exception of mortgage balance insurance that serves to acquire or retain a property.

The government had intended that, for interest, capital redemptions and mortgage protection life insurances, the tax benefit would be set at a uniform 45 % instead of a deduction at the marginal rate.

This planned measure did not ultimately materialize, and deduction at the marginal rate remains provisionally preserved.

Long term refinancing operation (LTRO)

On 8 December 2011, the ECB announced the creation of a new three year LTRO (long term refinancing operation), with the option to repay after one year.

Argenta Spaarbank took part in the first LTRO, issued in January 2012, in an amount of EUR 200 million. At the end of February 2012, the ECB issued a second three year LTRO. Argenta drew down EUR 1 billion of this.

The motive for taking part in both transactions was purely financial. The use of this cheap funding made it possible to realize additional interest income, most of it indirectly converted into favourable credit rates for

customers. The drawing on LTRO funds was absolutely not driven by any funding necessity.

In December 2012, Argenta decided to make use of the opportunity to repay both LTROs after one year.

Information on circumstances that could significantly affect the development of the Company and the Argenta Group, insofar as such information is not such as to cause serious detriment 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.

The 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

2012



CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

(Financial Statements for Argenta Group)

1. Consolidated financial data

1.1. Consolidated balance sheet at 31 December 2012 after profit appropriation

in euro

ASSETS		2011	2012
I.	Cash balances with central banks and post office giro service	32,702,129	31,300,689
II.	Government securities eligible for refinancing at the central bank	166,423,953	75,676,704
III.	Amounts receivable from credit institutions		
	A. Repayable on demand	39,740,825	40,136,881
	B. Other amounts receivable (with agreed maturities or periods of notice)	678,964,293	779,825,677
		718,705,118	819,962,558
IV.	Amounts receivable from customers	15,208,231,394	17,395,405,061
V.	Bonds and other fixed-income securities		
	A. Issued by public bodies	9,228,323,800	8,257,964,270
	B. Issued by other issuers	8,706,289,639	7,635,148,234
		17,934,613,439	15,893,112,504
VI.	Equities and other variable-yield securities	460,764,445	674,514,578
VII.	Non-current financial assets		
	B. Other enterprises		
	1. Participating interests, equities	79,412	28,148
VIII.	Formation expenses and non-current intangible assets	86,323,533	92,473,637
IX.	Consolidation differences	89,227,690	80,304,920
X.	Property, plant and equipment	35,854,005	35,518,574
XII.	Other assets		
	• Reinsurance company share in technical reserves	2,067,267	1,063,343
	• Other	82,728,356	38,468,651
		84,795,623	39,531,994
XIII.	Deferred charges and accrued income	397,860,229	379,374,982
TOTAL ASSETS		35,215,580,970	35,517,204,349

in euro

LIABILITIES AND EQUITY		2011	2012
I.	Amounts owed to credit institutions		
	C. Other liabilities (with agreed maturities or periods of notice)	2,268,551,720	1,249,735,816
II.	Amounts owed to customers		
	A. Savings / savings deposits	17,339,619,806	18,933,510,449
	B. Other debts		
	1. Repayable on demand	2,749,186,779	4,161,122,557
	2. With agreed maturities or periods of notice	1,541,721,301	1,782,120,591
	C. Actuarial reserves and premium reserves	2,125,840,375	2,348,923,383
		23,756,368,261	27,225,676,980
III.	Retail debt certificates		
	A. Bonds and other fixed-income securities in circulation	5,882,883,615	3,263,891,805
IV.	Other debt instruments	142,293,569	115,213,990
V.	Deferred income	351,790,892	283,640,180
VI.	Provisions, deferred tax liabilities and deferred tax assets		
	A. Provisions for risks and expenses		
	3.a. Loss reserves and reserves / provisions for bonuses	920,032,337	1,405,471,491
	3.b. Other liabilities and charges	23,851,490	9,013,878
	B. Deferred tax liabilities and deferred tax assets	2,030,052	467,513
		945,913,879	1,414,952,882
VII.	Fund for general banking risks	6,000,000	16,000,000
VIII.	Subordinated debt	611,782,485	536,099,297
SHAREHOLDERS' EQUITY		1,249,990,607	1,411,987,069
IX.	Capital		
	A. Issued capital	550,334,200	581,811,800
X.	Share premium account	113,230,449	153,247,922
XI.	Revaluation surpluses	11,013,868	10,569,265
XII.	Reserves and results brought forward	552,250,799	643,196,791
XIII.	Consolidation differences	23,161,291	23,161,291
XV.	MINORITY INTERESTS	5,942	6,330
TOTAL LIABILITIES AND EQUITY		35,215,580,970	35,517,204,349

1.2. Consolidated off-balance sheet items at 31 December 2012

in euro

	2011	2012
I. Contingent liabilities		
C. Other guarantees	3,325,174	3,509,008
II. Commitments which could give rise to a credit risk		
B. Commitments as a result of spot purchases of transferable or other securities	49,096,657	10,090,360
C. Undrawn margin on confirmed credit lines	15,496,536	15,539,125
	64,593,193	25,629,485
III. Assets lodged within consolidated companies		
B. Safe custody and equivalent items	10,389,780,947	10,769,347,490

1.3. Consolidated Income Statement for the 12 months ended on 31 December 2012

in euro

	2011	2012
I.		
a. Interest and similar income	1,166,995,865	1,199,973,788
including that from fixed-income securities	530,213,421	516,252,688
b. Premiums and other technical insurance products' income	680,961,544	990,889,038
c. Reinsurance	912,662	239,669
II.		
a. Interest and similar charges	-769,059,443	-791,160,758
b. Technical costs for insurance	-710,870,712	-1,074,267,926
c. Reinsurance	-3,352,136	-3,664,669
III.		
Income from variable-yield securities		
A. Shares and other variable-yield securities	195,170	975,126
B. Participating interests and shares held as non-current financial assets	67,750	26,705
	262,920	1,001,831
IV.		
Commission received	65,503,043	64,660,254
V.		
Commission paid	-133,668,191	-158,346,738
VI.		
Gain (Loss) on financial transactions		
A. Profit on exchange transactions and trading of securities and other financial instruments	0	71,433
B. Gain on disposal of investment securities	57,810,023	92,104,646
	57,810,023	92,176,079
VII.		
General and administrative expenses		
A. Remuneration, social security charges and pensions	-40,995,886	-46,463,219
B. Other administrative expenses	-107,358,636	-110,727,518
	-148,354,522	-157,190,737
VIII.		
Amortisation, depreciation and write-downs on formation expenses, intangible assets and property, plant and equipment	-57,874,072	-53,708,889
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'	-361,467	-4,888,779
X.		
Decrease (increase) in amounts written down on the investment portfolio of bonds, shares and other fixed-income or variable-yield securities	-37,741,746	49,296,676
XI.		
Appropriation to 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'	1,980,604	358,824

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'	-783,667	-1,251,083
XIII.	Withdrawal from (Addition to) the Fund for general banking risks	-6,000,000	-10,000,000
XIV.	Other operating income	18,135,241	27,333,891
XV.	Other operating costs	-12,765,464	-20,780,504
XVI.	Profit of consolidated companies on ordinary activities, before taxes	111,730,482	150,669,967
XVII.	Extraordinary income		
	B. Impairment changes of non-current financial assets	0	398
	D. Gains on the realisation (sale) of non-current assets	125,339	20,279
	E. Other extraordinary income	253,050	114,100
		378,389	134,777
XVIII.	Extraordinary expenses		
	B. Impairment of non-current financial assets	-5	0
	D. Losses on the realisation (sale) of non-current assets	-42,093	-61,523
	E. Other extraordinary expenses	-79	-98
		-42,177	-61,621
XIX.	Profit of consolidated companies for the financial year, before taxes	112,066,694	150,743,123
XIX bis.			
	A. Transfer to deferred tax assets / liabilities	-32,818	-49,957
	B. Withdrawals from deferred tax liabilities and tax assets	472,926	1,571,161
XX.	Income taxes		
	A. Income taxes	-32,384,848	-50,284,442
	B. Regularising of taxes and reversals of tax provisions	12,989,774	8,303,591
		-19,395,074	-41,980,851
XXI.	Profit of the consolidated companies	93,111,728	110,283,476
XXIII.	Consolidated profit	93,111,728	110,283,476
XXIV.	Minority interests' share of the profit	485	582
XXV.	Group's share of the profit	93,111,243	110,282,894

2. Notes on the consolidated financial statements at 31 December 2012¹

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

I. Criteria for consolidation and for recognition using the equity method

a.1. Full consolidation

The full consolidation method is applied to all companies in the Argenta Group.

Under this method the shares of the subsidiary held by the parent company are replaced in the parent company balance sheet by the assets and the liabilities of this subsidiary.

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

- the minority interests, which are the portion of the subsidiaries' own funds on which the parent company has no claim;
- the consolidation differences, which are the differences at the time of acquisition between, on the one hand, the acquisition 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 shareholders' equity of the subsidiaries.

Positive consolidation differences (consolidation goodwill)

are reported under balance sheet assets.

Positive consolidation differences arising from first-time consolidation are written down over a period of 20 years, as 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 on the liabilities side 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, intercompany debts and receivables, and 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.

As all Argenta Group companies close their financial years 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 with the Belgian National Bank within the statutory deadline.

VI. Valuation principles

Intangible assets

Formation and restructuring costs are charged in full during the first financial year, with the exception of the costs of taking the Life portfolio into own management.

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

Costs incurred with the issuing of a loan are amortised on a straight-line basis over the (expected) term of the loan.

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

Positive consolidation differences arising upon first-time consolidation are written down over a period of 20 years, as 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.

Commission fees are, in principle, taken into the result immediately and in full. The commission fees on savings certificates, term deposits and mortgage loans are included in the result on a prorata basis, 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 over the life of the transactions.
- Commission fees for transactions with a contractual life of more than 60 months are recognised in the result over sixty months.

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 expenditure, mainly consisting of maintenance costs and licences, the minimum amount is fixed at € 10,000. Amounts lower than € 10,000 are charged immediately.

Property, plant and equipment

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

- The purchase price and related costs of land are not depreciated, regardless of whether or not there are buildings on the site. Where land is purchased with buildings on it, the value of the land and the value of the building are separated according to an accounting estimate prepared at the time of purchase.
- For land with buildings on it, the purchase price is divided into two parts:
 - a) The value of the land (as calculated above) plus the additional costs relating to the land.
 - b) The value of the buildings, plus the additional costs relating to the buildings. These costs are calculated using the formula:

value of the buildings / purchase price x total additional cost.

The value of the buildings is depreciated at 3 % per annum on a monthly 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 acquisition cost and 3 % on 12 % of the acquisition cost. Commencing in the following financial year, depreciation began being charged at 3 % of the total acquisition cost.
- The costs relating to the new building constructed in 1994 are depreciated at a rate of 3 % on the total acquisition 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 acquisition cost.
 - a) For the revaluation surpluses on the Company's registered office recognized in 1990, the annual depreciation is 3.125 % over a period of 32 years.

- b) For the revaluation surpluses recognized in 2003:
- For the new building constructed in 1986, the annual depreciation is 7.595 % from 1 November 2003 to 31 December 2017.
 - For the new building constructed in 1994, the annual depreciation is 4.316 % from 1 November 2003 to 31 December 2027.
 - For the Lamorinièrestraat 58 building + old print shop, the annual depreciation is 3.209 % from 1 November 2003 to 1 December 2035.
 - For the Lamorinièrestraat 39-43 building, the annual depreciation is 3.315 % from 1 November 2003 to 31 December 2034.
- The works carried out on the Lamorinièrestraat premises are considered as new construction and are depreciated 3 % per annum on a monthly basis. The depreciation of the purchase costs follows that of the purchase price.
 - Rebuilding costs (purchase price and related costs) are depreciated at 10 % per annum on a monthly basis.
 - Furnishings and equipment (purchase price and related costs) are depreciated at 10 % per annum on a monthly basis.
 - Hardware (purchase price and related costs) is depreciated at 33.33 % per annum on a monthly basis.
 - Vehicles (purchase price and related costs) are depreciated at 25 % per annum on a monthly basis.
 - The costs of furnishing leased buildings (purchase price and related costs) are depreciated over the life 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, the amount of the fund is calculated based on an estimate of potential future (credit) risks present in the investment portfolio, taking into account the general economic situation and other latent risks generally attached to banking activities.

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 uncertain whether all or part of the receivables will be paid on due date.

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

Securities belonging to the trading portfolio

Securities for which a cash market exists are valued at their market value on the balance sheet date; the other securities are valued at the lower of their acquisition cost or their market 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 belonging to the investment portfolio

Variable-yield securities are valued at the lower of their acquisition cost or their realisable value on the balance sheet date. Any capital gains on resold shares are taken into the income statement on an individual basis.

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

The difference between the acquisition cost and the redemption value is taken into the income statement pro rata temporis over the remaining term of the securities, as part of the interest income from these securities.

This difference is taken into the income statement on a discounted basis, based on the real rate of return at time of purchase. In the balance sheet, these securities are recognised at their acquisition cost, plus or minus the part of the above-mentioned 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 market value or acquisition cost. For perpetual loan certificates, the difference between their acquisition cost and their lower market value is considered a permanent loss.

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

Securities are designated as liquidity-supporting if the cash planning clearly identifies an important and structural cash deficit and securities are affected to cover this identified deficit. The gains and losses from the sale of fixed-income securities in the context of arbitrage transactions are taken immediately into the income statement.

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 variable interest securities purchased before the 2008 financial year, the difference in par at purchase is written down or credited on a pro rata basis until the first interest adjustment date.

In the case of variable interest securities, 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 rate securities.

Loans and advances

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

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 write-downs referred to above, collective IBNR (*incurred but not reported*) provisions are also set up on a portfolio basis.

Liabilities

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

Insurance

Loss reserves

In the case of indemnity insurance policies, an initial standard reserve is formed for every available type of coverage. This initial reserve is adjusted as and when necessary on the basis of specific information from which can be decided that the standard minimum will be insufficient. The standard 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 bodily injury dossiers are revised on a six-monthly basis. The revisions can be both upward and downward.

In principle, the recovery reserves follow 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 premiums are recognised in the result in proportion to the portion earned each month. A premium reserve is formed for the later months.

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

For car and fire indemnity insurance premiums that are more than three months in arrears, write-downs are recognised in the total amount of the unpaid premiums.

The calculation and the booking of the write-downs is undertaken by individual insurance branch.

Collection fees payable are recognised proportionately in the result for the monthly owed portion.

Write-downs are applied and adjusted on a quarterly basis.

Actuarial reserves

The actuarial reserves are set up 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 equalization and disasters

The provision for equalization and disasters is formed in accordance with CBFA notification D.151 of 6 December 1996.

Provision for the ageing population

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

VII. Amounts receivable from credit institutions (asset item III)

in euro

	Financial year
B. Other amounts receivable (at agreed maturity or periods of notice) from credit institutions (asset item III B.)	
2. Breakdown of these receivables by residual term:	
• up to three months	779,825,677

VIII. Amounts receivable from customers (asset item IV)

in euro

	Financial year	Previous financial year
1. Receivables		
• from affiliated enterprises not included in the consolidation	2,921	2,915
4. Breakdown of these receivables by residual term:		
• up to three months	316,439,122	
• more than three months up to one year	160,614,710	
• more than one year up to five years	522,333,987	
• more than five years	16,336,106,703	
• with indefinite term	59,910,539	

IX. Bonds and other fixed-income securities

(asset item V)

in euro

	Financial year	Previous financial year
2. Bonds and securities which represent subordinated receivables	99,203,057	60,106,779
3. Geographical breakdown of the following items:	Belgium	Abroad
V.A. • public issuers	6,581,641,346	1,676,322,924
V.B. • other issuers	578,162,009	7,056,986,225
4. Listings and terms:	Carrying amount	Fair value
a. • listed securities	15,893,112,504	16,622,939,457
	Financial year	
b. • residual term up to one year	2,929,518,084	
• residual term more than one year	12,963,594,420	
5. Breakdown of bonds and securities by portfolio:		
a. • trading portfolio	1,747,358	
b. • investment portfolio	15,891,365,146	
6. For the trading portfolio:		
• the positive difference between the higher market value and the acquisition cost of the bonds and securities that are valued at market value	22,220	
7. For the investment portfolio:		
• the positive difference of all securities for which the redemption value is greater than their carrying amount	37,417,306	
• the negative difference of all securities for which the redemption value is less than their carrying amount	151,230,611	
8. Detailed statement of the carrying amount of the investment portfolio:		
a. Acquisition cost		
At the previous financial year-end	17,954,319,299	
Changes during the financial year:		
• purchases	3,027,587,425	
• transfers (-)	-5,043,926,247	
• 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 (+/-)	-41,206,481	
At the financial year-end	15,896,773,996	
c. Write-downs		
At the previous financial year-end	19,705,860	
Changes during the financial year:		
• recognised	124,914	
• reversals of redundant write-downs (-)	-14,421,924	
At the financial year-end	5,408,850	
d. Net carrying amount at the end of the financial year	15,891,365,146	

X. Equities and other variable-yield securities

(asset item VI)

in euro

	Financial year	Previous financial year
1. Geographical breakdown of the issuers of securities:		
• Belgian issuers	356,578,495	193,602,906
• foreign issuers	317,936,083	267,161,539
2. Listings:		
	Carrying amount	Fair value
• listed securities	674,514,578	681,982,192
3. Breakdown of equities and securities by portfolio:		
	Financial year	
• investment portfolio	674,514,578	
5. Detailed statement of the carrying amount of the investment portfolio:		
a. Acquisition cost		
At the previous financial year-end	460,764,449	
Changes during the financial year:		
• purchases	171,258,694	
• transfers (-)	-30,925,653	
• other changes (+/-)	73,417,088	
At the financial year-end	674,514,578	
c. Write-downs		
At the previous financial year-end	4	
Changes during the financial year:		
• reversals of redundant write-downs (-)	-4	
At the financial year-end	0	
d. Net carrying amount at the financial year-end	674,514,578	

XI. Non-current financial assets (asset item VII)

in euro

	Financial year	Previous financial year
A. Breakdown of items VII A.1 and VII B.1:		
a. Economic sector of enterprises other than credit institutions		
• other enterprises	28,148	79,412
c. Detailed statement of the carried amount at the financial year-end (VII A.1 en VII B.1)		Other enterprises
A. Acquisition cost		
At the previous financial year-end		79,810
Changes during the financial year:		
• transfers		-51,662
At the financial year-end		28,148
C. Write-downs		
At the previous financial year-end		398
Changes during the financial year:		
• reversals of redundant write-downs (-)		-398
At the financial year-end		0
E. Net carrying amount at the financial year-end		28,148

XII. Formation expenses and non-current intangible assets

(asset item VIII)

in euro

	Financial year	
A. Detailed statement of formation expenses:		
Net carrying value at the previous financial year-end		362,055
Changes during the financial year:		
• amortisation		-160,973
Net carrying amount at the financial year-end		201,082
of which:		
• Costs of formation or capital increase, loan issuing expenses and other formation costs		201,082
	Other participating intangible non-current assets	Including provisions to pay for contributions to section 27 bis activities
B. Intangible assets		
a. Acquisition cost		
At the previous financial year-end	237,188,704	161,011,073
Changes during the financial year:		
• acquisition, including fixed assets, own production	47,438,068	28,765,612
• transfers and retirements (-)	-79,767,109	-77,160,917
At the financial year-end	204,859,663	112,615,768
b. Amortisation and write-downs		
At the previous financial year-end	151,227,226	107,721,762
Changes during the financial year:		
• recognised	41,126,991	29,324,017
• reversals of redundant write-downs (-)	-79,767,109	-77,160,917
At the financial year-end	112,587,108	59,884,862
c. Net carrying amount at the financial year-end	92,272,555	52,730,906

XIII. Property, plant and equipment (asset item X)

in euro

	Land and buildings	Plant, -machinery and -equipment	Furniture and vehicles
a. Acquisition cost			
At the previous financial year-end	46,282,024	25,014,343	4,180,725
Changes during the financial year:			
• acquisition, including fixed assets, own production	243,580	2,669,441	250,791
• transfers and retirements (-)	-405,268	-137,429	-212,205
At the financial year-end	46,120,336	27,546,355	4,219,311
c. Depreciation and write-downs			
At the previous financial year-end	18,518,599	18,233,858	3,178,240
Changes during the financial year:			
• recognised	968,279	2,266,673	160,009
• reversals (-)	-5,184	0	0
• booked out as redundant (-)	-6,825	-128,409	-207,205
• other differences (+/-)	0	-2,899	8,582
At the financial year-end	19,474,869	20,369,223	3,139,626
d. Net carrying amount at the financial year-end	26,645,467	7,177,132	1,079,685
	Other -property, plant and equipment	Assets under construction and advance payments	Costs for leased buildings
a. Acquisition cost			
At the previous financial year-end	205,432	121,934	133,180
Changes during the financial year:			
• acquisition, including fixed assets, own production	0	34,838	376,791
• transfers and retirements (-)	0	0	-7,010
At the financial year-end	205,432	156,772	502,961
c. Depreciation and write-downs			
At the previous financial year-end	86,215	0	66,721
Changes during the financial year:			
• recognised	22,836	0	79,682
• booked out as redundant (-)	0	0	-1,572
• other differences (+/-)	-5,007	0	0
At the financial year-end	104,044	0	144,831
d. Net carrying amount at the financial year-end	101,388	156,772	358,130

XIV. Amounts owed to credit institutions (liabilities and equity item I)

in euro

	Financial year
B. For the amounts not immediately payable, breakdown by residual term (liability items I, B and C)	
• up to three months	49,735,816
• more than one year up to five years	1,200,000,000

XV. Amounts owed to customers (liabilities and equity item II)

in euro

	Financial year	Previous financial year
1. Debts to:		
• affiliated enterprises not included in the consolidation	26,743,263	21,583,360
2. Geographical breakdown of amounts owed:		
• within Belgium	25,462,025,545	
• abroad	1,763,651,435	
3. Breakdown by residual term:		
• immediately payable	4,161,122,557	
• up to three months	176,133,260	
• more than three months up to one year	234,463,709	
• more than one year up to five years	1,306,300,013	
• more than five years	254,795,569	
• with indefinite term	21,092,861,872	

XVI. Retail debt certificates (liabilities and equity item III)

in euro

	Financial year
2. Breakdown by residual term:	
• up to three months	824,477,535
• more than three months up to one year	634,456,850
• more than one year up to five years	1,664,395,994
• more than five years	138,617,190
• with indefinite term	1,944,236

XVII. Subordinated debt (liabilities and equity item VIII)

in euro

	Financial year	Previous financial year
A. For the item as a whole		
• debts of other enterprises included in the consolidation	147,035,000	177,445,000
C. Costs related to subordinated debt	21,750,105	

**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 enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Arne nv Netherlands	euro	57,035,000	14 June 2013	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	70,000,000	31 Oct. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aras nv Belgium	euro	20,000,000	31 Dec. 2013	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	8,000	Jan. 2013	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	10,000	Feb. 2013	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	600	April 2013	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	25,250	Feb. 2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	15,000	April 2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	20,000	May 2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	4,650	July 2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,125	Oct. 2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	7,947,058	Dec. 2014	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	8,381,863	Jan. 2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	5,905,345	Feb. 2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	8,090,541	March 2015	a. no early repayment option 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 enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Aspa nv Belgium	euro	11,722,420	April 2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	16,318,740	May 2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	8,434,931	June 2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	4,809,400	July 2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	4,415,380	August 2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,945,165	Sept. 2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	67,500	Oct. 2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	39,623,807	Dec. 2015	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	56,629,305	Jan. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	25,519,885	Feb. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	20,098,258	March 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	9,312,581	April 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	12,984,690	May 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	14,067,449	June 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	13,174,577	July 2016	a. no early repayment option 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 enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Aspa nv Belgium	euro	8,817,740	August 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	7,012,230	Sept. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,975,633	Oct. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,675,715	Nov. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	1,827,421	Dec. 2016	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,376,107	Jan. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,291,763	Feb. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	5,481,911	March 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	6,652,622	April 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	11,577,947	May 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	9,510,724	June 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	7,853,457	July 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	5,007,731	August 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	4,202,472	Sept. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,809,137	Oct. 2017	a. no early repayment option 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 enterprise can pay back this loan prematurely b. conditions of subordination c. conditions of conversion
Aspa nv Belgium	euro	2,710,220	Nov. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,368,155	Dec. 2017	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	17,600	Nov. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	133,639	Dec. 2018	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	524,240	Jan. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	526,250	Feb. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	711,487	March 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	532,153	April 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	1,452,765	May 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,897,952	June 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	2,159,301	July 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	5,561,477	August 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,992,778	Sept. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,316,515	Oct. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	3,921,095	Nov. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none
Aspa nv Belgium	euro	4,630,540	Dec. 2019	a. no early repayment option b. payment of the debt after all preferential and non-preferential creditors c. none

XVIII. Reserves and results brought forward

(liability and equity item XII)

in euro

	Financial year
At the previous financial year-end	552,250,799
Changes during the financial year:	
• result of the Group	110,282,894
• dividends	-19,781,603
• other	444,701
At the financial year-end	643,196,791

XIX. Consolidation differences and differences after application of the equity method

in euro

	Positive differences	Negative differences
A. Consolidation differences		
Net carrying amount at the end of the previous financial year	89,227,690	23,161,291
Changes during the financial year:		
• amortisation	-8,922,770	0
Subtotal of the changes	-8,922,770	0
Net carrying amount at the end of the financial year	80,304,920	23,161,291

XX. Breakdown of balance sheet euro - foreign currency

	In euro	In foreign currency (equivalent in euro)
TOTAL ASSETS	35,517,204,349	0
TOTAL LIABILITIES	35,517,204,349	0

XXII. Secured debts and commitments

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

in euro

	Carrying amount of the pledged assets
Pledges on other assets	
a. as surety for debts and commitments of third parties	
1. Liabilities	
• securities pledged for tender	1,209,113,889
2. Off-balance sheet items	
• OLOs pledged as collateral for swap	561,965,000

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

in euro

Types of transactions	Amount as at the closing date of the accounts	Of which transactions not designated as hedging
1. On securities		
• forward purchases and sales of securities	83,195,050	83,195,050
3. On other financial instruments		
1. Forward transactions		
• interest rate swap contracts	6,940,752,554	
• interest rate options	7,700,000,000	

Appendix to standard form XXIV

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

in euro

Categories of forward interest rate transactions	Amount as at the closing date of the accounts (a)	Difference between the market value and the carrying amount (b)
2. In the context of the ALM	14,640,752,554	-479,140,915

(a) nominal / notional reference amount

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

-: negative difference between market value and already recognised results

Derivative financial instruments not valued at fair value

in euro

	Financial year
Estimate of the fair value for each category of derivative financial instruments that are not valued on the basis of their market value, indicating the scope and nature of the instruments	
Notional swap amounts	6,940,752,554
Market value dirty price	-485,491,325
Notional cap amounts	7,700,000,000
Market value dirty price	13,057,594
Caps premium paid and not written off	70,326,570

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

in euro

	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 and similar income	1,925,770,331	265,332,164	1,595,201,889	253,668,182
III. Income from variable-yield securities				
• Shares and other variable-yield securities	975,126	0	195,170	0
• Participating interests and shares held as non-current financial assets	26,705	0	67,750	0
IV. Commission received	63,794,728	865,526	62,275,762	3,227,281
VI. Profit from financial transactions				
• From the exchange and trading company in securities and other financial instruments	71,433	0	0	0
• On disposal of investment securities	92,104,646	0	56,019,874	1,790,149
XIV. Other operating income	20,754,068	6,579,823	11,712,162	6,423,079

in units

		Fully consolidated companies
B. 1. Average number of staff		
• salaried staff		649.66
• executives		45.80
2. Staff costs and pension costs		
		in euro
		46,463,219

in euro

	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	20,279
• received late payment interest	113,578
• recovery of property withholding tax	522
• write-back of amounts written off shares Argenta Fund	5
• write-back of amounts written off financial fixed assets	393
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	4,881
• realised losses on land and buildings	56,642
• contingent losses	98

Appendix to standard form XXV

Information relating to operating results of the financial year and the previous financial year

in euro

Item III B	Financial year	Previous financial year
Belgium	26,705	67,750

XXVII. Financial relations with directors and business managers

in euro

	Financial year
Outstanding amounts receivable from directors and business managers	435,444
Direct and indirect remuneration and pensions charged to the income statement, in so far as this disclosure does not refer exclusively or mainly to a single identifiable person	
<ul style="list-style-type: none"> • To directors and business managers 	2,783,598

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

in euro

	Financial year
Remuneration of auditor	574,129
Remuneration for exceptional activities or special assignments carried out by the auditor in the Company	
<ul style="list-style-type: none"> • Other audit assignments • Advisory assignments regarding tax • Other assignments over and above auditing tasks 	77,138 92,487 284,227

3. The statutory auditor's report

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING
ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Argenta Bank-en Verzekeringsgroep nv (the Company) and its subsidiaries (jointly "the Argenta Group") for the year ended 31 December 2012, prepared in accordance with accounting principles applicable in Belgium, which show total consolidated assets of 35,517,204,349 euro and a consolidated profit (group share) for the year of 110,282,894 euro.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the 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 Réviseurs d'Entreprises/Instituut van de 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 2012 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 27, 2013

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

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

Represented by Jurgen Kesselaers



UNCONSOLIDATED BALANCE SHEET OF THE COMPANY

1. Balance sheet

in euro

ASSETS	2011	2012
Non-current assets	729,050,621	794,432,524
Non-current financial assets		
Affiliated enterprises	729,050,621	794,432,524
Current assets	3,598,745	21,267,555
Amounts receivable within one year	1,002,798	1,519,347
Cash investments	2,000,000	0
Cash and cash equivalents	565,779	19,697,737
Deferred charges and accrued income	30,168	50,471
TOTAL ASSETS	732,649,366	815,700,079

in euro

LIABILITIES AND EQUITY	2011	2012
Shareholders' equity	670,912,771	793,658,283
Capital	550,334,200	581,811,800
Share premium account	113,230,449	153,247,922
Reserves		
Statutory reserve	6,695,377	10,246,979
Distributable reserves	652,745	48,351,582
Provision for liabilities and charges	8,528	0
Other liabilities and charges	8,528	0
Debts	61,728,067	22,041,796
Amounts payable within one year		
Financial debts	0	10,994
Trade debts	0	351,420
Taxes, remuneration and social security costs	1,959,592	1,897,781
Other liabilities	59,768,475	19,781,601
TOTAL LIABILITIES AND EQUITY	732,649,366	815,700,079

2. Income statement

in euro

	2011	2012
Operating income	14,084,425	13,248,974
Other operating income	14,084,425	13,248,974
Operating costs	-14,723,619	-15,251,594
Services and other goods	-3,413,163	-3,752,591
Remuneration, social security charges and pensions	-11,277,235	-11,465,869
Provisions for liabilities and charges (increase/(decrease))	0	8,528
Other operating costs	-33,221	-41,662
Operating loss	-639,194	-2,002,620
Financial revenues	11,511,275	74,155,250
Income from non-current financial assets	11,499,940	74,150,044
Income from current assets	11,317	5,206
Other financial revenues	18	0
Financial expenses	-126	-980
Interest and other debt charges	-126	-980
Profits on ordinary activities before taxes	10,871,955	72,151,650
Extraordinary income	0	393
Write-back of amounts written off non-current financial assets	0	393
Extraordinary expenses	-434,249	-467,906
Amounts written off non-current financial assets	-434,249	-467,906
Profit for the financial year before taxes	10,437,706	71,684,137
Income taxes	-19,528	-652,097
Income taxes	-20,379	-652,556
Tax regularisations and reversals of provisions for taxes	851	459
Profit for the financial year	10,418,178	71,032,040
Financial year's profit to be appropriated	10,418,178	71,032,040

3. Appropriation of the result

in euro

	2011	2012
Profit of the financial year to be appropriated		
Financial year's profit to be appropriated	10,418,178	71,032,040
Withdrawal from shareholders' equity		
From the reserves	59,160,927	0
Appropriation to shareholders' equity	10,418,178	51,250,439
To the legal reserve	520,909	3,551,602
To other reserves	9,897,269	47,698,837
Profit to be distributed		
Dividends	59,160,927	19,781,601



APPENDICES



1. Consolidated balance sheet and income statement of Argenta Spaarbank nv at 31 December 2012 after profit appropriation (IFRS)

Balance sheet

in euro

ASSETS		
Cash and cash balances with central banks		30,996,752
Financial assets held for trading		140,798,681
Available-for-sale financial assets		11,535,523,315
Loans and receivables		20,763,569,767
Loans to and receivables from credit institutions	938,853,932	
Loans to and receivables from other clients	19,824,715,835	
Assets held to maturity		760,586,543
Changes in the fair values of hedged positions		417,888,657
Tangible fixed assets		34,653,431
Buildings, land, equipment	34,440,746	
Investment properties	212,685	
Goodwill and other intangible assets		36,156,043
Other assets		425,093,367
TOTAL ASSETS		34,145,266,556

Balance sheet

in euro

LIABILITIES, EQUITY AND MINORITY INTERESTS	
Deposits from central banks	1,209,113,889
Financial liabilities held for trading	127,512,147
Financial liabilities measured at amortised cost	30,540,697,123
Deposits from credit institutions	49,739,370
Deposits from other than credit institutions	25,162,921,509
Retail debt certificates, including retail saving certificates	4,803,091,259
Subordinated liabilities	524,944,985
Derivatives used for hedging purposes	609,695,754
Provisions	9,013,878
Tax liabilities	114,428,812
Current tax liabilities	10,872,045
Deferred tax liabilities	103,556,767
Other liabilities	239,641,044
TOTAL LIABILITIES	32,850,102,647
Equity attributable to the shareholders	1,295,084,649
Equity attributable to the minority interests	79,260
TOTAL LIABILITIES, EQUITY AND MINORITY INTERESTS	34,145,266,556

Income statement

in euro

Financial and operating income and expenses		273,961,093
Net interest income		356,664,708
interest income	1,216,439,676	
interest expenses	-859,774,968	
Dividends		26,705
Net income from commissions and fees		-81,934,934
income from commissions and fees	61,444,268	
expenses related to commissions and fees	-143,379,202	
Realised gains and losses on financial assets and liabilities that are not measured at fair value in the income statement		37,887,178
Gains and losses on financial assets and liabilities held for trading		-53,972,344
Gains (losses) on the administrative processing of hedging transactions		299,878
Gains and losses on derecognition of assets other than held for sale		-10,628
Other net operating income		15,000,530
Administration expenses		-137,043,442
employee expenses	-28,979,879	
general and administrative expenses	-108,063,563	
Depreciation and amortisation		-14,360,961
tangible fixed assets	-3,467,988	
investment properties	-9,326	
intangible assets	-10,883,647	
Provisions		-894,687
Impairments		-9,307,018
available-for-sale financial fixed assets	-703,123	
loans and receivables	-8,603,895	
Total profit before taxes		112,354,985
Income tax expenses		-30,035,385
Net profit or loss		82,319,600
Net result attributable to minority interests		2,393
Net result attributable to shareholders		82,317,207

2. Consolidated balance sheet and income statement of Argenta Assuranties nv at 31 December 2012 after profit appropriation (IFRS)

Balance sheet

in euro

ASSETS		
Financial assets designated at fair value through profit and loss		621,521,834
Available-for-sale financial assets		3,351,938,426
Loans and receivables		364,004,095
Loans to and receivables from credit institutions	184,284,183	
Loans to and receivables from other clients	179,719,912	
Assets held to maturity		6,651,012
Tangible fixed assets		865,143
Tangible fixed assets for own use	47,732	
Investment properties	817,411	
Goodwill and other intangible assets		3,385,606
Share of the reinsurers in the technical provisions		1,054,559
Other assets		23,168,581
TOTAL ASSETS		4,372,589,256

Balance sheet

in euro

LIABILITIES, EQUITY AND MINORITY INTERESTS		
Financial liabilities designated at fair value through profit and loss		621,521,834
Financial liabilities measured at amortised cost		746,023,263
Technical provisions related to insurance contracts		2,376,474,590
Tax liabilities		101,928,115
Current tax liabilities	11,951,802	
Deferred tax liabilities	89,976,313	
Other liabilities		39,969,474
TOTAL LIABILITIES		3,885,917,276
Capital and reserves		486,671,980
Equity attributable to the shareholders	486,665,673	
Equity attributable to the minority interests	6,307	
TOTAL LIABILITIES, EQUITY AND MINORITY INTERESTS		4,372,589,256

Income statement

in euro

Financial and operating income and expenses		40,696,697
Net earned premiums		449,457,765
Gross premiums	455,999,152	
Change in the unearned premiums	-2,853,710	
Retroceded insurance premiums	-3,687,677	
Net interest income		106,555,652
interest income	131,645,855	
interest expenses	-25,090,203	
Dividends		975,126
Net income from commissions and fees		8,214,065
Realised gains and losses on financial assets and liabilities not measured at fair value in the income statement		-8,926,082
Net cost of claims and benefits		-496,641,270
Gross cost of claims and benefits	-497,086,168	
Cost of claims and benefits (reinsurers' share)	444,898	
Gains and losses on derecognition of assets other than held for sale		-30,616
Other net operating income		-18,907,943
Administration expenses		-19,500,180
employee expenses	-5,215,957	
general and administrative expenses	-14,284,223	
Depreciation and amortisation		-1,049,953
tangible fixed assets	-16,491	
investment properties	-7,602	
intangible assets	-1,025,860	
Impairments		13,103,353
available-for-sale financial fixed assets	12,185,119	
loans and receivables	918,234	
Total profit before taxes and minority interests		33,249,917
Income tax expenses		-11,650,848
Net profit or loss		21,599,069
Net result attributable to minority interests		-486
Net result attributable to shareholders		21,599,555



ANNEX SUSTAINABILITY REPORT



| Appendix 1: Alignment with the GRI reporting standards

GRI control on application level A +

The original Dutch-language certificate "Declaration of GRI application level check": "GRI certifies herewith that the "Combined annual report" (2013) of Argenta Bank- & Verzekeringsgroep nv was presented to GRI's Report Services, which has concluded that the report fulfils the requirements of application level A+."



GRI Index Table

		Reporting status	Page reference annual report
1. Strategy and analysis			
1.1	Statement of the Chairman of the Board of Directors	Complete	See pages 5-6 - "Message from the Chairman of the Board of Directors"
1.2	Key impacts, risks and opportunities	Complete	See pages 5-6 - "Message from the Chairman of the Board of Directors"
2. Profile of the organization			
2.1	Name of the organization	Complete	See pages 11-12, 36 - "Description of the structure and activities of the Argenta Group" and "Individual overview of the Argenta Group Companies"
2.2	Main products and/or services	Complete	See pages 11-12, 20-25 - "Description of the structure and activities of the Argenta Group", "Description of the activities of the Bank Pool" and "Description of the activities of the Insurance Pool".
2.3	Operational structure	Complete	See pages 11-12 - "Description of the structure and activities of the Argenta Group"
2.4	Company registered office	Complete	See page 36 - "Individual overview of the Argenta Group Companies"
2.5	Country where the organization is located	Complete	See pages 11-12 - "Description of the structure and activities of the Argenta Group"
2.6	Nature of capital and legal form	Complete	See pages 11-12, 36 - "Description of the structure and activities of the Argenta Group" and "Individual overview of the Argenta Group Companies"
2.7	Markets	Complete	See pages 11-12, 20-26 - "Description of the structure and activities of the Argenta Group", "Description of the activities of the Bank Pool" and "Description of the activities of the Insurance Pool" and "International Network".
2.8	Scope of business	Complete	See page 16 (table of headcount) - 11 & 12 (Belgium and Luxembourg - see organization chart) and pages 24-31
2.9	Significant changes in the size or structure of the organization or of its property during the reporting period	Complete	See pages 11-12 "Description of the structure and activities of the Argenta Group" + no significant changes are applicable - see the "2012 Financial Statements" section
2.10	Awards	Complete	See page 7 - "Argenta Bank of the Year for the third successive year"
3. Reporting parameters			
3.1	Period under review	Complete	See page 1 and page 42 - "Sustainability Report"
3.2	Date of most recent published report	Complete	See page 42 - "Sustainability Report"
3.3	Cycle under review	Complete	See page 42 - "Sustainability Report"
3.4	Contact person	Complete	See page 132 - "Additional Information"
3.5	Process for determining the content of the report	Complete	See pages 42-43 - "Sustainability Report"
3.6	Scope of the Report	Complete	See page 42 - "Sustainability Report"
3.7	Limitations on the application area or boundary of the report	Complete	See page 42 - "Sustainability Report"

		Reporting status	Page reference annual report
3.8	Principles for the communication of information on partnerships and subsidiaries	Complete	Section "Financial Statements 2012"
3.9	Techniques and calculation principles for measuring data	Complete	See pages 42-43 - "Sustainability Report"
3.10	Explanation of any restatement of information	Complete	First time that report is issued on the basis of GRI standards
3.11	Significant changes to the application area, scope or the measurement methods used in the report	Complete	First time that report is issued on the basis of GRI standards
3.12	GRI Index	Complete	See page 113 - "Sustainability Report" appendix
3.13	Validation of the report by external persons	Complete	See page 42 - "Sustainability Report"
4. Governance, commitments and dialogue			
4.1	Management structure	Complete	See pages 32-40 - "Corporate Governance"
4.2	Indication of whether the Chair of the Board of Directors (or equivalent) is also an executive director	Complete	See pages 32-40 - "Corporate Governance"
4.3	Independent and/or non-executive directors	Complete	See pages 39-40 - "Executive Committees, Management and Managing Directors"
4.4	Mechanisms for shareholders and employees to provide recommendations to the Board of Directors	Complete	See pages 32-40 - "Corporate Governance"
4.5	Link between the remuneration of the members of the Board of Directors (or equivalent) and executives and the performance of the organization	Complete	See pages 32-40 - "Corporate Governance"
4.6	Process introduced to avoid conflicts of interest	Complete	See page 35 - "Remuneration of the executive directors"
4.7	Process for determining the qualifications and expertise of the members of the Board of Directors	Complete	See pages 32-40 - "Corporate Governance" (reference to art. 526ter of the Companies Code.)
4.8	Mission or values, codes of conduct	Complete	See pages 43-46 - "Argenta's identity"
4.9	Procedures to monitor how the organization identifies and manages its performance	Complete	See pages 32-40 - "Corporate Governance"
4.10	Processes for evaluating the performance of the Board	Complete	See page 35 - "Remuneration of the executive directors"
4.11	Notes on the application of the precautionary principle	Complete	See page 45 - "Reputation and Integrity"
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or to which it has given its approval	Complete	See page 45 - "Reputation and Integrity"

		Reporting status	Page reference annual report
4.13	Membership of associations or interest groups	Complete	See page 48 - "Reputation and Integrity"
4.14	List of stakeholders	Complete	See pages 130-131 - "Alignment with the Febelfin materiality matrix"
4.15	Basis for identification and selection of stakeholders	Complete	See pages 130-131 - "Alignment with the Febelfin materiality matrix"
4.16	Addressing dialogue with stakeholders	Complete	See pages 130-131 - "Alignment with the Febelfin materiality matrix"
4.17	Key topics and concerns that have emerged in dialogue with stakeholders	Complete	See pages 130-131 - "Alignment with the Febelfin materiality matrix"

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
Impact of products and services				
Management approach				
FS1	Policies with specific environmental and social guidelines for the various departments	Not applicable	Argenta's customer portfolio is directed at families, not businesses. For this reason, no specific screening is required in the environmental and social fields (human rights). All our customers undergo an acceptance and monitoring process in line with the MiFID legislation.	
FS2	Monetary value of products and services with the goal of attaining a specific social goal by department and goal	Not applicable	Argenta's customer portfolio is directed at families, not businesses. For this reason, no specific screening is required in the environmental and social fields (human rights). All our customers undergo an acceptance and monitoring process in line with the MiFID legislation.	
FS3	Process for monitoring implementation of and compliance with environmental and social regulations to follow	Complete	See pages 44 and 47-48: Argenta's customer portfolio is directed at families, not businesses. All our customers undergo an acceptance and monitoring process in line with the existing legislation/regulations.	
FS4	Process of applying knowledge regarding environmental and social policies and procedures by department	Complete	See page 44 - section on training in "Reputation and Integrity" and see pages 47-48 - "Argenta as a customer-focused bank".	
FS5	Monetary value of products and services developed in order to obtain specific environmental benefits by department and goal	Complete	See pages 49-50 - "Customer-focused investments with social impact".	
Product Portfolio				
FS6	Percentage of portfolio by business line by region, size and sector.	Complete	See pages 13-16: Argenta is exclusively focused on families in Belgium and the Netherlands.	
FS7	Monetary value of products and services developed to obtain specific social benefits by business line and by target	Partially	See pages 49-50 - "Customer-focused investments with social impact". Financial quantification has taken place solely for our investment products. Financial quantification is difficult in the other product lines/pillars Paying, Savings, Lending and Insurance (e.g. free accounts / cards services). These have been described qualitatively (see pages 48-49)	X
FS8	Monetary value of products and services in order to obtain specific environmental benefits by business line and target	Partially	Argenta offers no products offering a specific environmental benefit in the Savings, Payments, Lending and Insurance product lines. The feasibility of these is being further examined.	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
Audit				
FS9	Coverage and frequency of audits for assessing the implementation of environmentally and socially related policies and risk assessment procedures.	Not applicable	Linked to FS1 & FS2. Not applicable to Argenta	
Active share ownership				
FS10	Percentage and number of companies in the business portfolio with which the reporting organization has communicated with regard to environmental and social issues.	Not applicable	See pages 48-50 - "Clear product policy" and "Customer-focused investments with social impact". The own funds offered are immaterial versus the total activity of Argenta.	
FS11	Percentage of assets that have undergone positive or negative environmental and social screening.	Complete	See pages 48-50 - "Customer-focused investments with social impact". All funds are assessed on the basis of in-house exclusion criteria or are offered by a long-term partner. For specific funds around a theme or based on a 'best in class' approach, additional positive criteria apply.	X
FS12	Exercising voting rights on environmental or social issues for companies where the reporting organization holds such rights.	Not applicable	See pages 48-50 - "Clear product policy" and "Customer-focused investments with social impact". The own funds offered are immaterial versus the total activity of Argenta.	
Economic performance indicators				
Economic performance				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	Complete	See section "Financial Statements 2012"	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	See pages 49-50 - "Customer-focused investments with social impact". Argenta is examining further the possibilities related to climate change in the savings, payments, credit and insurance product lines.	
EC3	Coverage of liabilities relating to the organization's defined benefit plan.	Complete	See pages 15-18 - "Argenta in 2012 - Human Resources".	
EC4	Significant financial assistance received from government	Complete	See page 47 - "Financial stability & relationship with the government" (No financial support from the government used)	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
Market presence				
EC5	Spread between the standard starting salary and the local minimum wage at significant operating locations.	Complete	See pages 15-18 - "Argenta in 2012 - Human Resources". Argenta Group's entire pay policy is aligned with the saving banks collective agreement (CAO - PC 308).	
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant operating locations.	Complete	See pages 53-55 - "Efforts in the field of environment and energy" - "Assessment of purchasing policy".	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations.	Complete	See pages 15-18 - "Argenta in 2012 - Human Resources". All persons are recruited within the Benelux region.	
Indirect economic impact				
EC8	Development and impact of investments in infrastructure and services offered primarily for public benefit, by means of obligations of a commercial nature, or in kind or pro bono.	Complete	See pages 55 - "Supporting volunteer work"	
EC9	Insight into and description of significant indirect economic impacts, including the extent of the same.	Complete	See pages 46-47 - "Argenta's role in the economy"	
Environmental performance indicators				
Materials				
EN1	Total materials used by weight or volume	Complete	See pages 53-55: "Efforts in the field of environment and energy" Reporting on paper consumption only. Paper is the most relevant indicator for the banking sector.	X
EN2	Percentage of materials used consisting of waste from external sources	Complete	See pages 53-55: "Efforts in the field of environment and energy" Reporting on paper consumption only. Paper is the most relevant indicator for the banking sector.	X
Energy				
EN3	Direct energy consumption by primary energy source	Complete	See pages 53-55: "Efforts in the field of environment and energy" „Energy consumption“	X
EN4	Indirect energy consumption by primary energy source	Complete	See pages 53-55: "Efforts in the field of environment and energy" „Energy consumption“	X
EN5	Energy saved through conservation and efficiency improvements	Not reported	Reporting on reductions in consumption resulting from efficiency improvements has not yet been established.	
EN6	Initiatives with respect to energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Complete	See pages 53-55: "Efforts in the field of environment and energy"	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
EN7	Initiatives to reduce indirect energy consumption and reductions already achieved	Complete	See pages 53-55: "Efforts in the field of environment and energy"	
Water				
EN8	Total water withdrawal by source	Not applicable	Water is used for sanitary purposes only. Consumption can be considered insignificant compared with the total CO2 footprint. Water is not included in the sustainability policy and report. Water used is purified city mains water.	
EN9	Water sources for which water withdrawal has significant effects	Not applicable	Water is used for sanitary purposes only. Consumption can be considered insignificant compared with the total CO2 footprint. Water is not included in the sustainability policy and report. Water used is purified city mains water.	
EN10	Percentage and total volume of recycled and reused water	Not applicable	Water is used only for sanitary purposes only. Consumption can be considered insignificant compared with the total CO2 footprint. Water is not included in the sustainability policy and report. Water used is purified city mains water.	
Biodiversity				
EN11	Location and surface area of land owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	Not applicable for Argenta's activity (financial services provider). All branches are in urban/residential areas.	
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas with high biodiversity value outside protected areas	Not applicable	Not applicable for Argenta's activity (financial services provider). All branches are in urban/residential areas.	
EN13	Habitats protected or restored	Not applicable	Not applicable for Argenta's activity (financial services provider). All branches are in urban/residential areas.	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Not applicable	Not applicable for Argenta's activity (financial services provider). All branches are in urban/residential areas.	
EN15	Number of species listed on the IUCN red list and species on the national conservation lists with habitats within the sphere of influence of company activities, by level of extinction risk	Not applicable	Not applicable for Argenta's activity (financial services provider). All branches are in urban/residential areas.	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
Air emissions, effluents and waste				
EN16	Total direct and indirect greenhouse gas emissions by weight	Complete	See pages 53-55: "Efforts in the field of environment and energy"	X
EN17	Other relevant indirect greenhouse gas emissions by weight	Complete	See pages 53-55: "Efforts in the field of environment and energy"	X
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Partially	See pages 53-55: "Effort in the field of environment and energy" and page 56 "New challenges for Argenta". Ambition and initiatives to reduce GHG emissions were identified in 2012. Monitoring of the reductions will start between 2013 and 2015.	
EN19	Emissions of ozone-depleting substances by weight	Not applicable	Not applicable for Argenta's activity (financial services provider).	
EN20	NO, SO and other significant air emissions by type and weight	Not applicable	Not applicable for Argenta's activity (financial services provider).	
EN21	Total water discharge by quality and destination	Not applicable	Not applicable for Argenta's activity (financial services provider).	
EN22	Total weight of waste by type and disposal method	Complete	See pages 53-55: "Efforts in the field of environment and energy" - "Waste"	X
EN23	Total number and volume of significant discharges	Not applicable	Not applicable for Argenta's activity.	
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under Annex I, II, III and VIII of the Basel Convention and the percentage of waste shipped internationally	Not applicable	Not applicable for Argenta's activity.	
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the drainage and runoff from the reporting organization	Not applicable	Not applicable for Argenta's activity.	
Products and services				
EN26	Initiatives to mitigate environmental impacts of products and services and the extent of impact mitigation	Complete	See pages 53-55: "Efforts in the field of environment and energy"	
EN27	Percentage of products sold, of which the packaging materials are collected, by category	Not applicable	Not applicable for Argenta's activity (financial services provider).	
Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Complete	See pages 53-55: "Efforts in the field of environment and energy" No fines or non-monetary sanctions. Argenta is compliant with current environmental legislation.	
Transport				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the activities of the organization and transport of personnel	Complete	See pages 53-55: "Efforts in the field of environment and energy" Only commuting and business travel are applicable for Argenta's activities (financial services).	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
General				
EN30	Total expenditures on and investments in environmental protection by type	Partially	See pages 53-55: "Efforts in the field of environment and energy" Reporting on waste recycling costs is not yet established. Reporting for emission treatment, prevention and environmental management is regarded as immaterial.	
Employment performance indicators				
Employment				
LA1	Total workforce by employment type, employment contract and region	Complete	See pages 15-18: "Argenta in 2012 - Human Resources".	X
LA2	Total number and rate of employee turnover by age, gender and region	Complete	See pages 15-18: "Argenta in 2012 - Human Resources".	X
LA3	Benefits provided to full-time employees that are not available for part-time employees, by broad activity sectors	Complete	See pages 15-18: "Argenta in 2012 - Human Resources". There is no difference in extra-legal benefits between full-and part-time employees. In our annual report, "Argenta in 2012 - Human Resources - Extra-legal benefits", we clearly refer to "all Argenta Group employees".	
LA15	Return and retention after parental leave, by gender.	No	Currently, no specific figures are kept on retention after parental leave. The existing reporting is being further optimized in line with the GRI guidelines.	
Employment Relationship				
LA4	Percentage of employees covered by collective bargaining agreements	Complete	See pages 15-18: "Argenta in 2012 - Human Resources". Argenta Group's entire pay policy is aligned with the savings banks collective agreement (CAO - PC 308). See "Argenta in 2012 - Human Resources".	
LA5	Minimum notice period(s) in respect of operational changes, including whether this is specified in collective agreements	Complete	See pages 15-18: "Argenta in 2012 - Human Resources". This is part of the collective savings banks agreement (PC 308).	
Health and safety				
LA6	Percentage of total workforce represented in formal joint occupational health and safety working committees of employers and employees that help monitor and advise on occupational health and safety programmes	Complete	See page 52, "Health and Safety"	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
LA7	Injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	Partially	See pages 50-52, „Argenta as employer“ The existing reporting on injury, occupational diseases, lost days, and absenteeism, and the number of work-related fatalities by region will be further optimized in 2014 in line with the GRI guidelines.	X
LA8	Education, training, counselling, prevention and risk management programmes for employees, their families or community members regarding serious sicknesses	Complete	See page 52, "Health and Safety"	
LA9	Agreements on occupational health and safety issues set out in agreements with unions	Complete	See page 52, "Health and Safety"	
Training and education				
LA10	Average hours per year per employee spent on training, broken down by employee category	Partially	See page 51, "Personal development". A further breakdown by employee category and the integration of training hours of Luxembourg in the figures have still to be undertaken.	X
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Partially	See page 51, "Personal development". A feasibility study for an end-of-career guidance programme will be launched.	
LA12	Percentage of employees receiving regular performance and career development information	Partially	See page 51, "Personal development". A programme applies to the entire Argenta Group. No information is available with respect to the percentage. The existing reporting on performance and career development is being further optimized in 2013 in line with the GRI guidelines.	X
Diversity and equal opportunities				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age, membership of a particular social minority and other diversity indicators.	Partially	See page 51, "Personal development". We report on the percentage of men/women in day-to-day senior management. The existing reporting is being further optimized by gender and other diversity indicators in line with the GRI guidelines.	X
Equal pay for women and men				
LA14	Ratio of basic salary of men and women by employee category.	Complete	See pages 15-18: „Human Resources“. Scales are established in the savings banks collective agreement (PC 308). No distinction is made between men and women.	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
Human rights indicators				
Investment and purchasing policy				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or whose respect for human rights is tested.	Complete	See pages 49-50 - "Customer-focused investments with social impact". All funds are assessed on the basis of in-house exclusion criteria or are offered by a long-term partner. For specific funds around a theme or based on a 'best in class' approach, additional positive criteria apply.	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Complete	See page 54: "Assessment of purchasing policy"	
HR3	Total hours of employee training on policies and procedures concerning human rights aspects relevant to operations, including the percentage of employees that have undergone training	Partially	See page 45: „Reputation & Integrity“ Argenta has established the necessary guidelines and procedures to ensure the correct application of the above codes of behaviour, legislation and regulations, and organizes appropriate internal control of the same, including quarterly reporting to the Executive Committee and reporting to the National Bank. The existing reporting on e-learning (including professional ethics) is being further optimized in 2013 in line with the GRI guidelines.	
Non-discrimination				
HR4	Total number of discrimination incidents and measures taken	Complete	See page 45: "Reputation & Integrity" This mentions the number of formal and informal complaints handled by the confidential contact person.	X
Freedom of association and collective bargaining				
HR5	Operations identified as having significant risk of jeopardizing the right to exercise freedom of association and collective bargaining, and the measures taken to support these rights	Not applicable	Because of our geographic location in Belgium, Netherlands and Luxembourg, there is no significant risk of cases of obstruction of the freedom of association and collective bargaining.	
Child labour				
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	Not applicable	Because of our geographic location in Belgium, Netherlands and Luxembourg, there is no significant risk of cases of child labour.	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
Forced or compulsory labour				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour	Not applicable	Because of our geographic location in Belgium, Netherlands and Luxembourg, there are no activities of the group with a significant risk of forced or compulsory labour.	
Security procedures				
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning human rights aspects relevant to the activities	Not applicable	Security is outsourced, and is part of the screening of significant suppliers under HR2.	
Rights of indigenous peoples				
HR9	Total number of incidents of violations of rights of indigenous people and the measures taken	Not applicable	Because of our geographic location in Belgium, Netherlands and Luxembourg and Argenta's targeting a household customer base, the Group's activities carry no significant risk of violation of the rights of indigenous people.	
Evaluation of human rights				
HR10	Percentage and total number of operations that were subject to a verification of human rights and/or impact assessments	Not applicable	See page 45: „Reputation & Integrity“ Argenta has established the necessary guidelines and procedures to ensure the correct application of the above codes of conduct, legislation and regulations, and organizes appropriate internal control of the same, including quarterly reporting to the Executive Committee and reporting to the National Bank.	
Handling of human rights complaints				
HR11	Number of complaints relating to human rights, addressed and resolved through formal complaint mechanisms	Not applicable	Because of our geographic location in Belgium, Netherlands and Luxembourg and Argenta's targeting a household customer base, the Group's activities carry no significant risk of violation of the rights of indigenous people.	
Social indicators				
Local community				
SO1	Nature, scope and effectiveness of all programmes and practices that determine and manage the impacts of the operations on communities, including establishment, activities and departure.	Complete	See page 53 - "Financial literacy" and page 55 - "Supporting volunteer work"	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
FS13	Points of access in sparsely populated or economically disadvantaged areas by type.	Partially	See page 48 - "Branch managers into the third generation": 512 access points in Belgium. In the Netherlands we use external service providers. The availability of this information needs to be further examined with them.	
FS14	Initiatives to improve access to financial services for socially disadvantaged persons.	Complete	See page 53 - "Financial literacy" and "Additional services to customers"	
SO9	Operations with significant potential or actual negative impacts on local communities.	Not applicable	Not applicable for Argenta's activity (financial services provider).	
SO10	Preventive and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not applicable	Not applicable for Argenta's activity (financial services provider).	
Corruption				
SO2	Percentage and total number of business units analysed for corruption-related risks.	Complete	See page 45 - „Reputation and Integrity“ The reputation and integrity policy applies equally to the Argenta Group and the independent distribution network.	
SO3	Percentage of employees trained in the organization's anti-corruption policies and procedures.	Partially	See page 45 - „Reputation and Integrity“ Everyone in the Argenta Group takes e-learning sessions in Ethics, Compliance & Anti-Money Laundering. The existing reporting on e-learning (including professional anti-corruption policy) is being further optimized in 2013 in line with the GRI guidelines.	
SO4	Actions taken in response to incidents of corruption.	Complete	See page 45 - „Reputation and Integrity“ Argenta has established the necessary guidelines and procedures to ensure the correct application of the above codes of conduct, legislation and regulations, and organizes appropriate internal control of the same, including quarterly reporting to the Executive Committee and reporting to the National Bank.	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
Public policy				
SO5	Positions on public policy and participation in its development, such as lobbying.	Complete	See pages 9-10, „The Bank Tax“ Febelfin (the federation of Belgian banks) participates in the development of public policy and expresses the opinion of the banks. Only on the banking tax did Argenta choose not to follow the Febelfin line. Argenta went alone to the Constitutional Court to challenge the manner in which the bank tax was being levied. Argenta won this lawsuit.	
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	Not applicable	No financial and in-kind contributions to political parties, politicians and related institutions by country. Argenta is politically neutral. See page 55 - "Political neutrality"	
Anti-competitive behaviour				
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and the results of these legal actions.	Not applicable	No legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.	
Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Not applicable	No fines or non-monetary sanctions for non-compliance with laws and regulations	
Product responsibility Indicators				
Customer health and safety				
PR1	Life cycle stages in which the health and safety impacts of products and services are assessed, with a view to improvement, and percentage of significant products and services categories subject to such procedures.	Not applicable	Not applicable for Argenta's activity (financial services provider).	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety effects of products and services during their life cycle, by type and outcome	Not applicable	Not applicable for Argenta's activity (financial services provider).	
Information about products and services				
PR3	Type of information about products and services that is required by procedures, and percentage of significant products and services subject to such information requirements.	Partially	See pages 48-49 - "Clear product policy" - "Changes in Product". Further quantification will be undertaken to indicate which products require additional FSMA control.	

		Reporting Status	Page reference annual report	Audited by the Statutory Auditor
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning information on and labelling of products and services during their life cycle, by type and outcome	Complete	See pages 48-49 - "Clear product policy" - "Changes in Product".	
PR5	Policy regarding customer satisfaction, including results of surveys measuring customer satisfaction	Complete	See pages 14-15 - "Argenta in 2012" - "Marketing".	
FS15	Policies for the fair design and sale of financial products and honest services	Complete	See pages 48-49 - "Clear product policy" - "Changes in Product".	
FS16	Initiatives to enhance financial literacy by type of beneficiary	Complete	See page 53 - "Financial literacy". Argenta wants to increase financial literacy by offering information sessions to customers and by supporting student training.	
Marketing policy				
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communication, including advertising, promotion and sponsorship	Complete	See page 48 - "No Frills", also in our marketing strategy"	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	Not applicable	No incident of non-compliance with regulations and voluntary codes concerning marketing communications	
customer data privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Complete	See page 19 - "Argenta in 2012" - "Mediation service".	
Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not applicable	No fines and applicable for Argenta's activity (financial services provider).	

Audit of the content of the GRI-indicators by the statutory auditor

STATUTORY AUDITOR'S REPORT ON THE LIMITED REVIEW PERFORMED ON SELECTED CSR PERFORMANCE INDICATORS PUBLISHED IN THE COMBINED ANNUAL REPORT OF ARGENTA BANK- EN VERZEKERINGSGROEP NV AS OF 31 DECEMBER 2012

To the board of directors

As statutory auditor we have been engaged to perform limited review procedures to express a limited assurance on selected CSR performance indicators ("the Data") published in the annual report of Argenta Bank- en Verzekeringsgroep NV for the year ended the 31 December 2012 ("the Combined Annual Report"). The environmental performance indicators have been defined following the guidelines of the "Global Reporting Initiative" (GRI) G3.1. The Data have been selected by Argenta Bank- en Verzekeringsgroep NV and are identified with the symbol "X" in the tables as mentioned on pages 113 to 127 of the Combined Annual Report.

The scope of our work has been limited to the Data covering the year 2012 and including only the CSR performance indicators of Argenta Bank- en Verzekeringsgroep NV, the underlying companies (Argenta Assuranties NV, Argenta-Life Nederland NV, Argenta Life Luxembourg SA, Argenta Nederland NV, Argenta Spaarbank NV and Argenta Luxembourg SA) and the branch in the Netherlands. Independent offices are not included as they are under the direct responsibility of their manager. Our conclusion as formulated below covers therefore only these Data and not all indicators presented or any other information included in the Combined Annual Report.

Responsibility of the board of directors

The board of directors of Argenta Bank- en Verzekeringsgroep NV is responsible for the Data and the references made to it presented in the Combined as well as for the declaration that its reporting meets the requirements of the « Global Reporting Initiative » (GRI) G3.1 application level A+, as described in chapter "Sustainability Report" (Duurzaamheidsverslag) of the Combined Annual Report.

This responsibility includes the selection and application of appropriate methods for the preparation of the Data, for ensuring the reliability of the underlying information and for the use of assumptions and reasonable estimations. Furthermore, the board of directors is also responsible for the design, implementation and maintenance of systems and procedures relevant for the preparation of the Data.

The choices made by the board of directors, the scope of the chapter "Sustainability Report" (Duurzaamheidsverslag) of the Annual Financial Report and the reporting policies, including any inherent limitations that could affect the reliability of the information are set out on page 42 of the Annual Financial Report.

Nature and scope of works

Our responsibility is to express an independent conclusion on the Data based on our limited review. Our assurance report has been made in accordance with the terms of our offer dating November 2012.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Information".

We planned and performed the procedures deemed necessary for expressing a limited assurance on the fact that the Data are not materially misstated. A limited assurance engagement provides less assurance than an audit.

The scope of our work included, amongst others the following procedures:

- *Assessing and testing the design and operating effectiveness of the systems and procedures used for data-gathering, classification, consolidation and validation, and that for the methods used for calculating and estimating the 2012 CSR performance indicators identified with the symbol "X" in the tables as mentioned on pages 113 to 127 of the Combined Annual Report;*
- *Conducting interviews with responsible officers;*
- *Examining, on a sample basis, internal and external supporting evidence and performing consistency checks on the consolidation of these data.*

Conclusion

Based on our limited review, as described in this report, nothing has come to our attention that causes us to believe that the Data identified with the symbol "X" in the tables as mentioned on pages 113 to 127 of the Combined Annual Report have not been prepared, in all material respects, in accordance with GRI guidelines G3.1.

Antwerp, 26 March 2013

The statutory auditor

DELOITTE Bedrijfsrevisoren

BV o.v.v.e. cvba

Represented by Jurgen Kesselaers

Appendix 2: Alignment with the Febelfin materiality matrix prepared by Febelfin

Location & motivation

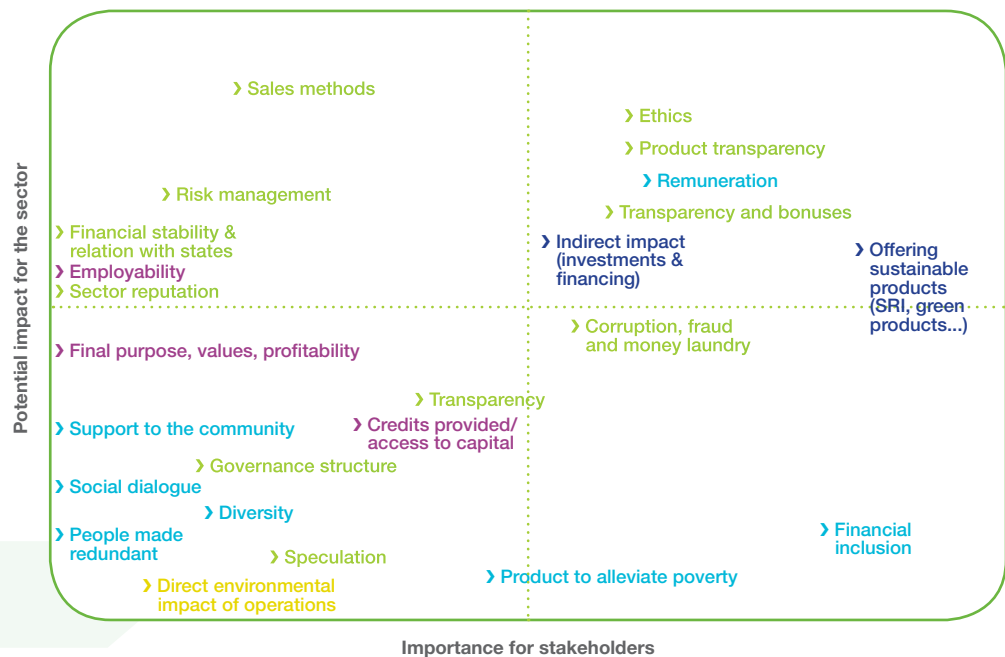
For its first combined sustainability and annual report in 2012, Argenta has opted to apply, in addition to the global GRI reporting standard, a completeness check between the CSR themes that Argenta identifies in this report and the materiality matrix that Febelfin, the Belgian federation of the financial sector, has prepared for its first report on the social responsibility of the financial sector in 2012.

Argenta's motivation is that the Febelfin materiality matrix was composed in an objective manner,

- by means of panel consultations and interviews with NGOs, sustainability experts, academics, unions and regulators⁴;
- based on the ESG structure (Environment - Social - Corporate Governance) supplemented by the indirect social impact of the financial sector through financing;
- with the support of the Business & Society network⁵ which acted as moderator in the working group meetings and stakeholder consultations. Support was also provided in the surveying of members and analysis of the replies.
- with the cooperation of 19 financial institutions established in Belgium, including Argenta. These 19 institutions together represent more than 90% of financial activities in Belgium, measured by balance sheet size.

Febelfin materiality matrix

The Febelfin materiality matrix is shown below:



⁴ BASF Deloitte Chair on sustainability, Belsif, Business & Society Belgium, Centre for the debt mediation services of the Brussels-Capital Region, Flanders Festival, Forum Ethibel, Université de Liège, Landelijke Bediendencentrale – Nationaal Verbond voor Kaderpersoneel (LBC-NVK), Brussels public transport service (STIB-MIVB), Research and Information Centre for Consumers' Organizations (CRIOC-OIVO), Réseau Financement Alternatif (RFA) & Vigeo

⁵ Business & Society is a network that brings together various Belgian companies and professional associations on the subject of corporate social responsibility.

The themes that came up most often during the stakeholders consultation are shown to the upper right. Other issues are no less important, but were perceived as less decisive by stakeholders. The Febelfin sustainability report and materiality matrix can be consulted on <http://www.bankierenvoordesamenleving.be>.

Below you will find the back-mapping between the CSR themes Argenta identified in this report and the Febelfin materiality matrix.

	Theme identified by Febelfin	Theme identified by Argenta in the combined report
Perceived as decisive by stakeholders & potentially significant implications for the banking sector	Ethics	Page 45, "Reputation & Integrity"
	Product transparency	Pages 48-49, "Clear Product Policy"
	Compensation	Pages 15-18, "Human Resources", and pages 32-35, "Corporate Governance"
	Transparency and bonuses	Pages 15-18, "Human Resources", and page 35, "Remuneration of Argenta Group Senior Management"
	Indirect impact (investment and financing)	Pages 46-47, "Argenta as a Driving Force of the Real Economy"
	Offering of sustainable products (SRI, green products, etc.)	pages 49-50, "Customer-focused Investments with Social Impact"
Perceived as decisive by stakeholders & less significant impact on the banking sector	Corruption, fraud and money laundering	Page 45, "Reputation & Integrity"
	Access to financial services	Page 53, "Additional Services to Customers"
Perceived as less decisive by stakeholders & potentially significant implications for the banking sector	Sales Methods	Page 48, "Branch Managers into the Third Generation"
	Risk management	Pages 57-67, "Risk and Risk Management"
	Financial stability and ties to governments	Pages 46-47, "Argenta as a Driving Force of the Real Economy"
	Employability	Page 51, "Personal Development"
	Sector reputation	Page 43, "Argenta's Identity"
Perceived as less decisive by stakeholders & less significant impact on the banking sector	Final objective, values, profitability	Page 44, "Cultural Values"
	Transparency	Pages 48-49, "Clear Product Policy"
	Loans and advances granted/access to capital	Pages 46-47, "Argenta's Role in the Economy"
	Support to the community	Pages 52-53, "Argenta in Society"
	Management organization	Pages 32-35, "Corporate Governance"
	Social dialogue	Page 51, "Transparent Policy and Consultation"
	Diversity	Page 52, "Diversity"
	Employee turnover	Page 42, "Sustainability Report"
	Speculation	Pages 46-47, "Argenta's Role in the Economy"
	Poverty Reduction Product	Page 53, "Financial Literacy" and "Additional Services to customers"
	Direct ecological consequences of manner of doing business	Pages 53-55, "Efforts in the Environmental and Energy Areas"

ADDITIONAL INFORMATION

The annual report of Argenta Bank- en Verzekeringsgroep nv is published in Dutch, French and English. The English version is a translation of the original Dutch version and is published as a courtesy to stakeholders. In the event of any disparity between the two versions, the Dutch language version takes precedence. Queries with regard to the distribution of these reports can be addressed to:

Argenta Bank- en Verzekeringsgroep nv

Belgiëlei 49-53
B-2018 Antwerp (Belgium)
Tel: +32 3 285 55 23
Fax: +32 3 285 51 89
www.argenta.be
pers@argenta.be

Mediation service

If you have a complaint or remark concerning the Argenta Group's services, we request that you first contact your branch manager. Our branch managers are always ready to try and do all they can to help resolve your problem. If you are not satisfied with the outcome, you can then contract Argenta Group's mediation service for both Banking and Insurance issues.

Mediation service

Belgiëlei 49-53
B-2018 Antwerp (Belgium)
Tel: +32 3 285 56 45
Fax: +32 3 285 55 28
ombudsdienst@argenta.be



Argenta Bank- en Verzekeringsgroep nv

Belgiëlei 49-53

B-2018 Antwerp (Belgium)

RPR ANTWERPEN 0475.525.276

pers@argenta.be

www.argenta.be