Argenta Assuranties

IFRS Annual Financial Statements 2016

Financial statements for the 2016 financial year
(covering the period from 1 January 2016 to 31 December 2016) of
Argenta Assuranties nv, prepared in accordance
with the International Financial Reporting Standards (IFRS).

The IFRS financial statements and tables are always in
euros, unless explicitly stated in the tables concerned.

Contents

The Statutory Auditor’s report

Statutory auditor’s report to the shareholders’ meeting of Argenta Assuranties on the consolidated financial statements for the year ended 31 December 2016

As required by law, we report to you in the context of our appointment as the company’s statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and statutory requirements. These consolidated financial statements comprise the consolidated balance sheet (before profit appropriation) as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive result, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as a summary of the significant accounting policies.

Report on the consolidated financial statements - Unqualified opinion

We have audited the consolidated financial statements of Argenta Assuranties NV (‘the Company’) and its subsidiaries (jointly ‘the Group’), prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows assets of EUR 6,479,805 (000) and the consolidated income statement shows a profit for the year then ended (group share) to EUR 58,992 (000).

Board of Directors’ responsibility for the preparation of the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a fair view in accordance with the International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as it deems necessary for the preparation of consolidated financial statements that are free from material misstatement due to fraud or error.

Statutory auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA), as accepted in Belgium. Those standards require that we comply with the ethical requirements of our profession and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence in respect of the amounts and disclosures in the consolidated financial statements. The activities selected depend on the statutory auditor’s judgement, including the latter’s assessment of the risk of material misstatement in the consolidated financial statements due to fraud or errors. In making these risk assessments, the statutory auditor considers the Group’s internal control as is relevant to the preparation of consolidated financial statements giving a true and fair view, in order to design audit activities that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control. An audit also includes assessing the appropriateness of the accounting policies used and the reasonableness of the estimates made by the Board of Directors, as well as the overall presentation of the consolidated financial statements. We have obtained from the group’s employees and the Board of Directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of Argenta Assuranties NV present a true and fair view of the Group's net equity and financial position as of 31 December 2016, and of its results and its cash flows for the year then ended, in accordance International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and content of the directors' report on the consolidated financial statements.

In the framework of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing, our responsibility is to verify, in all material aspects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement which does not modify the scope of our opinion on the consolidated financial Statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information available to us in the context of our mandate.

Zaventem, 22 March 2017
The Statutory Auditor

DELOITTE Bedrijfsrevisoren
BV o.v.v.e. CVBA SC s.f.d. SCRL
Represented by Bernard De Meulemeester

Consolidated balance sheet (before profit distribution)

Assets	Note	31/12/2015	31/12/2016
Financial assets designated at fair value with valuation changes through profit or loss	11	1,670,112,392	1,839,774,645
Available-for-sale financial assets	12	2,919,380,271	3,018,051,865
Loans and receivables	14	1,297,329,187	1,370,441,315
Loans to and receivables from credit institutions		420,551,188	403,786,182
Loans to and receivables from other customers		876,777,999	966,655,133
Financial assets held to maturity	13	187,701,904	189,018,209
Property, plant and equipment	15	721,893	575,374
Buildings, land, equipment		49,729	33,636
Investment property		672,164	541,738
Goodwill and other intangible assets	16	3,070,811	3,074,129
Other intangible assets		3,070,811	3,074,129
Tax receivables	18	0	103,099
Reinsurers' share of technical provisions	17	6,923,681	6,955,954
Other assets	19	81,307,537	51,810,715
Total assets		**6,166,547,676**	**6,479,805,305**

Liabilities and equity	Note	31/12/2015	31/12/2016
Financial liabilities designated at fair value with valuation changes through profit or loss	11	1,670,112,392	1,839,774,645
Financial liabilities measured at amortised cost	20	1,304,009,078	1,284,849,930
Deposits from credit institutions		348,633,134	295,595,105
Deposits from other than credit institutions		955,375,944	989,254,825
Technical provisions from insurance contracts	17	2,480,038,417	2,593,232,257
Tax liabilities	18	94,786,368	94,672,983
Other liabilities	22	41,246,400	39,420,944
Total liabilities		**5,590,192,655**	**5,851,950,759**
Equity attributable to shareholders of the company	3	576,355,021	627,854,546
Non-controlling interests	4	0	0
Total equity and non-controlling interest		**576,355,021**	**627,854,546**
Total liabilities, non-controlling interest and equity		**6,166,547,676**	**6,479,805,305**

Consolidated income statement

	Note	31/12/2015	31/12/2016
Financial, insurance, operating gains and losses		**104,575,762**	**106,983,101**
Net earned premiums	24	348,182,704	366,569,552
Gross premiums		354,852,886	373,224,137
Change in unearned premiums		-2,116,855	-1,702,893
Ceded reinsurance premiums		-4,553,327	-4,951,692
Net interest income	25	105,342,952	101,927,919
Interest income		139,466,033	135,012,027
Interest expense		-34,123,081	-33,084,108
Dividend income	26	3,136,236	2,905,651
Net commission and fee income	27	19,731,907	25,627,081
Commissions and fee income		24,055,230	27,519,437
Commission and fee-related expense		-4,323,323	-1,892,356
Realised gains and losses on financial assets & liabilities not measured at fair value through profit or loss	28	18,812,473	3,465,062
Net cost of claims and change in technical provisions	29	-366,946,196	-362,592,684
Gross cost of claims and change in technical provisions		-373,920,048	-365,076,388
Reinsurers' share in cost of claims and change in technical provisions		6,973,852	2,483,704
Gains and losses on derecognition of assets other than held for sale	30	0	57,460
Other net operating income	31	-23,684,314	-30,976,940
Income from operations		1,225,918	1,187,876
Expenses from operations		-24,910,232	-32,164,816
Administrative expenses	**32**	**-21,500,775**	**-22,439,125**
Employee expenses		-5,485,751	-4,588,759
General and administrative expenses		-16,015,024	-17,850,366
Depreciation		**-1,955,377**	**-1,634,961**
Property, plant and equipment	15	-17,202	-16,093
Investment properties	15	-3,845	-1,853
Intangible assets	16	-1,934,330	-1,617,015
Impairment losses	**33**	**-1,459,644**	**2,496,977**
Available-for-sale financial assets		-2,098,858	2,433,385
Loans and receivables		639,214	63,592
Net profit or loss before tax		**79,659,966**	**85,405,992**
Income tax expense	34	-24,115,070	-26,413,822
Net profit or loss		**55,544,898**	**58,992,170**
Net result attributable to shareholders		55,544,898	58,992,170
Net result attributable to non-controlling interests		0	0

Consolidated statement of comprehensive result

Note 'other elements of comprehensive result'	Note	31/12/2015	31/12/2016
Net profit or loss		**55,544,898**	**58,992,170**
Attributable to shareholders		55,544,898	58,992,170
Non-controlling interests		0	0
Other elements of comprehensive result that my subsequently be reclassified to the income statement			
Revaluation to fair value		-33,955,137	7,802,355
Available-for-sale financial assets	12	-54,020,049	7,735,291
Deferred taxes		20,064,912	67,064
Total other elements of comprehensive result		**-33,955,137**	**7,802,355**
Comprehensive result		**21,589,761**	**66,794,525**
Attributable to shareholders		21,589,761	66,794,525
Non-controlling interests		0	0

Consolidated statement of changes in equity

	Paid-in share capital	Revaluation reserve of available-for-sale financial assets	Retained earnings	Results of the current year	Equity attributable to shareholders of the company	Non-controlling interest	Total equity
Equity 31 December 2014	**131,467,000**	**239,474,103**	**169,730,402**	**46,073,057**	**586,744,562**	**6,256**	**586,750,818**
- capital increase	0	0	0	0	0	0	0
- profit (loss)	0	0	0	55,544,898	55,544,898	0	55,544,898
- dividends	0	0	-31,395,000	0	-31,395,000	0	-31,395,000
- change in fair value	0	-54,020,047	0	0	-54,020,047	0	-54,020,047
- change in deferred taxes	0	20,064,912	0	0	20,064,912	0	20,064,912
- other changes	0	0	-584,304	0	-584,304	-6,256	-590,560
- transfer to retained earnings	0	0	46,073,057	-46,073,057	0	0	0
Equity 31 December 2015	**131,467,000**	**205,518,968**	**183,824,155**	**55,544,898**	**576,355,021**	**0**	**576,355,021**
- Capital increase	0	0	0	0	0	0	0
- profit (loss)	0	0	0	58,992,170	58,992,170	0	58,992,170
- dividends	0	0	-15,295,000	0	-15,295,000	0	-15,295,000
- change in fair values	0	7,735,291	0	0	7,735,291	0	7,735,291
- change in deferred taxes	0	67,064	0	0	67,064	0	67,064
- other changes	0	0	0	0	0	0	0
- transfer to retained earnings	0	0	55,544,898	-55,544,898	0	0	0
Equity 31 December 2016	**131,467,000**	**213,321,323**	**224,074,053**	**58,992,170**	**627,854,546**	**0**	**627,854,546**

Explanatory note 3 provides further information on the various equity items in the above table.

In Note 28, more information can be found on the transfer of part of the ‘revaluation reserve available-for-sale financial assets’ to the result in the amount of EUR 3,456,062 following the sale of these assets.

Consolidated cash flow statement

'Cash and cash equivalents', include liquid assets and other non-derivative financial assets with maturities of less than or equal to three months from the date of acquisition.

	31/12/2015	31/12/2016
Cash and cash equivalents at beginning of period	**137,520,342**	**107,192,076**
Operating activities		
Net result attributable to shareholders	55,544,896	58,992,170
Current and deferred tax expense recognised in the income statement	24,115,070	26,413,822
Depreciation	1,955,377	1,634,961
Change in technical provisions (including reinsurer's share)	-80,216,391	113,161,567
Net gain (loss) on the sale of investments	0	0
Impairments	1,459,644	-2,496,977
Other adjustments (including interest expenses on financing activities)	-478,450	-422,212
Cash flows from operating profits before changes in operating assets and liabilities		
Changes in operating assets (excluding cash and cash equivalents)		
Changes in loans and receivables	-102,239,120	-119,611,360
Changes in available-for-sale assets	145,502,850	-88,502,918
Changes in financial assets held to maturity	-22,145,140	-1,316,305
Changes in other assets	-47,287,259	29,496,822
Changes in deposits from credit institutions	1,646,355	-52,594,790
Change in investment contracts	48,911,456	33,435,642
Changes in other liabilities	-1,514,303	-1,825,455
(Paid)/refunded income taxes	-22,213,758	-26,460,143
Net cash flow from operating activities	**3,041,227**	**-30,095,176**
Investing activities		
(Cash payments to acquire tangible assets)	0	0
Cash proceeds from disposal of tangible assets	0	128,573
(Cash payments to acquire intangible assets)	-1,390,189	-1,301,221
Cash proceeds from disposal of intangible assets	0	0
Net cash flow from investing activities	**-1,390,189**	**-1,172,648**
Financing activities		
(Dividends paid)	-31,979,304	-15,295,000
Cash proceeds from the issuing of subordinated liabilities	0	0
(Cash repayments of subordinated liabilities)	0	0
Cash proceeds from a capital increase	0	0
Net cash flow from financing activities	**-31,979,304**	**-15,295,000**
Cash and cash equivalents at the end of the period	**107,192,076**	**60,629,252**

	31/12/2015	31/12/2016
Total loans and advances to credit institutions	**420,551,188**	**403,786,182**
Maturing within three months of date of acquisition	107,192,076	60,629,252
Maturing later than three months from date of acquisition	313,359,112	343,156,930
Supplementary disclosure in respect of cash flow statement		
Interest income received	90,770,233	84,874,659
Dividends received	3,136,236	2,905,651
Interest paid	0	0

The above consolidated cash flow statement has been prepared using the indirect method.

Notes

1. General information

Argenta Assuranties nv (hereinafter *the Company*) is established in Belgium under Belgian law. Its legal form is that of a public limited liability company (*naamloze vennootschap*). The Company is established for an unlimited period.

The Company has its registered office at 2018 Antwerp, Belgiëlei 49-53.

The Company has the status of a Belgian insurance undertaking. The Company, together with Argenta Life Nederland (ALN), forms the Insurance Pool. The activities of the *Insurance Pool* comprise both life insurance and non-life (i.e. casualty, property and health) insurance, and in particular car insurance, private civil liability, fire, hospitalization and legal assistance insurance.

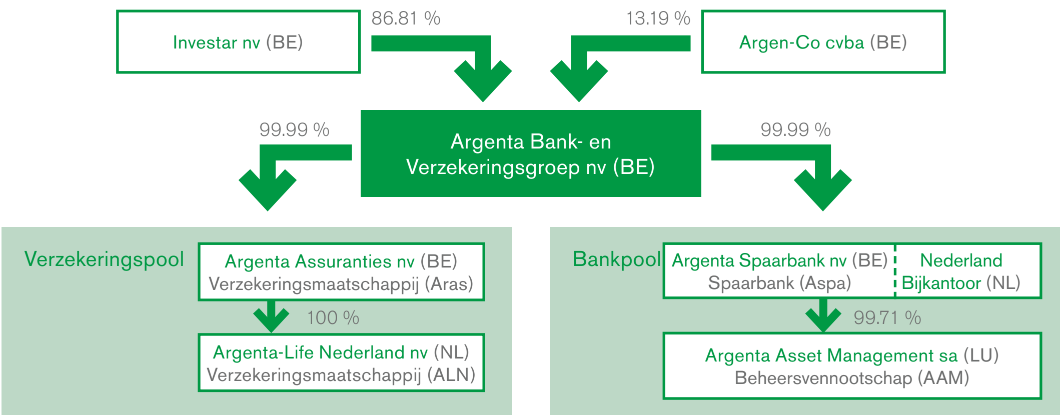
Argenta Bank- en Verzekeringsgroep nv (hereafter referred to as BVg) is the holding company of the Argenta Group. Its operations consist of Internal Audit, Compliance & Integrity, Risk & Validation, Legal Affairs, Organization & Talent, Operational Risk Management & ECB Office and Procurement. These activities are organized centrally for all Argenta Group companies.

BVg has the status of a mixed financial holding company, a parent company which is not a regulated company and which is at the head of a financial conglomerate pursuant to Art. 3, 39 of the Banking Act.

BVg consolidates and is responsible for the joint management of its subsidiaries Argenta Spaarbank, a Belgian credit institution, and the Company, a Belgian insurance undertaking. The Company and Argenta Spaarbank each in turn have one subsidiary.

The subsidiaries of the Company

The chart below gives an overview of the global structure of the Argenta Group and the operational Bank Pool and Insurance Pool.



The following diagram shows the entities included in the IFRS consolidation.

	Shareholding percentage	31/12/2015	31/12/2016
Argenta Assuranties NV	-	consolidating entity	consolidating entity
Argenta Life Luxembourg (ALL)	99.71%	liquidated	liquidated
Argenta Life Nederland (ALN)	100.00%	full consolidation	full consolidation

The Company consolidates the activities of Argenta Life Nederland (hereinafter *ALN*).

ALN has the status of a Dutch insurance undertaking. It operates primarily in life insurance linked to mortgage savings loans.

ALN entered the Dutch life insurance market in 2005 with savings insurance, which is uniquely linked to the Argenta mortgage loan offered by the Netherlands Branch.

New tax legislation has had the effect since 2013 of discouraging endowment mortgages in favour of linear and annuity mortgages. For this reason ALN made its 'Mortgage Protection Life Insurance' product more competitive, in order to achieve a high cross-selling ratio with the mortgages. This reorientation led ultimately to further growth, which continued in 2016.

Note on the number of personnel

On 31 December 2016 there were 81 persons employed by the Insurance Pool (95 at end-2014). The average staff count in the Insurance Pool in the consolidated companies during 2016 was 73.40 (86.41 in 2015). There were an average of 69.90 persons with clerical staff (bediende) status (81.66 in 2015) and 3.50 senior management staff (4.75 in 2015).

The above-mentioned count gives a somewhat distorted picture of the actual employment by the Company, because of the other people working at group level, including in the holding company. A cost sharing system exists at group level, via which personnel costs are charged on.

These charged-on costs are included in the consolidated income statement under 'Other operating result'. The numbers of staff members given are those who are effectively on the payrolls of the companies concerned.

A breakdown of personnel costs for the year can be found in note 32.

Description of the Company's activities

Offering casualty, property, health and life insurance are the Company's key activities.

Casualty, property and health insurance

The Company is active in:
- Car insurance,
- Hospitalization insurance,
- Fire insurance,
- Civil liability insurance (family insurance),
- Legal assistance.

In line with the general strategy of the Argenta Group the Company sets out to offer transparent insurance products that provide generous coverage, at a price that is more attractive than the market average. The Company commissions competitiveness surveys from outside bodies and actively tracks premium comparisons on various websites, like those of consumer organizations.

Life insurance

The Company offers various types of life insurance, which can be classified into product lines. This classification originates in the communication channels used and the type of guarantee offered. We give below an overview of the respective production lines:

1. Outstanding balance insurance: the outstanding balance of a loan is repaid by the Company on the death of the insured;

2. Temporary life insurance: this insurance, which only represents a small amount of insurance premium income, serves to cover a pre-determined capital amount during a specified period in the event of death;

3. Savings and investments: this line encompasses products with a significant savings and/or investment component. These include both branch 21 and branch 23 products, and in particular:

    - Branch 21 TVI (temporarily increased interest) accounts are no longer marketed in contrast to branch 21 GIWD (guaranteed interest with profit-sharing);
    - Argenta Flexx (branch 21 GIWD) serves mainly as a retirement savings vehicle with tax deductibility in the context of pension savings and long-term savings;
    - Argenta Life Plan (branch 21 GIWD) can be used both as a single premium policy (koopsompolis) without tax deductibility or as insurance savings;
    - Capital Plus (branch 21) is a single premium policy with no tax deductibility;
    - A range of branch 23 products (marketed under the name Argenta Life Plan), offer the possibility of combining various insurance funds, with or without capital protection.

4. Youth: the youth line includes the Youth Savings Plan whereby, in the event of the death of the insured parent or grandparent, premium payments are taken over by the Company so that the target capital is paid out to the (grand)child at policy maturity date. This insurance is therefore usually taken out in a family context;

5. Annuity: the annuity line includes the Pension Life Plus that enables investors who subscribe to the two policies (Pension Plus guarantee and Life Plus) to receive monthly annuity payments during the term of the contract, plus a predetermined capital amount upon termination of the contract, and the same amount in the event of death within 8 years and 1 month;

6. Provident: pension products to supplement the mandatory social security pension. This line consists primarily of tax-deductible products with a savings component. The main product here is Argenta-Flexx (branch 21).

Use of funds

The reserves are invested in fixed income instruments, mainly in Belgian government bonds or linear bonds (OLOs), corporate bonds and mortgages. The financial policy was updated and approved by the Argenta Assuranties Board of Directors on 23 February 2016.

Until 2007, the Company reinvested in Belgian mortgages brought in exclusively through a separate CBHK/OCCH network. This is a reducing portfolio, as production has ceased and the loans are being systematically repaid.

2013, the Company again began investing in mortgage loans, this time granted in the Netherlands. Loans are also made to local governments and PPP (public private partnership) structures.

In 2016, the existing portfolio of individual equities was again expanded and diversified. Statutory minima (including investments in equities) are imposed on pension savings insurance funds by law. A portion of the individual equities were purchased in this context.

Development of the Company in 2016

The net result rose from EUR 55,544,896 for the year ending on 31 December 2015 to EUR 58,992,170 for the year ending on 31 December 2016. This positive and continuing high result is the outcome of several factors: a good operational result in life and non-life combined with a healthily diversified investment policy and good investment result.

As part of this investment policy, Dutch mortgage loans with a National Mortgage Guarantee (NHG) were again taken into the balance sheet in 2016. The mortgage loans also include a reducing portfolio of loans to Belgian private individuals where the risk per loan is also limited.

The result for 2016 allowed the Company to again increase its equity, both for non-life and life. Equity attributable to the shareholders is EUR 627,854,546.

More details of the various elements leading to the 2016 result can be found in the notes to the balance sheet and income statement.

2. Financial reporting principles

Pursuant to the *Royal Decree on the consolidated financial statements of insurance and reinsurance undertakings* of 27 September 2009, insurance companies have been required, since the 2012 financial year, to produce their consolidated financial statements in accordance with IFRS.

General

In accordance with the stipulations of the Royal Decree, the Company's consolidated financial statements are therefore prepared in accordance with the IFRS standards - including the *International Accounting Standards (IAS)* and interpretations - as of 31 December 2016, as accepted in the European Union.

Accounting principles that are not mentioned specifically in these financial statements correspond with the IFRS standards as accepted in the European Union.

Critical estimates and most important sources of estimation uncertainty

The preparation of financial statements on the basis of IFRS requires a number of accounting estimates. Furthermore, the Company's management is asked to provide its assessment during the process of applying these accounting principles. Actual results may differ from these accounting estimates and assumptions.

Accounting estimates are made principally in the following areas:
- Accounting estimate of the recoverable amount of impairments;
- Assessment of the fair value of unlisted financial instruments;
- Assessment of the expected useful life of tangible and intangible assets;
- Estimate of the adequacy of the insurance liabilities based on best estimates and assumptions, embedded options and guarantees and related investments, using a discount rate that takes into account the asset mix of the investments;
- Provisions for claims (including IBNR (incurred but not reported) and claims settlement costs);
- Estimate of the existing liabilities resulting from past events in the recognition of provisions.

Assumptions are made principally in the following areas:
- Classification of financial instruments;
- Level of hierarchical attribution of financial instruments;
- Existence of active markets for financial instruments;
- Existence of indicators of impairment;
- Actuarial assumptions;
- Existence of obligations resulting from past events (provisions);
- Existence of control over companies.

2.1. Changes in accounting policies

The accounting policies used for preparing these 2016 consolidated financial statements are consistent with those applied as of 31 December 2015.

The following standards and interpretations came into application during 2016:
- Improvements to IFRS (2010-2012) (applicable for annual reporting periods commencing on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual reporting periods commencing on or after 1 January 2016)

- Amendments to IFRS 10, IFRS 12 and IAS 28 – *Investment entities: Application of the Exemption from Consolidation* (applicable for annual periods commencing on or after 1 January 2016).
- Amendments to IFRS 11 - *Joint Arrangements - Processing of acquisitions of interests in joint operations* (effective for annual periods commencing on or after 1 January 2016)
- Amendments to to IAS 1 – *Presentation of Financial Statements - Initiative on disclosures* (effective for annual periods commencing on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 - *Property, Plant and Equipment and Intangible Assets - Clarification of Acceptable Methods of Depreciation and amortisation* (effective for annual periods commencing on or after 1 January 2016)
- Amendments to IAS 16 and IAS 41 - *Property, Plant and Equipment and Biological Assets - Bearer Plants* (effective for annual periods commencing on or after 1 January 2016)
- Amendments to IAS 19 *Employee Benefits - Employee contributions* (effective for annual periods commencing on or after 1 February 2015)
- Amendments to IAS 27 Equity Method in Separate Financial Statements (effective for annual periods commencing on or after 1 January 2016).

The application of these new provisions has had no material impact on the Company's results and equity or on the presentation of the financial statements.

Standards and Interpretations published but not yet effective for the annual period commencing on 1 January 2016:

- IFRS 9 *Financial Instruments* and subsequent amendments (effective for annual periods commencing on or after 1 January 2018)
- IFRS 14 *Regulatory Deferral Accounts* (effective for annual periods commencing on or after 1 January 2016, but not yet adopted in the European Union)
- IFRS 15 *Revenue from Contracts with Customers*, (effective for annual periods commencing on or after 1 January 2018
- IFRS 16 *Leases* (effective for annual periods commencing on or after 1 January 2019, but not yet adopted in the European Union)
- Improvements to IFRS (2014-2016) (effective for annual periods commencing on or after 1 January 2017 or 2018, but not yet adopted in the European Union)
- Amendments to IAS 2 *Classification and Measurement of Share-based Payment Transactions* (effective for annual periods commencing on or after 1 January 2018, but not yet adopted in the European Union)
- Amendments to IFRS 4 *Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'* (effective for annual periods commencing on or after 1 January 2018, but not yet adopted in the European Union)
- Amendments to IFRS 10 and IAS 28 - *Sale or transfer of assets between investor and the associated participation or joint venture* (effective date postponed for an indefinite period, but not yet adopted in the European Union)
- Amendments to IAS 7 - *Presentation of Financial Statements - Initiative on Disclosures* (effective for annual periods commencing on or after 1 January 2017 but not yet adopted in the European Union)
- Amendments to IAS 12 - *Recognition of Deferred Tax Assets for Unrealised Losses* (effective for annual periods commencing on or after 1 January 2017, but not yet adopted in the European Union)
- Amendments to IAS 40 *Transfers of Investment Property* (effective for annual periods commencing on or after 1 January 2018, but not yet adopted in the European Union)
- IFRS 22 *Foreign Currency Transactions and Advance Consideration* (effective for annual periods commencing on or after 1 January 2018, but not yet adopted in the European Union).

The Company will implement all the aforementioned standards, amendments and interpretations when they come into force. It does not expect them to have a material impact.

IFRS 9 imposes new obligations for (a) the classification and measurement of financial instruments, (b) risk estimation and the creation of impairments and makes (c) adjustments in hedge accounting.

To arrive at a proper classification and measurement of financial instruments, the BM (business model) and SPPI (solely payments of principal and interest) tests are performed. This entire process will also be described in the appropriate policy documents.

The most important change in IFRS 9 refers to the application of impairments. Each entity is required to recognize impairments for ECL (expected credit losses) using a three-stage approach. The definition of ECL depends partly on the size of the 'significant increase' of the credit risk since initial recognition.

The Company currently does not apply hedge accounting, so there is no impact in this area.

Based on current simulations, the financial impact appears to be limited and it is mainly the operational process that is work-intensive.

The implementation project was monitored during the year by a specially-installed IFRS steering group, in consultation with the Executive Committee, the Risk Committee and the Board of Directors.

In addition, there is the process under way to arrive at a final IFRS 17 standard specifically for the insurance industry. This second phase covers the method of measuring insurance liabilities.

In the fourth quarter of 2015, an analysis and assessment were carried out preparatory to an IFRS 9 implementation project. At the same time an initial analysis and assessment were made of the new IFRS 4 Phase 2 standard (which will be consolidated into the IFRS 17 standard). An initial pre-study of IFRS 4 phase 2 was completed in 2016.

During 2017, the impact will be calculated and monitored periodically during the implementation path.

The fact that IFRS 9 and IFRS 17 do not come into effect on the same date has implications for the preparation of the IFRS balance sheet and income statement of the overarching mixed financial holding BVg. To maintain overall transparency it has since been decided to apply IFRS 9 also in full to the insurer from 1/1/2018.

In addition, IFRS 15 Revenue comes into effect from 2018. This standard specifies the conditions that must be met before revenue may be recognised in the income statement. Since most Insurance Pool income falls under IFRS 4/IFRS 17 and IAS 39/IFRS 9 and is required to be processed in accordance with these standards, the introduction of IFRS 15 has a rather limited impact on the result.

For IFRS 16 ***Leases***, a project will be launched in 2017 to embed the whole in the Argenta Group. Contracts that can potentially fall within the scope of IFRS 16 include car leasing contacts and software licensing contracts.

2.2. Accounting policies – accounting rules

Consolidation principles

The consolidated financial statements include those of the Company and its subsidiaries (hereinafter: ***Subsidiaries***). Subsidiaries are those companies in which the Company, directly or indirectly, has the power to govern the entity's financial and operational policies in order to obtain benefits from these activities (hereinafter referred to as ***Control***).

Subsidiaries are consolidated from the date on which effective control is transferred to the Company and are no longer consolidated from the date on which that control ceases.

The Subsidiaries are consolidated using the full consolidation method.

This method implies the Subsidiary's shares held by the Company being replaced in the Company's balance sheet by this Subsidiary's assets and liabilities.

Intercompany transactions, balances and results on transactions between Insurance Pool companies are eliminated.

Non-controlling interests in the net assets and results of consolidated Subsidiaries are shown separately in the balance sheet and income statement.

These non-controlling interests are measured at the fair value of the net asset on the date of acquisition. Subsequent to the date of acquisition, non-controlling interests comprise the amount calculated at the date of acquisition and the non-controlling interest's share of changes in equity since the date of acquisition.

Before proceeding with the consolidation of the individual financial statements, the rules applying to the measurement of the assets and liabilities components were harmonized on the basis of the accounting rules applicable to the Company.

Because all companies recognised in the Company's consolidated financial statements close their financial years on 31 December of each calendar year, this date is also taken as the year-end closing date for the consolidation.

Operating segments

Operating segments are identified on the basis of existing reporting structures. This segmentation corresponds to the internal reporting and the segmentation used in the past.

Foreign currencies

The consolidated financial statements are stated in euros, which is the functional currency of all Argenta Group entities. Foreign currency transactions are recorded at the exchange rate applicable on the transaction date.

At balance sheet date, outstanding balances in foreign currencies are translated at the year-end closing exchange rates for monetary items.

Non-monetary items carried at historical cost are translated at the historical exchange rate that applied at the transaction date.

Non-monetary items measured at fair value are translated at exchange rate revailing on the date at which the fair value was determined.

Transaction date and settlement date accounting

Financial assets and liabilities are recognised on the balance sheet once the Company becomes party to the contractual provisions of the instruments.

Purchases and sales of financial assets settled by according to standard market conventions (spot transactions) are taken into the Company's balance sheet on the settlement date.

Netting

Financial assets and liabilities are netted and the net amount recognised on the balance sheet when (a) there is a legally enforceable right to net the recognised amounts and (b) it is intended to settle the obligation on a net basis, or to realise the receivable and settle the liability simultaneously.

Assets are recognised after deduction of any impairments.

Financial assets and liabilities

All financial assets and liabilities – including derivatives – are recognised according to the IFRS classification system. Each classification is subject to its own specific measurement rules.

For financial assets, the following classification applies: (a) loans and receivables, (b) held-to-maturity financial assets, (c) financial assets designated at fair value through profit or loss and (d) available-for-sale financial assets.

- Loans and receivables: all non-derivative financial assets with fixed or determinable payments that are not listed on an active market.

  These are measured on acquisition at fair value, including transaction costs, and subsequently measured at amortised cost using the effective interest method, with the regular amortisation recognised in the income statement.

  Where necessary, impairment losses are charged.

- Held-to-maturity financial assets: all non-derivative financial assets with fixed maturity dates and fixed or determinable payments that the Company has the positive intent and ability to hold until maturity.

  These are measured on acquisition at fair value, including transaction costs, and subsequently measured at amortised cost using the effective interest method, with the regular amortisation recognised in the income statement.

  Where necessary, impairment losses are charged.

- Financial assets designated at fair value through profit or loss include:

  - Financial assets held for trading, including derivative instruments that are not designated as effective hedging instruments;

  - Financial assets that are designated on acquisition or first-time adoption of IFRS as held at fair value through profit or loss.

  These are measured on acquisition at fair value, excluding transaction costs, and subsequently at fair value through profit or loss.

- Available-for-sale financial assets: all non-derivative financial assets that are not classified as (a) loans and receivables, (b) held to maturity assets or (c) financial assets at fair value through profit or loss.

  These assets are designated at fair value, with all fair value changes being recognised on a separate line in equity until the assets are sold or until they are impaired. In this case, the cumulative fair value changes are transferred from equity to profit or loss for the financial year.

For investments in instruments other than equity instruments, the difference between the acquisition price (including transaction costs) and the redemption value based on the effective interest method is taken into the income statement pro rata temporis over the securities' residual term till maturity as a component of the interest income from these securities.

The variations in fair value of these securities, which are recognised on a separate line in equity, are the result of calculating the difference between (a) their acquisition price (including transaction costs) plus or minus the portion of the above difference mentioned above that is taken to the result, and (b) the fair value.

Financial liabilities are designated as (a) financial liabilities designated at fair value through profit or loss and (b) other financial liabilities.

This IFRS classification determines the measurement and recognition in the income statement as follows:

a) Financial liabilities designated at fair value through profit or loss include:
   - Financial liabilities held for trading, including derivative instruments that are not designated as effective hedging instruments;
   - Financial liabilities that are designated at initial recognition or first-time adoption of IFRS as held at fair value through profit or loss.

   These are measured on acquisition at fair value, excluding transaction costs, and subsequently at fair value through profit or loss.

b) Other financial liabilities: these are all other non-derivative financial liabilities that do not fall into the previous category.

   These are measured on acquisition at fair value, including transaction costs, and subsequently measured at amortised cost by the effective interest method, with the regular amortisation recognised in the income statement.

Income and expenses arising from financial instruments measured at amortised cost and from fixed income securities classified in 'available-for-sale financial assets' are recognised in the income statement using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash flows (including paid and received commissions and fees that are an integral part of the effective interest rate, along with transaction costs and all other premiums or discounts) over the expected life of the debt instrument, or, if more appropriate, a shorter period, so as to arrive at the net carrying amount of the asset or liability in the balance sheet.

The method used to recognise service-related commission income and expenses depends on the nature of the service. Commissions which are treated as an additional component of interest are included in the effective interest rate and recognised under net interest income. Paid and received commissions for which the underlying transaction is completed, are recognised in the commission income and expenses.

Cash and cash equivalents

'Cash and cash equivalents', as used in the cash flow statement, include cash in hand, freely available balances at financial institutions and other other financial assets with a maturity of no more than less than or equal to three months from the date of acquisition.

Property, plant and equipment

Property, plant and equipment

All property, plant and equipment is recorded at cost (i.e. acquisition value including directly allocable acquisition costs), less accumulated depreciation and any impairments.

The depreciation rates are determined on the basis of the anticipated useful life of the assets and are applied according to the straight-line method from when the assets are available for use.

When property, plant or equipment is sold, the realised gains or losses are recognised immediately in the result for the financial year.

Investment properties

Investment properties are those properties held to earn rental income or for capital appreciation or for both. The accounting rules outlined for property, plant and equipment apply also to investment property (application of the cost price model).

Specific valuation rules

Land and buildings

The purchase price and purchase costs of land are not depreciated, regardless of whether the site has been developed or not.

On purchase of a developed site, the values of the land and of the building are calculated, and the transaction costs divided proportionally between the land and the building.

The building is depreciated over its estimated useful life, i.e. at a rate of 3% per annum on a monthly basis.

The purchase price and purchase costs of renovations are depreciated at 10% per annum on a monthly basis.

IT equipment

The purchase price and purchase costs of hardware are depreciated at 33.33% per annum on a monthly basis.

Other equipment (including vehicles)

The purchase price and purchase costs of furnishings and equipment are depreciated at 10% per annum on a monthly basis.

The purchase price and purchase costs of vehicles are depreciated at 25% per annum on a monthly basis.

Goodwill and intangible assets

Goodwill

Goodwill is defined as the portion of the cost of the acquisition of a business combination that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired. It is calculated as of the date of acquisition.

It is recognised as a non-current intangible asset and is carried at cost less any impairment. Goodwill is not amortised, but is tested at least once a year for impairment.

Intangible assets

An intangible asset is an identifiable non-monetary asset with no physical form. It is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably.

Where the criteria for capitalisation are met, acquired software is recognised at cost under intangible assets. The acquisition price and acquisition cost are amortised by the straight-line method from the moment that the software is available for use.

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

Other intangible assets are amortised at 10% per annum.

Impairment losses

The Company tests all its assets at each balance sheet date for indications of impairment.

The carrying amount of an impaired asset is reduced to its estimated recoverable value, and the amount of the change during the current reporting period is recognised in the income statement.

If, in a subsequent period, the amount of the impairment on assets other than goodwill or available-for-sale equity instruments is reduced owing to an event occurring after the write-down, the amount of the reduction is recognised through profit and loss.

Financial assets

For an asset (or group of financial assets) an individually assessed impairment is charged when there is (1) objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset and (2) this loss event (or events) impact(s) the estimated future cash flows of the financial asset in a way that can be reliably estimated.

Depending on the type of financial asset, the recoverable amount can be estimated as follows:

- The fair value using an observable market price;
- The present value of expected future cash flows discounted at the financial asset's original effective interest rate;
- Based on the fair value of the collateral obtained.

Investments in equity instruments

A significant or long-term fall in the fair value of an investment in an equity instrument below the cost price constitutes an objective indication for impairment.

This situation will be assessed individually in each case, but in the absence of additional assessment elements, the Company considers an unbroken period of 24 months as long-term, and a fall of at least 30% as significant.

If one of the criteria is met, a quantitative and qualitative analysis of the relevant position shall be undertaken to judge whether an impairment exists.

Impairments recognised through profit and loss on investments in equity instruments classified as available for sale cannot be reversed via profit and loss.

Investments in non-equity instruments
Impairments are applied in cases of sustained capital loss or loss of value attributable to the financial difficulties of the debtor.

Assets go into 'default' status whenever the arrears (of interest and/or capital) have reached 90 days or repayment is unlikely.

Objective indicators used by the Company to consider setting up a provision include significant financial difficulties of the issuer/debtor, payment arrears, the likelihood that the issuer/debtor could be declared bankrupt or be subject to financial restructuring, renegotiation of the terms of the asset due to financial difficulties of the issuer/debtor including any concessions, the disappearance of an active market for a financial asset as a result of financial difficulties, changes in the credit rating, and observable data that will negatively affect the future cash flows of a financial asset.

Whenever the status of an asset changes to default, an assessment is made on a case by case basis on whether or not an impairment is to be recorded. An impairment loss will be considered if the objective data show that one or more events are likely to affect negatively the future cash flows of a financial asset.

Also taken into account, in addition to the above indicators, are other market information about the liquidity and solvency of the issuer/debtor, the trends for similar financial assets, and local economic trends and conditions.

- Available-for-sale financial assets

  Where a fall in the fair value of an available-for-sale financial asset has been recognised directly in equity, and there are objective indications that the asset has suffered impairment, the accumulated loss that has been directly booked to equity is transferred to the income statement, even though the financial asset has not been removed from the balance sheet.

  The amount of the cumulative loss that is reclassified from equity to the income statement is equal to the difference between the acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment losses on that asset that have been previously taken through profit and loss.

  If the fair value of an available-for-sale debt certificate increases in a subsequent period, and the increase can be objectively related to an event that occurred after the impairment was recognised in the income statement, the impairment must be reversed, with the amount of the reversal recognised through profit and loss.

- Loans and receivables - collective value adjustments

  In addition to individual impairments, collective - portfolio-based - value adjustments are recorded in the form of an IBNR (incurred but not reported) provision.

  An 'incurred but not reported' value adjustment on loans is recognised for mortgage receivables that are not in default and on which no impairment losses have been recorded on an individual basis (performing loans).

  This collective evaluation of impairments includes the application of a a 'loss confirmation period'.

  This 'loss confirmation period' represents a time interval (expressed in months) between the occurrence of the impairment-causing event (i.e. a 'loss event') and the date it is identified in the entity's credit system.

  The application of the 'loss confirmation period' ensures that impairments that have already de facto occurred but have not yet been identified as such are included in the provisions.

The ‘loss confirmation period’ is continuously evaluated and can be changed depending on market developments (including house prices, transactions, taxation), portfolio characteristics and macro-economic indicators (such as unemployment, GDP growth, debt, divorce rates).

The IBNR provision is calculated and created for all retail credit portfolios.

Other assets

For non-financial assets, the recoverable amount is defined as the higher of fair value less cost to sell and value in use.

Fair value less cost to sell is the amount obtainable from the sale of an asset in an at arm’s-length transaction between knowledgeable, willing parties, after deduction of selling costs.

The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Annual goodwill impairment test

Goodwill is tested at least annually for impairment. Impairment losses are recognised if the carrying amount of the cash generating unit to which the goodwill belongs exceeds its realisable valuable. Impairment losses on goodwill cannot be reversed.

Derivatives

Derivatives are financial instruments such as swaps, forwards and options. Such financial instruments have values that change in response to changes in various underlying variables, require little or no net initial investment, and are settled at a future date. They are classified as held-for-trading derivatives, unless designated as effective hedging instruments.

Held-for-trading derivatives are recognised on the balance sheet at fair value on the transaction date. Subsequently, they are valued at fair value, with fluctuations in the fair value recognised in the profit or loss for the financial year.

Held-for-trading derivatives with a positive fair value are recorded on the asset side of the balance sheet, and those with a negative fair value on the liabilities side.

Embedded derivatives

Financial assets or liabilities can include derivatives embedded in a contract. Such contracts are referred to as ‘hybrid instruments’.

If the host contract of the hybrid financial instrument (1) is not carried at fair value with changes in value taken through profit or loss and (2) the characteristics and risks of the embedded derivative are not closely related to those of the host contract, the embedded derivative should be separated from the host contract and designated at fair value as a separate derivative.

Fair value changes are recognised in the income statement. The host contract is accounted for and measured by applying the rules for the relevant category of the financial instrument.

If (1) the basic contract is designated at fair value through profit or loss or if (2) the characteristics and risks of the embedded derivative are closely related to those of the basic contract, the embedded derivative is not separated out and the hybrid instrument is designated at fair value as a single derivative.

Fair value of financial instruments

The fair value is the price that would be received/paid on the sale of an asset or transfer of a liability in an 'orderly' transaction between market participants at the reporting date.

The Company uses the following hierarchy of tests in determining the fair value of financial instruments: first, the quoted price in an active market and then the use of measurement techniques.

The fair value of a financial instrument is measured on the basis of quoted prices in active markets. Where there is no active market available for the financial instrument, the fair value is measured using valuation techniques.

These valuation techniques make maximum possible use of market inputs, but are affected by the assumptions used, such as risk spreads and accounting estimates of future cash flows.

The fair value of the loans and receivables in particular are obtained using the discounted value technique, in which the future cash flows are discounted at the swap curve, plus a spread, which is systematically re-examined.

In the rare case where it is not possible to determine the fair value of an unlisted equity instrument, it is recognised at cost.

On initial recognition, the fair value of a financial instrument is the transaction price, unless the fair value is evidenced by recent market transactions in the same instrument, the variable elements of which consist only of data from observable markets.

Lease contracts

The Company enters into operating leases only for the renting of equipment. Payments made under such leases are recognised in the income statement on a straight-line basis.

Repurchase agreements

Securities subject to a repurchase agreement (repo) remain on the balance sheet. The debt resulting from the obligation to repurchase the assets is included in liabilities to banks or liabilities to customers, depending on the counterparty.

Employee benefits

Pension obligations

The Company has mainly pension obligations based on defined contribution schemes.

The Company's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

Employee entitlements

Employee entitlements to annual leave and long-service leave are accounted for in the year on which these days are based.

Provisions

Provisions are recognised on the balance sheet if (1) an obligation exists on the balance sheet date that is based on a past event, (2) it is probable that an outflow of funds will be required to settle the obligation and (3) if the amount of the obligation can be estimated reliably.

The amount of the provision is the best possible accounting estimate at balance sheet date of the outflow of funds that will be required to settle the existing obligation, taking into account the probability of the event occurring and its possible outcome.

Income taxes

Income taxes on the result of the financial year include both the current and deferred taxes. These taxes are calculated in accordance with the tax laws that apply in each country where the group operates.

Current taxes consist of those that are payable on the taxable income of the year, on the basis of the applicable tax rates at balance sheet date, as well as each revision of the taxes payable or refundable for previous years.

Deferred taxes are calculated for all taxable temporary differences arising between the taxable basis of assets and liabilities and their carrying amounts in the financial statements.

These taxes are measured using the tax rates expected to be in effect at the time of the realisation of the assets or settlement of the liabilities to which they relate.

Deferred tax assets are recognised only when it is probable that there will be sufficient future taxable profits against which the temporary differences can be offset.

Deferred tax assets and liabilities are compensated and presented netted solely and exclusively if they are taxes levied by the same tax authorities on the same taxable entity.

Product classification of insurance products

An insurance product is classified under IFRS as an insurance contract where one party (the insurer) accepts a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder should the latter be affected by a specified uncertain future event (the insured event). Reinsurance contracts are also included here. These contracts are measured in accordance with the 'Technical provisions for (re) insurance contracts' as set out below

The 'deposit accounting' rules apply to insurance without discretionary profit-sharing and for the deposit component of branch 23 insurance products. This means that the deposit component (IAS 39) and the insurance component are measured separately. In deposit accounting, the portion of the premium that is related to the deposit component is - just like the resulting recording of the liability - not included in the result.

Technical provisions for (re)insurance contracts

IFRS 4 allows a company to record (re)insurance contracts according to local accounting standards if they are qualified as such under IFRS 4. For this reason the Company has opted to apply local accounting policies for measuring the technical provisions for contracts falling under IFRS 4 and for measuring investment contracts with discretionary profit-sharing features. Only the reserves recognised under IFRS are recorded here.

The possibility of applying shadow accounting, as provided under IFRS 4 (Phase 1) has not been availed of by the company.

Provisions for unearned premiums and outstanding risks

The provision for unearned premiums is calculated daily on the basis of the net premiums. The provision for outstanding risks is calculated periodically on the basis of a liability adequacy test.

Provisions for life insurance

This provision is calculated according to current actuarial principles ('universal life' technique) and for each insurance contract separately.

Each separate agreement includes an insurance account, to which cash inflows and from which cash outflows are booked. Cash inflows are, for example, premium payments by the policyholder. Cash outflows include settlements at maturity and payments resulting from the occurrence of the insured risks.

The assets on the insurance account (also referred to as the 'insurance account reserves') are invested in one or more forms of investment and so generate a necessary return.

The reserves are calculated generically for all underwritten risks (death from whatever cause, premium waiver in disability cases). In this way risk reserves are created structurally on top of the reserves callable by the policyholder.

Additionally, a complementary provision is set up as required by law.

Provisions for claims

The provisions for claims are determined individually by the claims manager as a function of the characteristics of the claim. When compensation involves periodic payments, the provision is calculated as the present value of the expected future benefit payments. Furthermore, IBN(E)R provisions and provisions for the internal cost of settling claims are set up on the basis of a validated system.

Provisions for profit-sharing and rebates

Provisions for profit-sharing and rebates are created in accordance with the undertaking's profit-sharing plan and the applicable legislation.

Provisions - health insurance

The health insurance provision (ageing reserve) is determined on an individual basis by the responsible department. Starting from the actual portfolio situation at financial year-end, with the actual distribution of ages, genders and contract types, expected future benefit payments and premium income are calculated on the basis of certain assumptions.

Liability adequacy test

At the end of each reporting period a 'Liability Adequacy Test' (LAT) is carried out to determine whether the recognised insurance liabilities are adequate. Any inadequacy in the recognized insurance liabilities are inadequate are then fully recognised in the income statement.

Reinsurance

Funds from reinsurers are recognised as an asset in the balance sheet. Where there are objective indications that not all amounts will be received under the reinsurance contract, the carrying amount of the reinsurance asset is reduced correspondingly and an impairment loss is recognised in the income statement.

3. Equity attributable to shareholders

The Company is the consolidating company and 99.99% of its shares are owned by BVg (the holding company of the Argenta Group). No shares have been bought in by the Company.

The IFRS equity attributable to the shareholders as of 31 December 2016 is EUR 627,854,546, compared to EUR 576,355,021 as of 31 December 2015. The increase in equity is the combined result of several factors.

Overview of composition of IFRS equity	31/12/2015	31/12/2016
Paid-in capital	131,467,000	131,467,000
Revaluation surplus on available-for-sale assets	205,518,968	213,321,323
Interim dividend	-11,270,000	-15,295,000
Reserves	195,094,155	239,369,053
Profit current year	55,544,898	58,992,170
Equity attributable to shareholders	**576,355,021**	**627,854,546**

Equity has increased as a result of, inter alia, the addition of the profit for the year of EUR 58,992,170, a limited decline due to a cash out of EUR 15,295,000 by way of interim dividend and an increase decrease in the 'revaluation surplus on available-for-sale assets'. The elements of the IFRS equity are further discussed in the text below.

Paid-in capital

The fully paid-in capital, represented by 1,610,000 no par shares, is EUR 131,467,000 (EUR 131,467,000 as of 31 December 2015). During the past two years there have been no capital increases.

Revaluation reserves on available-for-sale assets

Available-for-sale (AFS) financial assets are measured at fair value, with all fluctuations in fair value recognised on a separate line in equity until the assets are sold or until an impairment occurs.

The reported fluctuations in fair value are found in shareholders' equity under 'revaluation reserve for available-for-sale financial assets'. This reserve evolved from EUR 205,518,968 as of 31 December 2015 to EUR 213,321,323 as of 31 December 2016 (further details on these recognised results can be found in Note 28).

Breakdown of the revaluation reserve	31/12/2015	31/12/2016	Difference
Total unrealised gains and losses on fixed-income securities	285,795,511	285,470,234	-325,277
Total latent taxes on fixed-income securities	-97,113,713	-97,010,845	102,868
Total unrealised gains and losses on variable-income securities	16,906,826	24,967,394	8,060,568
Total latent taxes on variable-income securities	-69,656	-105,460	-35,804
Total revaluation reserve	**205,518,968**	**213,321,323**	**7,802,355**

A total profit of EUR 18,812,473 was realised in 2015 on the latent values of the 'available-for-sale assets'. In 2016 EUR 3,465,062 was realised (further details on these realised results can be found in Note 28).

Under the current application of IFRS 4 (phase 1), the technical provisions follow local accounting rules based on the principles of accrual accounting.

This discrepancy between the measurement method for certain liabilities and the measurement method for the corresponding investments is expected to be resolved in the transition to IFRS 17.

Reserves

The reserves position (EUR 239,369,053 as of 31 December 2016) contains the statutory reserves of the Company.

Profit from the current year

The consolidated result for the year ending on 31 December 2016 was EUR 58,992,170, compared with EUR 55,544,896 for the year ending on 31 December 2015. .

Dividend proposal for the financial year

In 2015, an interim dividend of EUR 11,270,000 (EUR 7.00 per share) was paid to shareholders. Following this, a capital increase in the Company in the same amount was subscribed by the two shareholders.

In 2016, an interim dividend of EUR 15,295,000 (EUR 9.50 per share) was paid to shareholders. The Company's Board of Directors will submit a proposal to the general meeting of shareholders not to distribute any further dividend in respect of the 2016 financial year.

4. Non-controlling interests

The ‘non-controlling interests’ item relates to one share of its subsidiary Argenta Life Luxembourg SA that is not held by the Company. This share used to be owned by the sister company Argenta Bank Luxembourg. ALL was liquidated in July 2015, so that at the end of 2015 there is no longer any non-controlling interest in Aras.

5. Risk management

Professional, comprehensive risk management is an essential prerequisite for achieving sustainable, profitable growth. The Argenta Group recognises this and considers risk management as one of its core activities.

The risk management framework is constantly being updated and adapted in response to new regulations, daily experience and changes in the Argenta Group’s activities. Demonstrating that adequate risk management procedures are in place is a key condition for acquiring and retaining the trust of all stakeholders: customers, investors, branch managers, supervisory authorities, as well as directors, management and employees.

The strategy and long-term policy of all Argenta entities are determined by the Executive Committee and Board of Directors of BVg. The two main subsidiaries, the Company and its sister entity Argenta Spaarbank, are responsible for operational management within their own areas of competence as established in the Memorandum of Internal Governance.

Risk management at the Company

General

The Executive Committees of the Company, Argenta Spaarbank and BVg are integrated, with a number of members in common: the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Risk Officer (CRO).

This unity of management highlights the importance of a commercial, risk and financial strategy that is harmonised group-wide, with an emphasis on the long-term relationship with both customers and the self-employed branch managers.
The Risk Appetite Framework (RAF) is strongly embedded in the business plan process cycle: filling in the risk appetite matrix, translation into proactive RAF standards, testing against the business plan iterations and, finally, risk assessment.

A direct relationship exists between the RAF risk indicators and i) the ORSA (Own Risk Self-Assessment) for the Insurance Pool and ii) the policy documents, via the further translation into operational risk limits. This has resulted in the daily embedding of risk awareness in first line management and in better and leaner risk management processes.

Risk management has evolved from risk management ‘by design’ (policies) and risk management ‘in practice’ (embedding) to ‘cost effective’ risk management.

The Argenta Group continued in 2016 to develop its cautious and transparent risk management.

The operation of these risk committees was assessed in 2016, with optimizations agreed upon in order to further improve the whole.

A clear and well-functioning Risk Appetite Framework (RAF) exists, which is embedded as an active steering tool in the organization:

- Quarterly reporting of quantitative and qualitative RAF at the Risk Committees, with feedback to the Boards;
- Embedding of the RAF in the business plan cycle (proactive, risk check of business plan, etc.);
- The indicators themselves are also assessed annually as to their continuing suitability and calibration (and replaced/adjusted if necessary), with discussion at the Risk Committees and approval by the Boards;
- Argenta's risk mapping was updated and approved by the Risk Committees;
- Increased attention to ORM KRIs (key risk indicators) and internal control maturity within the qualitative RAF.

As well as optimizing risk governance, the risk metrics were also improved in this context. In the process, the RAF risk parameters were refined and expanded with the addition of a number of RAF indicators.

The following quantitative Risk Appetite Framework indicators were added for the Insurance Pool:

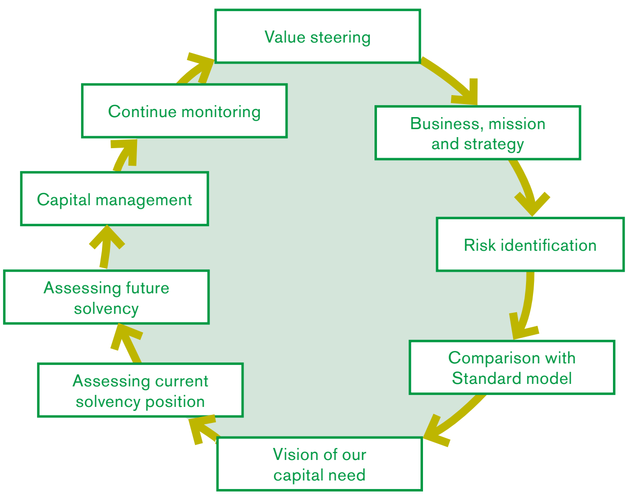
- Average Portfolio Rating according to Moody's rating factors;
- Mortgages broken down into Belgian and Dutch mortgages: risk score following the one-year default probability of the internal rating models;
- Earnings at risk 80%: income volatility across all risks / net income before taxes (in a 1 year in 5 perspective);
- Value at risk 95%: value volatility across all risks / available economic capital (in a 1 year in 20 perspective);
- NII (Net Interest Income) margin Aras solo Branch 21 Life (Net Interest Income margin): interest margin (Year-To-Date, annualized) compared to the limits required for 8% ROE and 0% ROE from the Business Plan;
- New Business Margin Life and Value New Business Life: Value of Life production for the financial year if 8% ROE target is achieved;
- (Aras solo) Combined Ratio Property and Casualty including reinsurance;
- (Aras solo) Combined Ratio Health.

In 2016 the limits of the following RAF indicators in the Insurance Pool were recalibrated: splitting of New Business Margin Life and Value New Business and the RAF flashing lights for the various categories of the APR bonds (excluding local and regional governments).

ORSA-proces

In recent years, regular consultations took place with the regulatory authority, also covering the ORSA process. In this process all the risks of the Company were identified. Consideration was then given to whether the standard formula from Pillar 1 of Solvency II sufficiently reflects the risk for Argenta. This leads to an own risk assessment in Pillar 2 of Solvency II.

The ORSA (Own Risk and Solvency Assessment) process consists of the following steps:



For **Argenta Assuranties solo**, all steps of the ORSA process were completed in 2016. The process is embedded in the organization, including workshops with middle and senior management. The first-line departments calculate all risks. The calculations are largely integrated into the business plan process. Every year the Company calculates stress scenarios for reduced growth, increased costs and market stress. These show the Company to have a good resistance to the tested scenarios.

For **Argenta Life Nederland (ALN)**, all steps of the above ORSA process were also completed in 2016. The outcome is an ORSA report prepared with the cooperation of business partners and ALN middle and senior management.

In this way a Group-level consolidated ORSA report could be compiled in 2016.

Governance

Group risk management takes place, in addition to the independent Internal Audit and Compliance control functions, mainly at Argenta Group level. The Risk Management Charter defines the Risk Management function as the second-line function that controls general risk management within the Argenta Group.

The Risk Management function supervises and controls the first line for risk management and provides supporting risk advice. This function is performed by the Risk & Validation department and ORM, under the hierarchical responsibility and supervision of theCRO.

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.

The Actuarial department (second-line support department) functions as the actuarial knowledge centre that advises various departments in the Insurance Pool. This knowledge centre plays a fundamental role in the Company's risk by providing specifically insurance-focused information and advice.

The Risk & Validation Department:
- Provides the independent second-line control;
- Has as its basic principle: 'identify, measure, report and mitigate' for all material risk factors, which are then integrated into the ORSA for the Insurance Pool. In this way the department also controls the (economic) capital management;
- Has 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 Asset & Liability Committee/Insurance Risk Committee;
- Provides the Executive Committees, Board of Directors and Risk Committees with independent advice on the risk management process at Argenta.

Risk management is not just a second-line function, but an organization-wide activity, aligned with the business strategy.

The monthly umbrella GRC covers economic capital and retail and non-retail credit risk issues and operational risk.

Validation

Along with 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 confirmed by an independent validator. Aras uses standard models for Pillar 1 regulatory capital, but internal models for Pillar 2 economic capital.

Policy documents

The mechanism for regular review and approval of these was successfully continued in 2016. Several policies were introduced or updated in 2016.

A new extra-secure platform ('Diligent Boards') was also introduced for the communication and dissemination of documents to Board members.

The Company's risk profile

This annual report discusses the activities of the Insurance Pool. As required by Article 119.5 of the Belgian Companies Code, a summary is provided below of the objectives and the policy governing risk management.

The Company's risk management policy and attendant organizational structuring are designed to ensure that the known risks are always properly identified, analysed, measured, monitored and managed.

Through its activities, the Company is exposed to different risks, the main ones for the Insurance Pool being market risk and credit risk. Other significant risks are the evolution of economic activity in Belgium and the Netherlands and the risks associated with the limited geographical distribution of the business activities.

The risk management for the Company distinguishes here, among other things, between the following risk categories: market risk, liquidity risk, credit risk, operational risk, insurance risk and other risks.

Failure to maintain control over these risks can adversely affect the financial performance and reputation of the Argenta Group.

5.1. Market risk

Market risk is the risk of a negative financial impact as a direct or indirect result of the volatility of market prices of assets, liabilities and financial instruments. Within this market risk the following 4 risks are relevant: interest rate risk, spread-widening risk, equities risk and real estate risk.

It should be noted that the Insurance Pool operates only in the Benelux countries and invests only in euros, and is therefore not exposed to currency risk. Nor is there any intention to take positions in non-euro currencies.

5.1.1. Interest rate risk

The interest rate risk results primarily from changing market prices, unexpected changes in investment returns and changes in the correlation of interest rates between different financial instruments. Changes in interest rates affect the profit-sharing and the value of the investments purchased by the Company.

As with any other risk, the interest rate risk requires a risk buffer in the form of equity capital. In its ORSA (Own Risk Solvency Assessment), the Company factors in additional capital to cover the interest rate risk.

In so doing the Company has implemented risk management methods to control the interest rate risk to which it is exposed. In this way, all material sources of interest rate risk are identified.

Sensitivity analysis interest rate risk – interest rate risk in the Insurance book

The following asset and income sensitivity analysis shows the impact of a parallel interest rate shock on the net interest result and on the other components of equity.

Income sensitivity relates to an impact of a parallel interest rate shock on the net interest result for the first year, on the supposition of flat rates and new business as foreseen in the business plan.

Income sensitivity interest income	Delta 2015	Delta in % baseline scenario	Delta 2016	Delta in % baseline scenario
Interest rates rise by 100 basis points	522,717	1.44%	933,827	2.70%
Interest rates fall by 100 basis points	-290,396	-0.80%	-91,337	-0.30%

A 100 basis points increase in interest rates would in 2016 have increased the net interest result slightly during the first year by EUR 0.93 million (0.52 million in 2015). The impact of a decrease in interest rates would have been very small in both 2015 and 2016.

The table below shows the impact of a parallel interest rate shock on the Company's economic value.

Income sensitivity interest income	Delta 2015	Delta in % baseline scenario	Delta 2016	Delta in % baseline scenario
Interest rates rise by 100 basis points	-10.971.046	-3,15%	-7.577.535	-1,95%
Interest rates fall by 100 basis points	-5.508.661	-1,58%	-17.603.781	-4,53%

In 2015, a 100 basis points increase in interest rates would have had a negative impact of EUR 10.9 million. A 100 basis points fall in interest rates would have had a negative impact of EUR 5.5 million.

In 2016, a 100 basis points increase in interest rates would have had a negative impact of EUR 7.58 million on the economic value. A 100 basis points fall in interest rates would have had a negative impact of EUR 17.60 million.

A floored interest rate fall currently has a greater impact than a parallel 100 basis points increase in interest rates. The impact is mainly situated in the long-term liabilities, which continue to rise in a downward interest rate scenario, with hardly any impact on the market value of the assets.

Strategy for risk reduction

The Company maintains a prudent ALM policy that seeks to maximize the alignment of the interest rate profile between the investment portfolio and the balance sheet liabilities, with the aim of optimally hedging the interest rate risk.

The table below shows (as an indication of the interest rate structures) the existing interest guarantees attached to the technical provisions linked to the branch 21 products.

	31/12/2015	31/12/2016
Over 4.25% up to 4.99%	1.35%	0.61%
Over 3.50% up to 4.25%	6.50%	4.29%
Over 3.00% up to 3.50%	16.85%	17.46%
Over 2.50% up to 3.00%	14.88%	15.00%
Over 2.00% up to 2.50%	23.47%	24.47%
Over 1.50% up to 2.00%	28.53%	18.63%
Over 1.00% up to 1.50%	7.45%	18.63%
1.00% and less	0.96%	0.90%
Total	**100.00%**	**100.00%**

5.1.2. Spread widening risk

The return on the investment portfolio is largely determined by the credit spread earned on the investments made. The evolution and fluctuations of the credit spread are often market-driven and determined by factors other than those relating to the creditworthiness of the issuer.

These market risk factors induce spread widening risk. Alongside the pure interest rate, they are the main driver of asset returns and the economic value of the investment portfolio. In addition, the market value of the investment portfolio is included in the calculation of the insurer's prudential capital base (Solvency II).

The pursuit of a cautious investment policy, frequent monitoring of the economic fluctuations in the value of the investment portfolio and measuring the sensitivity of changes in credit spreads are therefore also important pillars of healthy portfolio management.

The conduct of sound investment policy is guided by a strict investment framework that determines, based on the creditworthiness of the issuer, the permissible investment level and maximum maturity. This investment policy is shaped by a thorough analysis of the credit sectors and investment files and an active screening of market opportunities.

The evolution of the market value of the investment portfolio is monitored in the Asset and Liability Committee. Credit spread sensitivity is calculated and monitored in the ORSA framework and is checked against the RAF.

5.1.3 Equities risk

From the strategic allocation perspective, equities complement the existing bond and loan portfolios and are intended to optimize the risk return profile of the portfolio. Within a limited investment framework and subject to compliance with strict investment criteria, the Company has the possibility to take equity positions into its investment portfolio.

The price risk is controlled by subjecting the equity investments to a thorough analysis of underlying fundamentals and by framing the investment policy within the approved risk appetite and assigned limits.

After the run-down of the Argenta Pension Savings Fund, the Company has replaced the fund units by direct positions in equities and bonds. In this way the equity portfolio has increased in recent years.
Thus the portfolio of individual equities has been built up in a diversified fashion in recent years. This portfolio has been managed within a rigorous risk management framework, including limits on size, permitted sectors, market capitalisation and concentration.

Further details on this portfolio can be found in Note 12.

5.1.4 Property risk

The evolution of real estate prices has an influence on retail lending and also influences the credit risk through the giving of property as collateral. The Company has here a concentration of private mortgage loans in Belgium and the Netherlands. This makes the company dependent on developments in the housing market.

The Company also has a limited investment space for (indirect) real estate investment under strict conditions, in terms of both investment type and concentration risks. Within these limits, a number of loans were made to real estate counterparties.

Further information on this limited portfolio can be found in Note 15.

5.2. Liquidity risk

Liquidity risk is the risk of loss, or of adverse change in the financial situation, as a direct or indirect consequence of insufficient liquidity being available to meet financial obligations. This may be the result of:

- An unexpected prolongation of the outstanding receivables, e.g. a loan default;
- The risk, in the Insurance Pool, that payment obligations increased owing to a rising number of claim events, or early retirements or surrenders, as a result of which Argenta is unable to meet its payment obligations;
- The risk that the necessary financing transactions cannot be undertaken (or can be undertaken only at disadvantageous conditions);
- The risk that assets can be liquidated only at a severe mark-down, owing to a shortage of interested counterparties on the market.

Like any bank and insurer, Argenta Group plays particular attention to monitoring liquidity risk.

The Asset and Liability Committee monitors the liquidity ratios on a permanent basis. The management framework is clearly defined and detailed in the financial policy.

For measuring, monitoring, checking and reporting on the liquidity risk, the Company 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.

Liquidity at the insurer

In this way liquidity risk is the risk of the Company lacking cash or being unable to raise or release this at an acceptable price to meet expected and unexpected cash demands from policyholders and other contractual parties. Liquidity risk may result from both insurance-specific and market risks.

For the insurance-specific risks, the liquidity situation is closely related with the technical provisions. For the insurance contracts the risk of early termination (surrender) is considered part of the underwriting risk.

The market liquidity risk is the risk of the difficulty or impossibility of selling positions at acceptable market prices. In addition there is a risk that the necessary funding activities cannot be carried out in order to raise sufficient outside resources.

For the Insurance Pool a LCR (Liquidity Coverage Ratio) is calculated with subsequent monitoring of the cumulative maturity gap. The LCR amounts to 5.110% in 2015 and increased to 9.424%.

Future liquidity is monitored and limited by comparing the cash flow profile of the assets and liabilities against each other on a quarterly basis and taking action (balance sheet adjustment, setting up a line of credit) if needed.

The existing gap between the portfolio and the opposing insurance contracts is important and is monitored systematically. This monitoring is part of the periodic liquidity gap analysis. These management measures include adjusting the balance sheet through proactive initiatives to keep the funds released from the insurance contracts with the Company and setting up lines of credit with financial institutions. The maximum cumulative liquidity gap in relation to the free repo capacity amounts in 2016 to 13.80% compared to 6.62% in 2015.

The notes to the respective assets and liabilities items include information on the maturities of the respective financial instruments.

The Company has no liquidity-related covenants with external parties, making this issue irrelevant to the context of liquidity risk.

5.3. Credit risk

General

Credit risk is defined as the risk of loss, or of adverse change in the financial situation, as a direct or indirect result of a decline in the creditworthiness of issuers (or guarantors) of securities, of counterparties and of any debtor to whom the institution is exposed. This risk arises in both the traditional loan portfolio and in other investment activities (other interest-bearing assets). In this latter group of assets, widening spreads and rating downgrades serve as indicators of credit risk.

For the Company there are essentially two sub-areas of concern with regard to credit risk: the retail mortgage lending market (a limited concern), and the investment portfolio (a major concern). There is also the reinsurer default risk.

A weakening of the credit quality of the Insurance Pool's borrowers and counterparties, a general deterioration of Belgian, Dutch or global economic conditions, or a decrease in credit quality caused by systemic risks can affect the recoverability of outstanding loans and the value of the Insurance Pool's assets, requiring an increase of the provision for non-performing and doubtful loans, as well as other provisions.

The management of credit risk is governed by means of appropriate and regularly updated policies.

All entities and departments have adequate measuring instruments, guidelines and procedures with which to manage credit risk. These include a fully independent loan approval process with set limits for creditworthiness, monitoring procedures, and overall indicators of the quality of the retail loan portfolio, the investment portfolio and the local and regional government lending portfolio.

Governance is also supported by the work of a number of (consultation) committees like the Rating Consultation, the Investment Consultation, the Credit Risk Committee, the Group Risk Committee and the Asset and Liability Committee.

Credit risk management in 2016

For the Argenta Group there are essentially three sub-areas of importance for credit risk: the market for retail mortgage lending (in Belgium and the Netherlands), the investment portfolio, and the portfolio of loans to local and regional authorities. Credit risk management is therefore focused on these three segments.

Argenta was again highly successful in 2016 in further diversifying its investment portfolio while maintaining high asset quality. In 2016, attention was again paid to expanding lending to and investments in local and regional authorities.

The risk appetite level applied appears in the RAF. For monitoring credit risk in both the retail credit and investment portfolios the RAF contains indicators linked to portfolio quality and concentration risk.

The risk factors relating to credit risk included in the RAF were extended in 2016 with an indicator in the investment portfolio for monitoring indirect real estate investments. In 2016, prudent investment policy was again a permanent focus. Such an approach is still considered to be the most efficient first line of defence par excellence.

The investment framework remains focused on strong counterparty quality. As in 2015, so too in the course of 2016, in part as a reaction to the low interest rate environment, the Company continued to diversify selectively into companies investing indirectly in property and into securities of or loans to local authorities.

In the context of an appropriate and prudent risk management, all banking and corporate counterparties were subjected during 2016 to credit analysis over a one-year time span.

The application and practical implementation of the investment policy is also supported by the Investment Consultation, in which representatives of the Executive Committee, Treasury and Investment Management and the Credit Risk Analysis department in the first line, and Risk in the second line, discuss and decide on investment issues.
The results of rating reviews are discussed in the monthly Rating Consultation, which reports to ALCO. This consultation ratifies proposed ratings or decides on the assignment of internal ratings, following a well-defined governance framework and with two separate decision levels.

Internal ratings or rating indications are also assigned to counterparties catalogued as local and regional authorities. These are relevant in the acceptance context and are also used for monitoring and management purposes.

Further attention was paid to the development and progress of the economic capital calculations for credit risk. This analysis forms the basis of regular reporting to, and discussion within, ALCO, the GRC, the Executive Committee and (the Risk Committee of) the Board of Directors.

Loans and receivables in arrears and amounts in arrears

The Company constantly reviews its portfolio for payment arrears. The following tables provide an overview of ‘loans to and receivables from other customers’ for which arrears have been detected but for which no individual impairments have been recognised.

The figures here relate to the total amount of outstanding loans (total exposure) rather than the total amount of arrears. These amounts also include loans which are only one or two days in arrears or which are temporarily in arrears due to the possible delayed operational processing of instalment payments.

As of 31/12/2015	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Mortgage loans	335,623	61,823	43,448	47,058
	335,623	**61,823**	**43,448**	**47,058**

As of 31/12/2016	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Mortgage loans	555,854	33,050	77,114	51,321
	555,854	**33,050**	**77,114**	**51,321**

The above loans and receivables were either not yet considered as in default or there were sufficient guarantees that no impairments needed to be recognised on an individual basis.

Effective arrears (capital and interest)

The tables below summarize the effective arrears (principal and interest), in other words, which arrears are effective (i.e. without mentioning the total amount of the loan in question).

As of 31/12/2015	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Mortgage loans	37,138,535	1,683,623	1,245,000	611,137
	37,138,535	**1,683,623**	**1,245,000**	**611,137**

As of 31/12/2016	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Mortgage loans	35,903,935	1,222,612	2,059,297	673,400

Impairments determined on an individual basis

The following table gives the asset categories in which individually determined impairments have been recognised, along with the respective amounts.

The total portfolios and impairments can be found in Notes 12 ('Available for-sale financial assets') and 14 ('Loans and receivables').

	Gross book value of impaired assets	Individually assessed impairments on assets in 2015	Gross book value of impaired assets	Individually assessed impairments on assets in 2016
Available-for-sale assets				
Fixed income securities	7,781,303	2,271,165	3,242,722	250,416
Public institutions	0	0	0	0
Credit institutions	0	0	0	0
Securities of other counterparties	7,781,303	2,271,165	3,242,722	250,416
Non-fixed-income securities	12,223,313	2,675,546	15,860,242	2,282,178
Total for available-for-sale financial assets	**20,004,616**	**4,946,711**	**19,102,964**	**2,532,594**
Loans and receivables				
Mortgage loans	5,871,577	1,158,977	3,288,998	816,809
Total loans and advances	**5,871,577**	**1,158,977**	**3,288,998**	**816,809**

At the end of 2015, EUR 1,158,977 of impairments had been recorded on individual items in the loans and receivables portfolio. At the end of 2016, EUR 816,809 of impairments had been recorded on individual items in the loans and receivables portfolio.

The following tables show the changes to the individual impairments for the 2015 and 2016 financial years. Further details on the overall earnings impact (including direct write-downs and recoveries) are to be found in Note 33.

	Opening balance 31/12/2014	Increase via P&L	Decrease via P&L	Closing balance 31/12/2015
Available-for-sale financial assets				
Fixed-income securities	114	2,271,051	0	2,271,165
Public institutions	0	0	0	0
Credit institutions	0	0	0	0
Securities of other counterparties	114	2,271,051	0	2,271,165
Non-fixed-income securities	2,847,739	1,261,777	1,433,971	2,675,545
Total for available-for-sale financial assets	**2,847,853**	**3,532,828**	**1,433,971**	**4,946,710**
Loans and receivables				
Mortgage loans	1,421,688	1,156,559	1,419,270	1,158,977
Total loans and advances	**1,421,688**	**1,156,559**	**1,419,270**	**1,158,977**

	Opening balance 31/12/2015	Increase via P&L	Decrease via P&L	Closing balance 31/12/2016
Available-for-sale financial assets				
Fixed-income securities	2,271,165	0	2,020,749	250,416
Public institutions	0	0	0	0
Credit institutions	0	0	0	0
Securities of other counterparties	2,271,165	0	2,020,749	250,416
Non-fixed-income securities	2,675,545	698,202	1,091,569	2,282,178
Total for available-for-sale financial assets	**4,946,710**	**698,202**	**3,112,318**	**2,532,594**
Loans and receivables				
Mortgage loans	1,158,977	826,511	1,168,679	816,809
Total loans and advances	**1,158,977**	**826,511**	**1,168,679**	**816,809**

Impairments exist only in the 'available-for-sale assets' and 'loans and receivables' portfolios.

Impairments determined on a portfolio basis

Collective IBNR impairments are also calculated and recognised on the mortgage loan portfolio.

As of 31 December 2015 there was an IBNR provision of EUR 377,650 at the Company. This amounted as of 31 December 2016 to EUR 383,740.

Collateral

Personal guarantees or collateral are always required when granting mortgage loans. The lower a borrower's creditworthiness, the more security he will be required to provide. Under the foreclosure policy, it occasionally happens that certain collateral item is acquired and is recorded in the balance sheet.

For such collateral (here, the properties on which a mortgage or mortgage mandate is registered), new individual estimates are made whenever loans to which the collateral is attached are deemed in default. All material collateral is reviewed periodically using a statistical method.

Foreclosure policy

When all other means of financial settlement of a defaulted loan have been exhausted, and where real estate is involved, the Company initiates a a private or public sale.

In 2015, one building was sold and in 2016 no buildings were sold. Further information can be found under real estate investments (see Note 15).

Thanks to the conservative loan policy and the strict monitoring strategy, loan losses in the Company's various fields of activity have been low in recent years.

Forbearance

At the end of 2014, based on the EBA definition of forbearance, the necessary policy documents were completed, with adjustments made to the internal credit systems for better recording of the files concerned. The adjustments relate to refinancings and extensions following on payments arrears.

The Belgian mortgage portfolio is being phased out, with no more active initiatives being taken for this portfolio. Since 2015 there are also Dutch mortgage loans.

	31/12/2015	31/12/2016
Total exposures with forbearance measures	815,265	1,666,158
Performing exposures with forbearance measures	377,125	1,156,556
Non-performing exposures with forbearance measures	438,140	509,601
Accumulated impairments and provisions in respect of these exposures	5,976	8,070
Collateral received on exposures with forbearance measures	495,974	1,666,158

In 2016 there were 13 files classified as ‘forbearance’, viz.: four CBHK/OCCH files and nine Dutch mortgage files.

Concentration of credit risk

This concentration may consist of various elements including a concentration in lending to an individual counterparty or group of inter-related counterparties (single name concentration or counterparty concentration). Concentration of lending can also arise through an uneven distribution among sectors or countries/regions (sector concentration).

The latter risk may arise due to significant exposure to groups of counterparties where the probability of default is driven by common underlying factors.

The credit risk management policy includes limits for concentration risk. These limits are systematically monitored and reported on. One of these limits relates to the maximum exposure per counterparty in retail lending, and stipulates that this maximum exposure to a single retail counterparty may never exceed EUR 1 million.

Larger credit amounts are granted only by explicit decision of the Credit Committee and the Executive Committee.

Potential concentration risks resulting from being present on just two mortgage markets (Belgium and the Netherlands) are mitigated by a limitation of the credit risk per individual dossier, as well as a strict monitoring of developments on the Dutch and Belgian mortgage and residential real estate markets.

In addition, the risk is diversified by granting a large number of loans of limited amounts, spread across Belgium and the Netherlands (and separate regions). The spreading of lending in time (with loans granted every week / monthly) has the effect of tempering risks, in that loans are granted in both strong and weak economic periods.

In addition, the Company has a diversified and high quality investment portfolio with a concentration in debt instruments of the Belgian government. It is also building up a portfolio of loans to local and regional authorities.

The basis for the quantitative assessment of the concentration risk in the investment portfolio is provided by the analysis of the composition of the portfolio (balance) by economic sectors (governments & public authorities, credit institutions, other loans including corporate bonds, mortgage lending and other retail lending) and countries.

The framework for managing credit risk is clearly defined and detailed in the policies.

Investment portfolio

The Company classifies most of the investment portfolio as 'available-for-sale financial assets'. The main part of this portion of the investment portfolio consisted at 31 December 2016 of bonds of 'public authorities' (46.40% in 2016 versus 48.57% in 2015).

The 'credit institutions' category represents 21.17% at 31 December 2016. The 'securities – other counterparties' category has risen from 25.90% to 28.67%.

	2015		2016	
	Carrying values	Percentage distribution	Carrying values	Percentage distribution
Fixed-income securities				
- Government	1,417,997,845	48.57%	1,400,253,479	46.40%
- Credit institutions	648,951,385	22.23%	638,972,593	21.17%
- Securities other counterparties	756,211,594	25.90%	865,287,358	28.67%
Non-fixed-income securities				
- Investment funds/equities	96,219,447	3.30%	113,538,435	3.76%
	2,919,380,271	**100.00%**	**3,018,051,865**	**100.00%**

In the investment portfolio, concentration risk can affect credit risk. Concentration risk may arise due to large overall positions to individual counterparties, or a large overall position in a number of positively correlated counterparties (i.e. parties that will default together under similar circumstances). Avoidance of concentrations is an important factor in the Company's credit risk strategy.

The following table shows the geographic breakdown (%) of the government bonds classified as 'available-for-sale'. The table below documents a large exposure to Belgium (Company head office location).

	31/12/2015	31/12/2016
Belgium	58.52%	58.33%
Italy	7.92%	7.91%
Slovenia	5.45%	5.43%
France	4.31%	4.54%
Czech Republic	3.41%	3.42%
Ireland	3.25%	3.34%

	31/12/2015	31/12/2016
Slovakia	3.08%	3.10%
Poland	2.95%	2.42%
Spain	1.77%	1.78%
Lithuania	1.73%	1.76%
Other	7.61%	7.97%
Total	**100.00%**	**100.00%**

The table below shows the rating level of the entire 'available-for-sale assets' portfolio. More than 97% of the portfolio has an 'investment grade' rating.

Additional information on this portfolio can be found in Note 12.

	31/12/2015	31/12/2016
Investment grade	96.11%	97.57%
Below investment grade	2.93%	1.83%
Not rated	0.96%	0.60%
Total	**100.00%**	**100.00%**

The 'held-to-maturity assets' item contains securities amounting to EUR 189,018,209 (EUR 187,701,904 at 31 December 2015), issued mainly by the Belgian federal and regional authorities.

The financial policy referred to above establishes which bonds and which ratings may be considered for investment. The ratings of all fixed-income securities are then systematically monitored. If, after purchase, the rating of a bond drops below the set minimum rating requirement, the bonds concerned will be discussed again by ALCO and the Rating Consultation (RC). ALCO, and consequently the Company's Executive Committee, must then make an explicit judgement on whether or not to maintain the position. The positions held are also reported to the Board of Directors.

Note on encumbered assets

By circular 2015/03 the Belgian regulator brought into effect in the Belgian prudential framework the guidelines of the European Banking Authority (EBA) of 27 June 2014 on the disclosure of encumbered and unencumbered assets. This disclosure is not about the Company's credit risk from its debtors, but a general disclosure of its encumbered assets.

The institutions are required, on an advancing basis, to disclose basic information about the previous twelve months based on median values of at least quarterly
data.

Below is an overview of the encumbered assets at the Company as reported as of 31 December 2015 and 2016, together with the average for 2016.

	31/12/2015		31/12/2016		Average 2016	
	Nominal value	Market value	Nominal value	Market value	Nominal value	Market value
Collateral for repo transactions	258,246,735	315,895,748	218,529,000	269,081,575	198,806,801	245,781,974
Total given collateral	**258,246,735**	**315,895,748**	**218,529,000**	**269,081,575**	**198,806,801**	**245,781,974**
Cash paid (repo transactions)	0	5,758,000	0	3,980,000	0	2,249,917
Cash received (repo transactions)	0	0	0	594,000	0	949,417

The market value of the encumbered assets amounted to EUR 315,895,748 as of 31 December 2015. In 2016 an average of EUR 245,781,974 was encumbered under repo agreements. In addition, an average of EUR 1,300,500 cash was paid in collateral management. As at 31 December 2016 the market value of the encumbered assets was EUR 269,081,575.

5.4. Insurance-technical risks

5.4.1. Overview of insurance-technical risks

The insurance-technical risk consists of i) the underwriting risk and ii) the risk of failure of the reinsurers.

The underwriting risk includes generally all risks associated with the nature of the subscription of insurance activities. It is the risk of loss of future earnings and capital caused by the difference between expected and actual payments.

For casualty insurance, the company's results depend mainly on the degree to which actual claims payments correspond to the principles applied in pricing products and in determining the level of the technical provisions.

For life insurance, the insurance-technical risk includes changes in surrender behaviour, differences between expected and actual (death) benefit payments and policy processing costs.

In health insurance both types of risk - those specific to life insurance and those specific to casualty insurance - exist together. The Company applies a number of procedures in order to maintain control of the insurance-technical risk.

Policies covering acceptance, remediation, pricing and reserve-setting are determined and adjusted by continuously monitoring the technical results, the portfolio profile and the adequacy of the technical provisions of the Insurance Pool. In 2016, the underwriting risk policy here was approved by the Board of Directors.

A 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 reduce the underwriting risk. Continuous monitoring enables the necessary measures, such any price adjustment, to be taken in good time.

The income and value stability of the products is monitored by the following RAF indicators:
- Earnings at risk 80%: income volatility across all risks / net income before taxes (in a 1 year in 5 perspective);
- Value at risk 95%: value volatility across all risks / available economic capital (in a 1 year in 20 perspective);
- NII margin (Net Interest Income margin): interest margin (Year-To-Date, annualized) compared to the limits required for 8% ROE and 0% ROE taken from the Business Plan;
- New Business Margin Life and Value New Business Life: Value of Life production for the financial year if 8% ROE target is achieved against discounted premiums;
- (Aras solo) Combined Ratio Casualty and Property including reinsurance;
- (Aras solo) Combined Ratio Health.

The adequacy of reserves (LAT: Liability Adequacy Test) is assessed using the same policy. These are systematically examined for adequacy. If the reserves are considered inadequate, a decision is made in most cases to assign supplementary provisions and/or adjust the pricing and risk acceptance strategies or to take other initiatives.

The Insurance Pool also uses reinsurance to limit, to mitigate claims volatility and to improve the solvency rations. The retention levels and limits of the reinsurance treaties are determined based on Argenta's acceptance policy and risk appetite and are enshrined in the 2012 Reinsurance policy. This policy also describes how the risk of reinsurer failure is managed. The Insurance Risk Committee tracks these risks on a permanent basis.

The main insurance risks are mortality and longevity risk, morbidity risk, cost-related risks, release risk, premium and reserve risk in non-life insurance, and catastrophe risk.

Mortality and longevity risk

The mortality risk is the risk of loss or of adverse change in the value of insurance liabilities caused by changes in the level, trend or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities. This risk is mitigated by setting limits on acceptance policy, regularly assessing the mortality tables and by concluding reinsurance treaties.

The longevity risk is the risk of loss or of adverse change in the value of insurance liabilities caused by changes in the level, trend or volatility of mortality rates, where a fall in the mortality rate leads to an increase in the value of insurance liabilities. This risk is managed, among other things, by regular assessment of the mortality tables, choice of tariff structure, limiting contract periods and adjusting rates at policy renewal dates.

Mortality and longevity risk is viewed by the Company as a sub-risk. The major part of the mortality risk arises out of outstanding balance insurance.

Morbidity risk

The morbidity risk is the risk of loss or of adverse change in the value of insurance liabilities caused by changes in the level, trend or volatility of disability, sickness and morbidity rates.

Argenta Assuranties has sizeable portfolio of individual hospitalization policies. In determining the risk it takes into account its own experience and historical trends, including portfolio size, claims settlements and claims inflation.

The capital cost of the health risk may fall further by a continuing switch from single to multi-bed rooms and maximum indexing of the premium. Moreover, the morbidity risk is limited by the specific medical index which charts the rise in health costs and allows insurers to raise their premiums correspondingly.

Cost-related risk

The cost-related risk is the risk of loss or of adverse change in the value of insurance liabilities caused by changes in the level, trend or volatility of the costs of fulfilling insurance or reinsurance contracts. The development and pricing of insurance policies is based, among other things, on assumptions about the cost of selling and processing policies and of managing claims, and about expected retention rates. The risk of unexpected developments and their possible consequences are mapped out, among other things, during the product development process.

Reasons for increased cost-related risk include having a larger portion of long-term contracts, deviations from the assumptions used and a rise in cost inflation. Cost control is an important factor in the management of this risk.

Release risk

The release risk is the risk of loss or of adverse change in the value of insurance liabilities caused by changes in the level or volatility of the percentages of (early) terminations, extensions or surrenders.

With an increase in policy costs the insurance company runs the risk that the initial policy handling costs can not be recovered in time and of losing the profits contained in future premiums. A lower number of surrenders can pose the same risk. Within the Insurance Pool Argenta Assuranties is most at risk from releases.

This risk is reduced by imposing a surrender fee, the application of market value adjustment and deducting any related tax costs from the surrender value. This release risk occurs mainly in life insurance.

Premium and reserve risk

This is the risk of loss or adverse change in the value of insurance liabilities due to volatility in the timing, the frequency and severity of claim events, and in the timing and amount of claim settlements. Premium risk relates to claims arising after reporting date, reserve risk to claims occurring before reporting date.

This risk is managed by monitoring profitability, regular liability adequacy testing (LAT) and the acceptance and reservation policy.

Catastrophe risk

Catastrophe risk is the risk of loss or of adverse change in the value of insurance liabilities caused by significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events

Catastrophe risk relates mainly to natural or man-made disasters. Part of this risk is mitigated by means of reinsurance treaties.

For life insurance this includes the risk of increased mortality due to a pandemic. This risk occurs mainly in property and casualty insurance. Within life insurance, this risk affects outstanding balance insurance.

5.4.2. Reinsurance

The Insurance Pool uses reinsurance to limit certain insurance risks. Reinsurance is used in:

- Fire damage:
  excess of loss per risk and per event (catastrophe risk);
- Third party liability:
  excess of loss per risk in third party liability, third party liability car, driver and passenger insurance, third party buildings, and third party private life;
- Fire and Omnium Car damage:
  annual aggregate excess of loss per event and Top&Top XL layer;
- Life
  Excess sums in individual life insurance.

The table below shows the reinsurance premiums paid:

	31/12/2015	31/12/2016
Fire	1,315,103	1,278,166
Motor vehicle	1,260,464	1,408,751
Family	127,484	144,812
Life	1,850,276	2,119,963
Total	**4,553,327**	**4,951,692**

The contract concluded with reinsurance broker Aon Benfield stipulates that all reinsurers are required to maintain a minimum rating of A+.

This limits the reinsurer default risk. The concentration risk too is limited by the broker's use of multiple re-insurance companies.

5.4.3. Claims reserves

Setting up claims reserves for claims events is a core process for an insurance company. The operational claims reserves weigh heavily on the profitability of any insurance company. In casualty and property insurance, a small number of major claims can undermine the profitability of an entire portfolio. The setting up of claims reserves is the subject of a separate policy.

The Company distinguishes here between 'frequency files' with smaller claim amounts and heavy claims above EUR 125,000. This is included in the policy document:

- The policy for frequency files is situated upfront, in the annual determination by the actuarial department of the standard opening reserves, based on the historical cost of claims. This is a 'best' estimate of the average cost of claims. The speed of this calculation and its incorporation in the computer systems (reservation amounts are automatically applied when opening a new insurance file) are decisive here.

- The policy with regard to heavy files (files with a total claims cost of over EUR 125,000) requires a customized approach. These are mapped by a process of constant evaluation of the interventions by the insurance undertaking, with analysis of the application of the insurance contract, of the conventions and exclusions, the approach taken to the claim, liability, the various liability allocation mechanisms, the deduction of the policyholder's own portion and the addition of costs.

- The base is a fair estimate of the heavy files (based on all the above items) plus a risk margin, given the potential heavy fluctuations. This precision approach, with frequent revisions, is intended to minimize upward and downward fluctuations.

- The core of the operational guidelines for implementing this policy lies in the rapid detection and isolation of these potential heavy claims files from the mass of the frequency files.

The challenge consists of handling frequency claims quickly without the reservation process slowing throughput time, but also in quickly identifying the potential heavy claims files and reserving correctly both initially and during the life of the contract. This policy is very carefully monitored.

Development of loss reserves

The table below illustrates the claims triangle and includes the evolution of total cost of claims per event occurrence year, with the cost of claims equal to the sum of the payments and the loss reserves, with the deduction of recoveries and recovery reserves. Both payments and recoveries are cumulative. What we have therefore are settlement payments from 1 January of the year of occurrence of an event until the final settlement year.

A claims triangle breaks down as follows:

- Vertically are the settlement years;
- Horizontally the event occurrence years;
- Diagonally the accounting years.

The number of years depends on the available history of the product line. The more developed the claims history, the more reliable the valuation of the cost of claims.

The table below shows the gross movements for reinsurance and IBNR in the claims settlement triangle.

	< 2002	2002-2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Estimate at the end of the year of event occurrence	0	257	55	55	46	44	49	53	57	74	77
1 years later	0	258	53	52	42	46	47	52	58	78	0
2 years later	0	253	51	51	44	44	45	51	57	0	0
3 years later	0	249	48	52	43	43	44	49	0	0	0
4 years later	0	244	49	50	43	43	44	0	0	0	0
5 years later	0	242	49	50	43	42	0	0	0	0	0
6 years later	0	235	49	49	43	0	0	0	0	0	0
7 years later	0	235	48	49	0	0	0	0	0	0	0
8 years later	0	234	48	0	0	0	0	0	0	0	0
9 years and later	0	228	0	0	0	0	0	0	0	0	0
Current estimate	228	228	48	49	43	42	44	49	57	78	77
Cumulative payments	220	217	47	46	40	41	41	44	46	56	30
Current provisions	8	11	1	3	3	2	3	5	11	22	46

[1] *For Aras: Aras solo Branch 21 Life.*

	< 2003	2003-2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Estimate at the end of the year of event occurrence	0	313	55	46	44	49	53	57	74	73	72
1 years later	0	311	52	42	46	47	52	58	78	71	0
2 years later	0	304	51	44	44	45	51	57	73	0	0
3 years later	0	298	52	43	43	44	49	56	0	0	0
4 years later	0	293	50	43	43	44	48	0	0	0	0
5 years later	0	291	50	43	42	44	0	0	0	0	0
6 years later	0	284	49	43	42	0	0	0	0	0	0
7 years later	0	283	49	43	0	0	0	0	0	0	0
8 years later	0	281	49	0	0	0	0	0	0	0	0
9 years and later	0	274	0	0	0	0	0	0	0	0	0
Current estimate	228	274	49	43	42	44	48	56	73	71	72
Cumulative payments	221	264	46	40	41	42	45	47	59	48	36
Current provisions	7	9	3	3	1	2	3	9	15	23	37

5.4.4. Analysis of movement of technical provisions

The table below analyses the technical provisions for branch 21 contracts. An overview of the total technical provisions for life insurance can be found in Note 17.

	31/12/2015	31/12/2016
Starting balance, technical provisions - branch 21	2,329,996,227	2,230,711,542
Incoming payments	219,154,974	230,676,148
Surrenders, death, arrival at term, annuities	-283,758,148	-135,815,340
Interest cost	56,001,330	52,292,292
Profit sharing	2,121,645	1,648,914
Other changes	-92,804,486	-27,997,611
Ending balance, technical provisions - branch 21	2,230,711,542	2,351,515,945
Other	0	0
Supplementary provisions, life insurance	20,960,449	20,962,281
Total	**2,251,671,991**	**2,372,478,226**

For branch 23 contracts included in financial liabilities at fair value with reductions in value through profit or loss, this gives the following picture:

	31/12/2015	31/12/2016
Starting balance, technical provisions - branch 23	1,181,134,714	1,670,112,392
Incoming payments	492,277,451	222,444,166
Surrenders and deaths	-84,692,759	-97,380,932
Value fluctuations	9,094,520	37,178,125
Other changes	72,298,466	7,420,894
Ending balance, technical provisions - branch 23	1,670,112,392	1,839,774,645
Total	**1,670,112,392**	**1,839,774,645**

Additional disclosures on branch 23 insurance can be found in Note 11.

5.4.5. Adequacy tests

The rules for calculating the technical reserves are described in the 'Reserves Adequacy' policy. LAT testing is used systematically to examine whether the reserves are adequate. Where these are deemed to be insufficient, the cause is evaluated and processed in accordance with the measuring rules. This may result in the allocation of additional provisions and/or a change in pricing and risk acceptance policy.

With the exception of the provisions set aside for outstanding risks, these tests did not identify any shortfalls giving rise to additional insurance liabilities.

Life insurance

The provisions are determined on a contract by contract basis, applying a prudent retrospective actuarial method based on price parameters. For Belgium these provisions include the supplemental provision applied to contracts with a guaranteed interest rate more than 10 basis points higher than 80% of the average interest rate on 10 year OLOs over the last five years. The provision for amounts still to be paid out is determined based on the contractual obligation of the contracts.

The Company tests the adequacy of the provisions annually in a deterministic manner in accordance with the reserves adequacy policy. This test takes into account the current estimates of the contractual cash flows and of related cash flows, such as administrative costs. This '*best estimate*' provision is increased by a risk margin for non-coverable insurance risks.

Sensitivity analyses are also carried out, with the impact on the 'best estimate' provision assessed for changing assumptions.

In these calculations the best estimate provision is calculated, with changes in the following assumptions:
- 10% increase in costs (cost-related risk)
- 10% fall and rise in mortality (mortality risk, longevity risk and catastrophe risk)
- 10% fall and rise in surrenders (release risk)
- 25% rise and fall of the return on investment

This shows that the greatest sensitivity of the '*best estimate*' provision is towards assumptions on administrative costs and investment income. For the portfolio of pure life insurance policies the provision is also sensitive to changing assumptions on mortality. These sensitivity tests do not reveal technical under-provisioning at total level and consequently have no impact on IFRS comprehensive result or IFRS equity.

Health insurance

For the ageing reserves (hospitalization) the cash flow-based calculation is carried out for each model point. A model point consists of all insureds with identical characteristics of age, gender, type of room and subscribed options.

Sensitivity analyses are also carried out, with the impact on the '*best estimate*' provision assessed for changing assumptions, among others for cost inflation and claims inflation.
This shows that, given the long-term nature of health insurance, the '*best estimate*' premium provision to be most sensitive to assumptions regarding cost inflation. Claim reserves are tested in a manner analogous to that applied to casualty insurance. These sensitivity tests do not reveal technical under-provisioning at total level and consequently have no impact on IFRS comprehensive result or IFRS equity.

Casualty and property insurance

The provisions for claims, including internal and external claims settlement costs, are determined claim by claim. The premium reserves are also calculated contract by contract. The calculation of provisions for both internal and external claims settlement expenses was adjusted at the end of 2014.

The Company tests the adequacy of the provisions annually in a deterministic manner in accordance with the Reserves Adequacy policy. This test takes into account the current estimates of the contractual cash flows and of related cash flows, such as for example administrative costs. This 'best estimate' provision is increased by a risk margin for uncoverable insurance risks.

Sensitivity analyses are also carried out, with the impact on the '*best estimate*' provision assessed for changing assumptions.

In making these calculations the '*best estimate*' provision is calculated for the claim reserve and the premium reserve, with changes in certain assumptions relating, inter alia, to settlement factors, limit changes, increased administration costs, claims/provision ratio and recoveries.

This shows the greatest sensitivity of the '*best estimate*' premium reserve to be towards assumptions regarding administrative costs. These sensitivity tests do not reveal technical under-provisioning at total level and consequently have no impact on IFRS comprehensive result or IFRS equity.

5.5. Operational risk

All businesses carrying out activities of any kind have to contend with an operational risk. Financial institutions and groups are no exception.

Argenta's activities depend on the ability to process a very large number of transactions efficiently, accurately and in accordance with internal policies and external legislation and regulations. Operational risks and losses result from inadequate or failed internal processes (such as processes not aligned with the legal requirements), human actions (including fraud and employee errors) and systems (such as system failure) or due to external events (such as natural disasters or malfunctions of external systems, including those of the Company's suppliers or counterparties). The impact may consist of financial or reputational loss. This risk also includes legal and compliance risk.

Argenta's fairly limited number of products and services allows the operational risks to be kept limited. Although the Company 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 allow Argenta to exclude all these operational risks in a completely effective manner. However, within the overall risk appetite framework, these risks too are managed in a structured way.

Meeting quarterly as part of the Group Risk Committee, the Operational Risk Committee focuses on the key risk indicators, the RCSAs (Risk & Control Self Assessments) and operational losses.

Each year, a very extensive internal audit report is drawn up and presented to the Audit Committee, the Board of Directors and the NBB/ECB. This report assesses the adequacy and effectiveness of the existing control measures according to the COSO methodology.

It is generally assumed that operational risks in enterprises are gradually increasing, as is regulators' attention to this type of risk. Reasons for this include the rapidly changing technological environment, the expanding corpus of regulations, the increasing complexity and proliferation of products and also the general trend towards outsourcing non-core activities.

In 2016 work concentrated on the following structural and content-specific OR areas:

Structural:
- ORM mission, vision and strategy developed and presented to the Risk Committee.
- Structural cooperation with ORM contact persons in the business
- Structural alignment with the MTs (management teams).
- Structural cooperation with ICT and on strategic projects.
- Structural cooperation with ORM Netherlands and AAM Luxembourg.
- Accelerando path within the ORM department itself.

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

The mission of the overall operational risk management at Argenta (across all levels and parts of the organization) is to support, by means of sound, anchored-in-the-business management of operational risks, the stability, profitability and sustained growth of Argenta, at minimal additional cost (policy-setting).

First and second-line ORM conduct, in partnership, a risk policy that contributes maximally to the business goals with minimal additional cost. Second-line supports the organization in applying this policy in an increasingly self-reliant manner (support to first line).

Additionally, second-line ORM supports healthy decision-making at all levels of the company by giving all stakeholders an accurate picture of the extent to which the current operational risks are covered (giving assurance / reporting).

Content-wise, special priority was given in 2016 to:
- Developing and updating a number of policies, among others relating to business continuity and internal controls
- Developing a framework for embedding the risk culture, in cooperation with both business and other risk departments
- Various data security initiatives
- Screening and optimization of the Corporate Insurance contracts
- Improved operability and broadened scope of the crisis management team
- A structural revision of the Internal Control Annual Report

5.6. Other risks

With no attempt to be exhaustive, this section mentions certain other risks. In recent years investment continued in a group-wide *risk assessment* of all identifiable risks in the framework of ORSA.

5.6.1. Strategic risk

Strategic risk is the risk of loss or of adverse change in the financial situation as a direct or indirect result of business decisions, implementation of decisions, or lack of responsiveness to changing market conditions (both commercial and financial).

Argenta Group makes resources available for achieving the strategic objectives as defined in the business strategy. These resources include communication channels, systems, human resources, networks, and management time and skills. The strategic goals are defined by the Executive Committee, approved by the Board of Directors, and monitored on a regular basis.

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

5.6.2. Business risk

Business risk is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from changes in the business as a result of an external event having an impact on current and future earnings and capital. This risk also refers to poor diversification of earnings or the inability to maintain a sufficient and reasonable level of profitability. The income sensitivity indicator in the RAF already incorporates the business risk on the non-maturity deposits by means of an additional risk premium.

In order to cushion as far as possible the business risk to which it is exposed, the Argenta Group has, in addition to its traditional activities, taken the strategic option of selling products that generate *fee income*. This activity should, alongside Savings & Payments, Lending, and Insurance produce a more diversified earnings generation.

To determine the profit contribution by product, the Insurance pool bases the pricing of the products on *profit testing*.

5.6.3. Reputational risk

The Argenta Group is constantly exposed to the risk of loss or of adverse change in its financial situation resulting, directly or indirectly, from changes in its reputation or standing caused by an altered perception its image by its various stakeholders (including customers, counterparties, shareholders and regulators).

This is a *second-order risk*; in other words, a risk that derives from another risk but which has its own impact. Argenta considers this as a vertical risk, in the sense that it is a risk that interlinks with all other risks. By monitoring and managing the other risks, reputational risk is also kept under control.

5.6.4. Regulatory risk

The regulatory risk is the risk of loss or adverse change in the financial situation, as a direct or indirect result of future legislative or regulatory changes. Wherever it operates, the Company is subject to the laws, regulations, administrative measures and policy regulations governing the provision of 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 collaborates closely 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.

The capital requirements of insurance undertakings and the Solvency II standards are currently the subject of legislative developments. These have an impact on the Insurance Pool. In 2016, regular consultation took place with the relevant supervisory authorities, in which the ORSA was a subject of discussion.

6. Solvency II and capital management

Capital risk or solvency risk is the risk of available capital falling short of the capital required by the activities and size of the company, or of being unable to raise capital at short notice and at a reasonable cost. To monitor this risk, systematic comparisons are made with the minimum regulatory requirements and internal objectives.

6.1. Capital management

The dynamic growth of the financial markets and future legislative changes have produced and will continue to produce changes in the Company's business environment. These challenges require appropriate personnel, processes and systems for the limiting and targeted control of the Company's risk exposure.

The capital control process starts with asking whether sufficient equity is available and will continue to be so in the future. For this the Company prepares a capital plan that includes current and future activities, the implicit and explicit risks attached to these, and the evolution of the capital that will serve as a buffer for those risks.

This involves more concretely the following components:

- In the business plan the strategy is translated into products and activities that will be offered and implemented over the next five years (including the current year).
- In the business plan, the regulatory solvency requirements are incorporated and checked.
- The required economic capital is calculated. Later, an estimate of the economic capital can be included in the business plan.
- The required economic capital and the available economic capital will be compared.
- Action will be taken if the solvency requirements are evaluated negatively or (later) if the available economic capital is too low compared to the required economic capital.

Actions that can be taken to control capital risk consist on the one hand of reducing the required economic capital (i.e. reducing the other risks) and also strengthening the capital base.

The total basic own funds as of 31/12/2016 is EUR 695,430,109 and consists of:

	31/12/2015	31/12/2016
Paid-up share capital	131,467,000	131,467,000
Surplus fund	26,666,320	26,666,320
Reconciliation reserve	450,117,393	537,296,789
Total Qualifying Basic own Funds	608,250,713	695,430,109

The fully paid-in share capital amounts as of 31 December 2016 to EUR 139,236,000, represented by 1,687,690 shares (without par value).

The surplus fund consists of the Fund for Future Appropriations and amounts to EUR 26,666,320 as of 31/12/2016.

The reconciliation reserve consists of the surplus of assets over liabilities minus planned dividends and basic own funds (at Aras consisting of the paid-up capital and the surplus fund).

	31/12/2015	31/12/2016
Excess of assets over liabilities	608,250,713	695,430,109
Own shares (included as assets on the balance sheet)	0	0
Foreseeable dividends and distributions	0	0
Other basic own fund items	158,133,320	158,133,320
Restricted own fund items due to ring fencing	0	0
Reconciliation reserve	450,117,393	537,296,789

The profit for the 2016 financial year amounts to EUR 58,992,170, with a dividend payment from the profit appropriation of EUR 15,295,000.

	31/12/2015	31/12/2016
Paid-up share capital	131,467,000	131,467,000
Surplus fund	26,666,320	26,666,320
Total other basic own fund items	158,133,320	158,133,320

The Company has implemented the Solvency II Directive. Here, in addition to quantitative calculations (Pillar 1) and reporting requirements (Pillar 3), attention is also paid to the qualitative part (Pillar 2). This includes conducting an ORSA (Own Risk Self Assessment) to demonstrate prospective capital adequacy (VaR 99.50%) with respect to its own risk profile at any time.

Along with the economic capital calculations based on simulation models by means of FLAOR (Forward Looking Assessment of Own Risks), these offer the Company a complete picture of all material risks. The results play an important role in the income and value control models.

Regulations and solvency ratio

All Insurance Pool entities have to comply with the directives of the various supervisory authorities in the countries where they operate.

These Solvency directives require insurance undertakings to maintain a minimum own funds (100% solvency). In 2015 and 2016, the total regulated qualifying equity of all entities of the Company exceeded the requirements, so that Argenta fully complied with all capital requirements.

The qualifying own funds can be subsequently used in the calculation of the solvency ratios (SCR and MCR ratio).

The solvency capital requirement (SCR) is the minimum own funds that insurance and reinsurance undertakings are required to hold in order to ensure that in no more than 1 year in 200 the core equity can drop below zero (value at risk of 99.5% over one year).

The minimum capital ratio requirement (MCR) is the minimum equity that insurance and reinsurance undertakings are required to hold in order to ensure that in no more than 15% of years the core equity can drop below zero (Value at Risk of 85% over one year). The MCR must amount to a minimum of 25% and a maximum 45% of the SCR.

MCR is the minimum capital requirement and for Aras amounted to EUR 95,880,480.97 as of 31 December 2015 and to EUR 111,028,398 at the end of 2016. The SCR is EUR 246,729,772 in 2016 compared to EUR 213,067,735.69 in 2015.

	31/12/2015	31/12/2016
SII balance sheet total	6,290,072,341	6,871,119,256
Excess of assets over liabilities	608,250,713	695,430,109
SCR	213,067,736	246,729,772
MCR	95,880,481	111,028,398
Ratio of qualifying own funds to SCR	2.85%	2.82%
Ratio of qualifying own funds to MCR	6.34%	6.26%

The previously mentioned Solvency II directive is a European harmonized prudential supervisory system that is highly risk-oriented and aims at:

- Harmonizing the supervision of insurance activities within the European Union with a view to better aligning the capital requirements of insurance undertakings with their risk profiles;
- Protecting consumers against potential solvency problems at insurance undertakings by mapping the risks that insurance undertakings incur;
- Gaining a better understanding of the financial position of insurance undertakings with a lower risk of solvency problems given that this insight is based on economic principles;
- Providing supervisory authorities with a more complete picture of the actual position of the insurance undertakings, one that, unlike Solvency I, incorporates all relevant risks. This is also called the 'total balance' approach, in which liabilities and resources are measured at market value.

7. Remuneration of directors

A more detailed explanation on the Corporate Governance of Argenta Bank- en Verzekeringsgroep (BVg) is described in the IFRS annual report of BVg, to which the reader is referred.

This report gives the composition of the Boards of Directors and the remuneration of the directors concerned.

7.1. Composition of the Boards of Directors

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

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

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

Members of the Board of Directors must be natural persons.
In principle, directors' mandates are for six years and are renewable.

The following age limits apply for directors:
- Executive directors are legally required to resign on reaching the age of 65. This age is increased with 1 or 2 years in accordance with the statutory retirement age of the director in question;
- Non-executive directors resign automatically on reaching the age of 70;
- Directors reaching the age limit may continue to exercise their mandates until a successor has been appointed.

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

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

Independent directors are appointed with a view to attracting competencies in the Argenta Group's core activities, namely banking and insurance. Independent directors need to demonstrate broad experience in at least one of these core fields on the basis of their former or current activity. They must meet all the requirements stipulated in Article 526.3 of the Belgian Companies Code.

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

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

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

The division of tasks between the Boards of Directors and the interaction with the various committees are documented in the Internal Governance Memorandum.

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

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

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

In addition to assessing the suitability of individual directors based on the stated eligibility criteria, the Board also periodically evaluates its operation, its performance and the performance of individual directors.

In 2015 a comprehensive and externally facilitated evaluation of the functioning of the Executive Committee took place. During 2016, at the initiative of the Appointments Committee, an externally facilitated assessment was performed of the functioning of the Board, its committees and individual directors. The follows a previous assessment in 2013. Based on the findings of this assessment, the Appointments Committee has made recommendations to the Board.

Each director is encouraged to organize his personal and professional activities in such a way as to avoid conflicts of interest with the Argenta Group (in line with Article 523 of the Companies Code and to be in line with the prudential expectations in this regard)The Boards of Directors of the Argenta 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.

The composition of the Boards of Directors of the Insurance Pool companies is given below.

Argenta-Life Nederland Board of Directors:
Chair: J. Heller and members: E. Es, A. Frijters, and B. Knüppe

Argenta Assuranties Board of Directors:
Chair: J. Cerfontaine (voorzitter) and members G. Ameloot, A. Brands (vanaf 9/11/2016), A. Coppens, J. Heller (until 29/04/2016), M. Lauwers (from 1/09/2016), M.C. Pletinckx, D. Van Dessel (until 23/01/2017), C. Van Hulle, W. Van Pottelberge, B. Van Rompuy, D. Van Rompuy, E. Walkiers en G. Wauters.

7.2. Remuneration of executive management

The remuneration of the executive and non-executive directors of the Argenta Group companies is established by the 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 the non-executive directors

The remuneration of the non-executive members of the Board of Directors of the Argenta Group companies consists of a fixed remuneration established by the general meetings and an additional fee per meeting of the Board. This remuneration is the same for all independent directors and directors representing the shareholders.

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

The chairs of the various Boards of Directors receive a fixed remuneration which differs from that of the other non-executive directors. He does not receive any additional fee per attended meeting of the Board or Committee.

Remuneration of executive directors

Executive directors receive a fixed annual remuneration. They do not receive variable remuneration of any kind. In this way their pay does not contain elements that could encourage the pursuit of short-term objectives that are inconsistent with the Argenta Group's long-term objectives.

The remuneration meets the provisions of the CBFA Regulation of 8 February 2011 concerning the remuneration policies of financial institutions, as well as the provisions of the Banking Act. The remuneration is the same for all members of the Executive Committees, with the exception of the Chairman.

In addition to the fixed annual remuneration, executive directors also benefit from three group policies (pension capital, disability and hospitalization insurance). And he also benefits from an IPT (individual retirement pension).

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

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

In 2016 Johan Heller (CEO of the Argenta Group and Chairman of the Executive Committees of the Company, Argenta Bank- en Verzekeringsgroep and Argenta Spaarbank), whose mandate ended on 29 April 2016, received remuneration of EUR 167 262. This is an increase of 11.30% compared with 2015. The base salary of Marc Lauwers (Argenta CEO and Chairman of the Executive Committees of the Company, Argenta Bank- en Verzekeringsgroep and Argenta Spaarbank), appointed with effect from 1 September 2016, is EUR 600,000 a year. The contribution to the group supplementary pension and disability policies was EUR 26,508 for Johan Heller till the end of his mandate and EUR 31,158 for Marc Lauwers.

In 2016, the total direct remuneration of the executive directors/Executive Committee members of the Argenta Group (excluding that of the CEO), amounted to EUR 1,325,045 (EUR 1,505,684 in 2015).

Contributions to the group supplementary pension and disability policies in respect of the Executive Committee members, excluding those of the CEO, amounted to EUR 214,325 (EUR 241,532 in 2015).

The median base salary in the Argenta Bank- en Verzekeringsgroep in 2016 amounted to EUR 53,138.03. The median salary increase compared to 2015 amounts to 3.11%.

In 2016 severance payments totalling of EUR 656,130 were made to Executive Committee members of the Argenta Group (EUR 474,525 in 2015).

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

The 18-month period is reduced to (i) 12 months if the termination occurs after the director reaches age 58, but before age 61; (ii) 9 months if the termination occurs after the director reaches age 61, but before age 63, and (iii) six months if the termination occurs after the director reaches age 63, but before reaching age 65.

If the appointment as a director and the appointment to the Executive Committee is revoked by Argenta other than for serious misconduct or is renewed other than for serious misconduct, the Director is entitled to a severance payment equal to eighteen (18) months' remuneration. 'Serious misconduct' within the meaning of this provision is understood a serious breach, shortcoming or negligence by the Director with regard to the obligations arising out of or relating to the mandate or contract or adversely affecting the same, with the result that the requisite confidence of Company in the Director for the exercise of the mandate can no longer be maintained.

The amount of this remuneration is based on the annual gross remuneration, as defined in Article 3, calculated over the 24 months prior to the decision to terminate the contract, or calculated over the entire period of the mandate if less than 24 months.

The 18-month term referred in the fourth paragraph 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;
- 6 months if the termination occurs after the director reaches age 63, but before age 65;

The ages mentioned in paragraph six shall be increased by one year for Directors whose statutory retirement age is 66 years, and by two years for Directors whose statutory retirement age is 67 years.

The mandate and contract can be terminated at any time by the Director, either by the giving of 6 months' prior notice to Argenta notified by registered mail, and taking effect on the first business day after its sending, or with immediate effect, subject to payment of a substitute severance indemnity equal to six (6) months' pay.

The amount of any severance indemnity owed in this case to the Director is based on the annual gross remuneration, as defined in Article 3, calculated over the 24 months prior to the decision to terminate the contract, or calculated over the entire period of the mandate if less than 24 months.

8. Remuneration of the statutory auditor

The fees of the statutory auditor and of entities related to the statutory auditor are monitored at consolidated level by the Audit Committee. Additional audit and consultancy assignments are approved by the Audit Committee pursuant to Article 133.6 of the Companies Act when they exceed the total amount of compensation of the audit mandate.

The audit of the Company's financial position and of the financial statements is assigned to the statutory auditor, Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA represented by Mr Bernard De Meulemeester.

The fees received by Deloitte (including VAT) for the Company and its subsidiaries can be broken down (in accordance with Art. 134 of the Companies Code) into:

- Fees for audit assignments (including those for auditing the statutory and consolidated financial statements and other reports): EUR 149,435 in 2015 and EUR151,228 in 2016.
- Fees for other assignments: EUR 197,663 in 2015 and EUR 205,606 in 2016 for actuarial services in connection with Solvency II, the health index, training, tax advice, audit in relation to moneylenders' accountability and additional audit activities.

The fees of the statutory auditor and of entities related to the statutory auditor are monitored at consolidated level by the Audit Committee. Additional audit and consultancy assignments are approved by the Audit Committee pursuant to Article 133.6 of the Companies Act when they exceed the total amount of compensation of the audit mandate.

9. Related party transactions

As part of its business, the Company regularly undertakes business transactions with related parties. These transactions relate mainly to loans, deposits and insurance. These are done on an arm's length basis.

The tables below provide an overview of the financial scope of the activities undertaken with the related parties.

2015 balance sheet	Parent company	Managers in key positions	Other related parties
Financial assets designated at fair value with valuation changes through profit or loss	0	0	6,851,500
Loans to and receivables from credit institutions	0	0	331,889,024
Other assets	0	0	40,261,645
Total assets	**0**	**0**	**379,002,169**
Liabilities: financial liabilities measured at amortised cost	140,595	0	19,332,211
Technical provisions from insurance contracts	0	413,030	96,512
Total liabilities	**140,595**	**413,030**	**19,428,723**

2016 balance sheet	Parent company	Managers in key positions	Other related parties
Financial assets designated at fair value with valuation changes through profit or loss	0	0	998,500
Loans to and receivables from credit institutions	0	0	383,759,490
Other assets	0	0	36,535,170
Total assets	**0**	**0**	**421,293,160**
Liabilities: financial liabilities measured at amortised cost	178,337	0	14,703,834
Technical provisions from insurance contracts	0	451,490	8,042
Other liabilities	0	0	50,000
Total liabilities	**178,337**	**451,490**	**14,761,876**

As already explained, the holding company BVg is the Company's parent company.

The column 'managers in key positions' gives information concerning executive and non-executive directors and the close relatives of the directors who are natural persons.

A natural person's close relatives are those family members who may be expected to influence the natural person (may include the natural person's co-habitant and his/her (co-resident) children).

'Other related parties' gives data from the Company's sister companies.

2015 income statement	Parent company	Managers in key positions	Other related parties
Gross premiums	0	0	5,762,925
Change in unearned premiums	0	0	187
Interest income	0	0	-163,952
Interest expenses	0	0	80,726
Net income from commissions and fees	0	0	5,894,718
Other net operating income	2,040,306	0	21,995,862
General and administrative expenses	0	0	275,946

2016 income statement	Parent company	Managers in key positions	Other related parties
Gross premiums	0	0	1,571,932
Change in unearned premiums	0	0	23
Interest income	0	0	775,174
Interest expenses	0	0	1,724
Net income from commissions and fees	0	0	9,493,235
Other net operating income	1.857,889	0	29,358,548
General and administrative expenses	0	0	131,637

Note on compensation – executive directors

The remuneration of the executive directors has already been described in Note 7. The table below sums the remuneration of the executive directors at Argenta level. No post-departure remuneration has been paid.

Remuneration of the executive directors	2015	2016
Severance compensation	474,525	656,130
Salaries and directors' fees	1,937,556	1,639,262
Total	**2,412,081**	**2,295,392**

Further details on directors' remuneration (including long- and short-term benefits) can be found in note 7.

10. Operating segments

An operating segment is a component of the Company's business activities from which it may earn revenues and in which expenses may be incurred, and the operating results and performance of which, inter alia, are regularly reviewed separately by management and for which separate financial information is available.

The following tables break up the balance sheet and income statement by geographic segment. The operating segments are presented in a different way than in previous periods in order to arrive at a consistency in the various annual reports in the Argenta group.

Assets	Belgium	Netherlands	General	Eliminations	31/12/2015
Financial assets designated at fair value with valuation changes through profit or loss	1,670,112,392	0	1,670,112,392	0	1,670,112,392
Available-for-sale financial assets	2,920,953,159	5,938,747	2,926,891,906	-7,511,635	2,919,380,271
Market value - shares	103,731,082	0	103,731,082	0	103,731,082
Market value - fixed-income securities	2,817,222.077	5,938,747	2,823,160,824	0	2,823,160,824
Loans and receivables	969,646,543	327,682,643	1,297,329,186	0	1,297,329,186
Loans to and receivables from credit institutions	92,868,545	327,682,643	420,551,188	0	420,551,188
Loans to and receivables from other customers	876,777,999	0	876,777,999	0	876,777,999
Financial assets held till maturity	187,200,301	501,604	187,701,904	0	187,701,904
Property, plant and equipment	721,893	0	721,893	0	721,893
Property, plant and equipment	49,729	0	49,729	0	49,729
Investment properties	672,164	0	672,164	0	672,164
Goodwill and other intangible assets	2,865,141	205,670	3,070,811	0	3,070,811
Other intangible assets	2,865,141	205,670	3,070,811	0	3,070,811
Reinsurers' share of technical provisions	6,736,200	187,481	6,923,681	0	6,923,681
Other assets	81,342,147	857,211	82,199,358	-891,821	81,307,537
Total assets	**5,839,577,777**	**335,373,354**	**6,174,951,131**	**-8,403,456**	**6,166,547,676**

Liabilities and equity	Belgium	Netherlands	General	Eliminations	31/12/2015
Financial liabilities designated at fair value with valuation changes through profit or loss	1,670,112,392	0	1,670,112,392	0	1,670,112,392
Financial liabilities measured at amortised cost	989,924,227	314,084,851	1,304,009,078	0	1,304,009,078
Deposits from credit institutions	348,189,895	443,239	348,633,134	0	348,633,134
Deposits from other than credit institutions	641,734,332	313,641,612	955,375,944	0	955,375,944
Technical provisions from insurance contracts	2,479,271,517	766,900	2,480,038,417	0	2,480,038,417
Tax liabilities	94,152,309	634,059	94,786,367	0	94,786,368
Current tax liabilities	5,540,328	0	5,540,328	0	5,540,328
Deferred tax liabilities	89,246,040	0	89,246,040	0	89,246,040
Other liabilities	40,760,578	485,823	41,246,401	0	41,246,400
Total liabilities	**5,274,221,023**	**315,971,632**	**5,590,192,655**	**0**	**5,590,192,655**
Equity attributable to shareholders	565,356,754	19,401,722	584,758,476	-8,403,456	576,355,021
Equity attributable to the non-controlling interests	0	0	0	0	0
Total equity and non-controlling interest	**565,356,754**	**19,401,722**	**584,758,476**	**-8,403,456**	**576,355,021**
Total liabilities, non-controlling interest and equity	**5,839,577,777**	**335,373,354**	**6,174,951,131**	**-8,403,456**	**6,166,547,676**

Assets	Belgium	Netherlands	General	Eliminations	31/12/2016
Financial assets designated at fair value with valuation changes through profit or loss	1,839,774,645	0	1,839,774,645	0	1,839,774,645
Available-for-sale financial assets	3,019.734,986	5,828,514	3,025,563,500	-7,511,635	3,018,051,865
Loans and receivables	1,010,051,558	360,389,757	1,370,441,315	0	1,370,441,315
Loans to and receivables from credit institutions	43,396,424	360,389,757	403,786,182	0	403,786,182
Loans to and receivables from other customers	966,655,133	0	966,655,133	0	966,655,133
Financial assets held till maturity	188,516,601	501,608	189,018,209	0	189,018,209
Property, plant and equipment	575,374	0	575,374	0	575,374
Property, plant and equipment	33,636	0	33,636	0	33,636
Investment properties	541,738	0	541,738	0	541,738
Goodwill and other intangible assets	2,966,111	108,018	3,074,129	0	3,074,129
Other intangible assets	2,966,111	108,018	3,074,129	0	3,074,129
Tax receivables	0	103,099	103,099	0	103,099
Reinsurers' share of technical provisions	6,788,141	167,814	6,955,954	0	6,955,954
Other assets	50,945,314	1,771,403	52,716,717	-906,003	51,810,714
Total assets	**6,119,352,730**	**368,870,213**	**6,488,222,943**	**-8,417,638**	**6,479,805,305**

Liabilities and equity	Belgium	Netherlands	General	Eliminations	31/12/2016
Financial liabilities designated at fair value with valuation changes through profit or loss	1,839,774,645	0	1,839,774,645	0	1,839,774,645
Financial liabilities measured at amortised cost	941,532,112	343,317,818	1,284,849,930	0	1,284,849,930
Deposits from credit institutions	295,434,216	160,889	295,595,105	0	295,595,105
Deposits from other than credit institutions	646,097,896	343,156,929	989,254,825	0	989,254,825
Technical provisions from insurance contracts	2,591,908,846	1,323,411	2,593,232,257	0	2,593,232,257
Tax liabilities	93,916,307	756,676	94,672,983	0	94,672,983
Other liabilities	38,630,763	790,181	39,420,944	0	39,420,944
Total liabilities	**5,505,762,672**	**346,188,087**	**5,851,950,759**	**0**	**5,851,950,759**
Equity attributable to shareholders	613,590,057	22,682,127	636,272,184	-8,417,638	627,854,546
Equity attributable to non-controlling interests	0	0	0	0	0
Total equity and non-controlling interest	**613,590,057**	**22,682,127**	**636,272,184**	**-8,417,638**	**627,854,546**
Total liabilities, non-controlling interest and equity	**6,119,352,729**	**368,870,214**	**6,488,222,943**	**-8,417,638**	**6,479,805,305**

	Belgium	Netherlands	General	Eliminations	31/12/2016
Financial, insurance and operating gains and losses	**98,894,687**	**5,833,125**	**104,727,812**	**-152,047**	**104,575,765**
Net earned premiums	341,914,133	6,268,573	348,182,706	0	348,182,704
Gross premiums	347,943,507	6,909,381	354,852,888	0	354,852,886
Change in unearned premiums	-2,116,855	0	-2,116,855	0	-2,116,855
Ceded reinsurance premiums	-3,912,519	-640,808	-4,553,327	0	-4,553,327
Net interest income	105,077,216	265,736	105,342,952	0	105,342,952
Interest income	125,905,542	13,560,491	139,466,033	0	139,466,033
Interest expenses	-20,828,326	-13,294,755	-34,123,081	0	-34,123,081
Dividend income	3,.136,236	0	3,136,236	0	3,136,236
Net income from commissions and fees	19,452,007	279,900	19,731,907	0	0
Income from commissions and fees	24,055,231	0	24,055,231	0	24,055,231
Expenses related to commissions and fees	-4,603,224	279,900	-4,323,323	0	-4,323,323
Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss	18,837,504	-25,031	18,812,473	0	18,812,473
Net cost of claims and change in technical provisions	-365,835,071	-959,078	-366,794,149	-152,047	-366,946,196
Gross cost of claims and change in technical provisions	-372,605,719	-1,145,175	-373,750,893	-169,155	-373,920,048
Reinsurers' share in cost of claims and change in technical provisions	6,770,648	186,097	6,956,745	17,108	6,973,852
Gains and losses on derecognition of assets other than held for sale	0	0	0	0	0
Other net operating income	-23,687,338	3,025	-23,684,313	0	-23,684,313
Operating income	1,221,926	3,992	1,225,9180	0	1,225,918
Operating expenses	-24,909,264	-967	-24,910,231	0	-24,910,231
Administrative expenses	**-19,971,641**	**-1,529,134**	**-21,500,775**	**0**	**-21,500,775**
Employee expenses	-5,141,990	-343,761	-5,485,751	0	-5,485,751
General and administrative expenses	-14,829,651	-1,185,373	-16,015,024	0	-16,015,024
Depreciation	**-1,384,422**	**-329,699**	**-1,714,121**	**-241,256**	**-1,955,377**
Property, plant and equipment	-16,094	-1,109	-17,203	0	-17,203
Investment properties	-3,845	0	-3,845	0	-3,845
Intangible assets	-1,364,483	-328,590	-1.693,073	-241,256	-1,934,329
Impairment losses	**-1,459,645**	**0**	**-1,459,645**	**0**	**-1,459,645**
Available-for-sale financial assets	-2,098,859	0	-2,098,859	0	-2,098,859
Loans and receivables	639,214	0	639,214	0	639,214
Net profit or loss before tax	**76,078,979**	**3,974,292**	**80,053,271**	**-393,303**	**79,659,968**
Income tax expense	-23,168,410	-984,671	-24,153,081	38,011	-24,115,070
Net profit or loss	**52,910,569**	**2,989,621**	**55,900,190**	**-355,292**	**55,544,898**
Net profit or loss attributable to shareholders	52,910,569	2,989,621	55,900,190	-355,292	55,544,898
Net profit or loss attributable to non-controlling interests	0	0	0	0	0

	Belgium	Netherlands	General	Eliminations	31/12/2016
Financial, insurance, operating gains and losses	**99,897,145**	**7,085,956**	**106,983,101**	**0**	**106,983,101**
Net earned premiums	359,034,568	7,534,984	366,569,552	0	366,569,552
Gross premiums	365,099,023	8,125,114	373,224,137	0	373,224,137
Change in unearned premiums	-1,702,893	0	-1,702,893	0	-1,702,893
Ceded reinsurance premiums	-4,361,562	-590,130	-4,951,692	0	-4,951,692
Net interest income	101,709,881	218,038	101,927,919	0	101,927,919
Interest income	120,293,665	14,718,362	135,012,027	0	135,012,027
Interest expenses	-18,583,784	-14,500,324	-33,084,108	0	-33,084,108
Dividend income	2,905,651	0	2,905,651	0	2,905,651
Net income from commissions and fees	26,024,613	-397,532	25,627,081	0	25,627,081
Income from commissions and fees	27,519,436	0	27,519,436	0	27,519,436
Expenses related to commissions and fees	-1,494,824	-397,532	-1,892,356	0	-1,892,356
Realized gains and losses on available-for-sale financial assets	3,465,062	0	3,465,062	0	3,465,062
Net cost of claims and change in technical provisions	-362,323,150	-269,534	-362,592,684	0	-362,592,684
Gross cost of claims and change in technical provisions	-363,959,760	-1,116,628	-365,076,388	0	-365,076,388
Reinsurers' share in cost of claims and change in technical provisions	1,636,610	847,094	2,483,704	0	2,483,704
Realized gains and losses on sale of fixed assets	57,460	0	57,460	0	57,460
Other net operating income **	-30,976,940	0	-30,976,940	0	-30,976,940
Operating income	1,187,876	0	1,187,876	0	1,187,876
Operating expenses	-32,164,816	0	-32,164,816	0	-32,164,816
Administrative expenses	**-20,203,345**	**-2,235,780**	**-22,439,125**	**0**	**-22,439,125**
Employee expenses	-4,258,985	-329,774	-4,588,759	0	-4,588,759
General and administrative expenses	-15,944,360	-1,906,006	-17,850,366	0	-17,850,366
Depreciation	**-1,218,198**	**-402,580**	**-1,620,778**	**-14,183**	**-1,634,961**
Tangible assets for own use	-16,093	0	-16,093	0	-16,093
Investment properties	-1,853	0	-1,853	0	-1,853
Intangible assets	-1,200,252	-402,580	-1,602,832	-14,183	-1,617,015
Impairment losses	**2,496,977**	**0**	**2,496,977**	**0**	**2,496,977**
Available-for-sale financial assets	2,433,385	0	2,433,385	0	2,433,385
Loans and receivables	63,592	0	63,592	0	63,592
Net profit or loss before tax	**80,972,579**	**4,447,596**	**85,420,175**	**-14,183**	**85,405,992**
Income tax expense	-25,310,821	-1,103,001	-26,413,822	0	-26,413,822
Net profit or loss	**55,661,758**	**3,344,595**	**59,006,353**	**-14,183**	**58,992,170**
Net profit or loss attributable to shareholders	55,661,758	3,344,595	59,006,353	-14,183	58,992,170
Net profit or loss attributable to non-controlling interests	0	0	0	0	0

The Company's structure is explained in Note 1 'General Information'.

The operational segmentation in the IFRS financial statements is based on geographic areas in which the Insurance Pool is active. This is systematically reflected in the organizational basis through the existence of the Company in Belgium and of Argenta Life Nederland (ALN) in the Netherlands.

The Company is the only company that offers products on both the life and non-life markets. ALN is active in the life segment.

The Insurance Pool delivers its services under the heading 'Insurance', which until further notice is treated in the internal reporting as a single operating segment.

All transactions between segments are at arm's length. It recent years, no significant investment flows have been generated in the Insurance Pool.

The most important result-related bookings on consolidation of the entities and between the operating segments consist of the capitalisation of the medical costs in ALN (which is not accepted in the consolidation of the Insurance Pool).

Information on products and services

The present consolidated IFRS reporting concerns the Insurance Pool, which falls entirely under the 'Insurance' heading, and which is treated as a single operating segment in the overall internal reporting.

Insurance companies offer insurance services to individuals, self-employed professionals and small and medium enterprises in the Life and Non-Life branches. In the Netherlands only life insurance products are offered.

Information about important customers

Where the income from transactions with a single external customer accounts for at least 10 % of the Company's income, this must be disclosed.

Under the various policies the Company currently applies to limit the concentration of credit risk (and implicitly the concentration of income), this 10% would never be reached.

Notes to the consolidated balance sheet

11. Financial assets and liabilities designated at fair value with valuation changes through profit or loss

Financial assets and liabilities at fair value through profit or loss relate in the Company to investments in transactions connected to an investment fund of the 'Life' group activities, where the investment risk is not borne by the undertaking (so-called branch 23 investments).

	31/12/2015	31/12/2016
Financial assets designated at fair value with valuation changes through P&L	1,670,112,392	1,839,774,645
Financial liabilities designated at fair value with valuation changes through P&L	1,670,112,392	1,839,774,645

The table below gives an indication of the composition of the underlying assets of the branch 23 products.

	31/12/2015	31/12/2016
Composition of assets	**1,670,112,392**	**1,839,774,645**
Investment funds	1,659,478,065	1,830,310,000
Retail savings certificates	9,215,736	1,342,395
Cash and cash equivalents	1,418,591	8,122,250
Other	0	0

12. Available-for-sale financial assets

This heading includes the majority of the Company's securities portfolio (fixed and non-fixed-income securities).

Note 23 gives more information on the hierarchy of external fair values applied.

	31/12/2015	31/12/2016
Total	**2,919,380,271**	**3,018,051,865**
Fixed-income securities	**2,823,160,824**	**2,904,513,430**
Public institutions	1,417,997,845	1,400,253,479
Credit institutions	648,951,385	638,972,593
Other loans	756,211,594	865,287,358
Variable-income securities	**96,219,447**	**113,538,435**

	31/12/2015	31/12/2016
Geographical breakdown	**2,919,380,271**	**3,018,051,865**
Belgium	1,076,908,484	1,128,040,300
European Monetary Union	1,1174,751,496	1,165,063,245
Rest of the world	667,720,291	724,948,320
Breakdown into fixed vs. variable interest securities	**2,919,380,271**	**3,018,051,865**
Variable	363,704,208	397,726,450
Fixed	2,443,421,647	2,506,786,980
Undefined (equities)	112,254,416	113,538,435
Breakdown by residual term according to maturity date:	**2,919,380,271**	**3,018,051,865**
Up to 1 year	159,246,449	282,119,325
Between 1 and 2 years	233,167,313	162,277,366
Between 2 and 3 years	148,445,803	396,407,734
Between 3 and 4 years	401,669,973	418,570,584
Between 4 and 5 years	414,524,606	780,611,571
More than 5 years	1,466,106,680	864,526,850
Undefined	96,219,447	113,538,435
By earliest interest rate revision or maturity date	**2,919,380,271**	**3,018,051,865**
Up to 1 year	507,961,358	652,295,024
Between 1 and 2 years	198,616,686	118,412,159
Between 2 and 3 years	122,300,976	260,654,281
Between 3 and 4 years	259,811,656	310,271,724
Between 4 and 5 years	324,405,216	738,882,452
More than 5 years	1,410,064,932	823,997,790
Undefined	96,219,447	113,538,435
Impairment losses	4,946,711	2,532,594
Effective interest rate on portfolio as of 31 December	2.90%	3.05%

Overview of the total portfolio of AFS financial assets

2015 financial year	Amortised cost	Pro rata interest portion	Unrealised results	Impairments	Fair values
Fixed-income securities					
Public authorities	1,185,776,077	21,787,891	210,433,877	0	1,417,997,845
Credit institutions	601,451,523	8,804,153	38,695,709	0	648,951,385
Securities of other counterparties	709,995,817	11,275,637	37,211,305	-2,271,165	756,211,594
Variable-income securities					
Equities	80,832,579	0	18,062,414	-2,675,546	96,219,447
	2,578,055,996	**41,867,681**	**304,403,305**	**-4,946,711**	**2,919,380,271**

2016 financial year	Amortised cost	Pro rata interest portion	Unrealised results	Impairment losses	Fair values
Fixed-income securities					
Public authorities	1,176,456,983	21,493,853	202,302,643	0	1,400,253,479
Credit institutions	594,285,466	8,024,517	36,662,610	0	638,972,593
Securities of other counterparties	808,681,803	10,100,575	46,755,396	-250,416	865,287,358
Variable-income securities					
Equities	90,853,217	0	24,967,396	-2,282,178	113,538,435
	2,670,277,469	**39,618,945**	**310,688,045**	**-2,532,594**	**3,018,051,865**

Further information on the hierarchy level of the external fair values used is given in Note 23.

The non-fixed-income securities amount to EUR 113,538,435 (market value) as of 31 December 2016, with the unrealized gains representing EUR 24,967,396 (22.0% of the total market value). These unrealized gains are recorded in equity under revaluation surplus on AFS assets. In a market downturn of 10%, the amount in equity would decrease to EUR 13,613,552 without giving rise to impairment losses recorded through the income statement.

Due to the limited ownership of shares and bonds of British origin, Argenta expects that Brexit will have a limited impact on the Argenta group.

13. Financial assets held to maturity:

The portfolio of financial assets held to maturity is as follows:

	31/12/2015	31/12/2016
Total	**187,701,904**	**189,018,209**
Fixed-income securities	**187,701,904**	**189,018,209**
Public institutions	177,523,682	176,805,545
Credit institutions	0	0
Other loans	10,178,222	12,212,664
Variable-income securities	0	0

	31/12/2015	31/12/2016
Geographical breakdown		
Belgium	116,013,953	117,323,207
European Monetary Union	71,687,951	71,695,002
Breakdown into fixed vs, variable interest securities		
Variable	0	0
Fixed	187,701,904	189,018,209
Breakdown by residual term by maturity date:		
Up to 1 year	0	0
Between 1 and 2 years	0	6,677,923
Between 2 and 3 years	6,677,578	0
Between 3 and 4 years	0	7,179,512
Between 4 and 5 years	7,178,222	10,049,453
More than 5 years	173,846,104	165,111,321
By earliest interest rate revision or maturity date		
Up to 1 year	0	0
Between 1 and 2 years	0	6,677,923
Between 2 and 3 years	6,677,578	0
Between 3 and 4 years	0	7,179,512
Between 4 and 5 years	7,178,222	10,049,453
More than 5 years	173,846,104	165,111,321
Total public and regional authorities (sovereign)	177,523,682	163,454,684
Total other sectors	10,178,222	25,563,525
Impairment losses	0	0
Effective interest rate on portfolio as of 31 December	2.73%	2.74%

14. Loans and receivables

14.1. Loans to and receivables from credit institutions

Loans and advances to credit institutions are composed as follows:

	31/12/2015	31/12/2016
Total loans and advances to credit institutions	**420,551,188**	**403,786,182**
Geographical breakdown		
Belgium	107,192,076	43,396,424
European Monetary Union	313,359,112	360,389,758
Rest of the world	0	0
Breakdown by residual term		
Up to 1 year	107,220,763	60,629,252
More than 1 years and up to 2 years	0	0
More than 2 years and up to 5 years	1,414,861	0
More than 5 years and up to 10 years	7,218,075	680,664
More than 10 years	304,697,489	342,476,266
Breakdown by type		
Current accounts with other financial institutions	107,192,076	60,629,252
Mortgages	313,359,112	343,156,930
Of which cash and cash equivalents:	107,192,076	60,629,252
Impairment losses	0	0
Effective interest rate on portfolio as of 31 December	2.08%	3.74%

The ‘mortgages’ item relates to a claim by ALN on loans on the balance sheet of Argenta Spaarbank. ALN invests the savings received (which are linked to loans) in the loans in question at its sister entity Argenta Spaarbank.

14.2. Loans to and receivables from other customers

Loans to and receivables from other customers are composed as follows:

	31/12/2015	31/12/2016
Total loans to customers	**876,777,999**	**966,655,133**
Geographical breakdown		
Belgium	264,315,447	244,536,853
Other EMU countries	612,462,552	722,118,280
Rest of the world	0	0
Breakdown by residual term		
Up to 1 year	3,967,906	4,404,038
More than 1 years and up to 2 years	948,030	187,490
More than 2 years and up to 5 years	2,635,288	4,355,503
More than 5 years and up to 10 years	24,276,846	26,831,700
More than 10 years	844,949,929	930,876,402
Impairment losses	-1,536,624	-1,201,613
Breakdown by loan type		
Mortgage loans	717,855,251	807,999,717
Other loan receivables	158,922,748	158,655,416
Effective interest rate on portfolio as of 31 December	4.13%	3.59%

There are ‘embedded derivatives’ in the mortgages. The characteristics and risks of the embedded derivatives in question are closely linked to those of the host contracts, for which reasons the derivatives are not separated out.

15. Property, plant and equipment

This is a limited asset heading containing investments in hardware, artworks and vehicles. Property, plant and equipment at 31 December are as follows:

	31/12/2015	31/12/2016
Buildings, land, equipment	49,729	33,636
Investment properties	672,164	541,738
Total	**672,164**	**541,738**
Fair value of investment properties	672,164	541,738

The portfolio of real estate investments changes mainly as a result of the purchasing and reselling of properties under the mortgage lending foreclosure policy. The real estate investments also include a number of car parks. The carrying amount represents an approximation of the fair value of the real estate investments (level 3 fair value).

The fair value of the real estate investments is based on the individual assessment reports of the respective investments.

	Land Buildings	IT	Other	Total	Investment property
Opening balance as of 1/1/2015	**0**	**65,822**	**1,109**	**66,931**	**625,659**
- Investments	0	0	0	0	50,350
- Disposals	0	0	0	0	0
- Depreciation	0	-16,093	-1,109	-17,202	-3,845
- Transfers	0	0	0	0	0
- Other changes	0	0	0	0	0
Closing balance as of 31/12/2015	**0**	**49,729**	**0**	**49,729**	**672,164**

	Terreinen Gebouwen	IT-materiaal	Ander materiaal	Totaal	Vastgoed-beleggingen
Opening balance as of 1/1/ 2016	**0**	**49,729**	**0**	**49,729**	**672,164**
- Investments	0	0	0	0	0
- Disposals	0	0	0	0	-128,573
- Depreciation	0	-16,093	0	-16,093	-1,853
- Transfers	0	0	0	0	0
- Other changes	0	0	0	0	0
Closing balance as of 31 December 2016	**0**	**33,636**	**0**	**33,636**	**541,738**

The expected fair value of the investment can in the future be significantly higher than the carrying value. The valuation is highly dependent though on the possible development of a larger real estate project. This item will be systematically monitored, with further explanation once more information is available.

16. Other intangible assets

As of 31 December the other intangible assets (stated using the cost model) consisted on the capitalised costs of IT development projects.

	Other intangible assets	Internally developed software	Totals
Opening balance as of 1 January 2015	**4,655**	**3,188,452**	**3,193,107**
- Separately acquired additions	0	1,339,839	1,339,839
- Retirement and disposal	0	0	0
- Recorded amortisation	-983	-1,933,347	-1,934,330
- Impairments	0	0	0
- Other changes	0	472,195	472,195
Closing balance as of 31 December 2015	**3,672**	**3,067,139**	**3,070,811**

	Other intangible assets	Internally developed software	Totals
Opening balance as of 1 January 2016	**3,672**	**3,067,139**	**3,070,811**
- Separately acquired additions	211,750	1,089,471	1,301,221
- Retirement and disposal	0	0	0
- Recorded amortisation	-32,110	-1,584,905	-1,617,015
- Impairments	0	0	0
- Other changes	0	319,112	319,112
Closing balance as of 31 December 2016	**183,312**	**2,890,817**	**3,074,129**

In the case of the acquired software this relates to the purchased software and the capitalised cost of intangible assets. The software contained in this heading refers to licences that are used to manage the insurance activities and applications for analytical calculations on the portfolio.

The amount of EUR 1,617,015 for 2016 can be found in the income statement under the amortisation of the assets concerned.

The acquisition price and acquisition costs of acquired software and the capitalised cost of intangible assets are amortised at 20% a year. Other intangible assets are amortised at 10% per annum.

17. Reinsurers' share of technical provisions and technical provisions from insurance contracts

The technical assets and liabilities from reinsurance and insurance operations as of 31 December are shown below. Insurance and reinsurance policy is treated in greater detail in the 'Risk Management' section of the present report.

	31/12/2015	31/12/2016
Reinsurers' share of technical provisions	**6,923,681**	**6,955,954**
Reinsurers' share of life insurance contracts	573,195	727,977
Reinsurers' share of non-life insurance contracts	6,350,486	6,227,977

	31/12/2015	31/12/2016
Liabilities under insurance contracts	**2,480,038,417**	**2,593,232,257**
Provisions – non-life		
Premium reserves	27,895,535	29,598,428
Loss reserves	128,994,787	131,361,571
Other technical reserves	55,530,851	44,840,126
Provisions – life		
Mathematical reserves	2,251,671,991	2,372,478,226
Loss reserves	10,620,553	9,907,596
Profit-sharing reserves	5,324,700	5,046.310

18. Tax receivables and liabilities

The (net) tax position can be summarized as follows:

	31/12/2015	31/12/2016
Current tax assets	0	103,099
Deferred tax assets	0	0
Total tax assets	0	103,099
Current tax liabilities	5,540,328	2,897,537
Deferred tax liabilities	89,246,040	91,775,446
Total tax liabilities	94,786,368	94,672,983

The deferred taxes originate in the following elements:

	31/12/2015	31/12/2016
Deferred taxes by type of timing difference		
Tax receivable on technical provisions	-8,645,438	-6,873,454
Tax receivable in respect of other small items	-322,178	-161,251
Tax liability on available-for-sale assets	96,596,774	97,116,305
Tax liability out of valuation at amortised cost	1,616,882	1,693,846
Total deferred taxes	**89,246,040**	**91,775,446**

The following table provides a roll forward of taxation.

	Available-for-sale financial assets	Valuation at amortised cost price	Technical provisions	Other elements	Total
Deferred 01/01/2015	**-117,248,282**	**-1,561,878**	**7,484,622**	**4,149,905**	**-107,175,633**
Change through other comprehensive income	20,064,913	0	0	0	20,064,913
Change through profit and loss account	586,594	-55,004	1,160,817	-3,827,727	-2,135,320
Deferred 31/12/2015	**-96,596,775**	**-1,616,882**	**8,645,439**	**322,178**	**-89,246,040**
Change through other comprehensive income	67,064	0	0	0	67,064
Change through profit and loss account	-586,594	-76,964	-1,771,985	-160,927	-2,596,470
Deferred 01/01/2016	**-97,116,305**	**-1,693,846**	**6,873,454**	**161,251**	**-91,775,446**

Note 34 provides further information of the impact of corporate taxes on the Company's result.

19. Other assets

The other assets break down as follows:

	31/12/2015	31/12/2016
Reinsurance transactions receivable	3,698,059	2,632,264
Prepaid expenses	939,354	707,279
Other money movements	1,907,428	1,867,840
Receivable	5,758,000	43,703,677
Other insurance assets	69,004,696	2,899,655
Total other assets	**81,307,537**	**51,810,715**

'Other amounts receivable' contains amounts receivable from the current account, taxes, suppliers, rent and life insurance advances items.

20. Financial liabilities measured at amortised cost

In summary form (see references in the individual lines)	31/12/2015	31/12/2016
Deposits from credit institutions (see 20.1)	348,633,134	295,595,105
Other financial liabilities (see 20.2)	955,375,944	989,254,825
Total	**1,304,009,078**	**1,284,849,930**

20.1. Debts to credit institutions

The debts break down as follows:

	31/12/2015	31/12/2016
Debts to credit institutions	**348,633,134**	**295,595,105**
Geographical breakdown		
Belgium	348,189,895	295,434,217
Other EMU countries	443,239	160,889
Rest of the world	0	0
Breakdown by residual term		
Up to 1 year	341,060,218	287,398,456
Between 1 and 5 years	1,191,001	300,767
More than 10 years	6,381,915	7,895,882
Breakdown by type		
Mortgages	7,572,915	8,196,649
Repos	322,329,989	272,300,158
Current account	18,730,230	15,098,298

At the end of 2015 Aras had nine repos in its balance sheet. For these repos, OLOs in a nominal amount of EUR 322 million were given as collateral. At the end of 2016 there were eight repos with collateral in a nominal amount of EUR 272 million.

20.2. Investment contracts linked to insurance activities

The liabilities break down as follows:

	31/12/2015	31/12/2016
Total	**955,375,944**	**989,254,825**
Geographical breakdown		
Belgium	641,734,332	646,097,896
Other EMU countries	313,641,612	343,156,929
Rest of the world	0	0
Breakdown by residual term		
Up to 1 year	18,244,723	21,241,119
More than 1 years and up to 2 years	7,576,815	132,002,108
More than 2 years and up to 5 years	575,440,604	490,551,652
More than 5 years and up to 10 years	49,416,312	2,983,681
More than 10 years	304,697,489	342,476,265
Breakdown by type		
Investment contracts linked to insurance contracts	955,375,944	989,254,825
Effective interest rate on portfolio as of 31 December	3.53%	3.55%

The above amounts represent the technical provisions processed in accordance with IAS 39 accounting principles.

21. Provisions

There are no general provisions as of 31 December 2016 that meet the IFRS definition of provisions.

Note on additional occupational pension scheme

The Company provides an additional company pension scheme for its employees. The overwhelming proportion of the supplementary pension schemes are paid out as a one-off capital payment, but there is also the possibility to opt for regular pension payments.

The Company offers an occupational pension scheme of the defined contribution type for its employees. These defined contribution plans are funded solely by the employer through a group insurance, in which the insurer guarantees a minimum return. In the Netherlands a defined benefit plan is offered.

Under Article 24 of the Law of 28.04.2003 on Supplementary Pensions (the so-called 'WAP/LPC'), the employer is required to guarantee a minimum return for defined contribution plans. The legal minimum guaranteed return which the employer is required to pay in respect of employer contributions was until 31 December 2015 set at 3.25%. The guaranteed return was recently amended by the Law of 18.12.2015. Since then a variable guaranteed return has applied, linked to the yield on the 10-year OLO; with a minimum of 1.75% and a maximum of 3.75%. However, the cumulative contributions up to 31 December 2015 remain subject to the 3.25% guaranteed return until employees leave the Company's pension plan (the 'horizontal' approach).

Because of the legally imposed minimum guaranteed return, Belgian defined contribution plans are considered as plans with an objective to reach (the so-called 'defined benefit' plans).

The main risks to which the Company's defined contribution plans are exposed are interest rate, inflation, life expectancy and legal retirement age. The pension obligations are evaluated at least annually. The sensitivity of the plans to interest rate and inflation shocks is defined on a regular basis.

The mathematical reserves of these pension plans amounted to EUR 7,427,707 as of 31/12/2015 and EUR 8,232,745 as of 31/12/2016.

22. Other liabilities

The other liabilities at 31 December are as follows:

	31/12/2015	31/12/2016
Social security charges	885,999	855,000
Taxes and contributions	1,386,476	1,518,239
Technical liabilities	23,911,128	18,839,506
Reinsurer's deposits	624,450	3,353,359
Items to be allocated at the year-end closing	9,601,295	9,645,390
Other liabilities	4,837,052	5,209,450
Total other liabilities	**41,246,400**	**39,420,944**

23. Fair value of financial instruments

23.1. Financial instruments not recognised at fair value

The following information should be interpreted with due caution.

The fair values shown are value estimates based on internal calculations. However, these can fluctuate on a daily basis due to the parameters used, such as interest rates and counterparty creditworthiness. Nor is there an intention to realise the fair value immediately. As a result, this value does not represent the substantial value to the Company on a going concern basis.

Estimating the fair value of financial instruments measured at historical cost requires the use of techniques, models, hypotheses and assumptions that differ from one institution to another.

The *fair value* is the price that would be received/paid on the sale of an asset or transfer of a liability in an 'orderly' transaction between market participants at the reporting date.

The Company uses the following hierarchy of tests in determining the fair value of financial instruments: first, the quoted price in an active market, and thereafter valuation techniques.

The fair value shown is the full fair value including accrued interest, since this is also processed under the respective headings.

The calculation of the fair value of financial instruments, where these are not obtained externally, can be summarised as follows:

(1) For debt instruments redeemable in the short term or on demand (including current accounts, savings accounts) the fair value approximates the carrying value; and

(2) For other instruments, the discounted cash flow method is used, with the discount rate based on a reference rate with a normal market margin.

This latter constant value calculation (DCF method) includes, among other things, a cost of capital and a cost of credit. The interest rate curves used are analogous to those used in the sensitivity analysis of interest rate risk (see risk section 4.1). The sensitivity of the market values of the Level 3 values is contained in the result of the 'economic values' calculation mentioned there (here with the impact of all levels).

The resulting market values are also required to be displayed according to the fair value hierarchy of IFRS 13. The fair value level here depends on the type of input used for the valuation of financial instruments.

Level 1 relates to the quoted (unadjusted) prices in active markets (externally available and observable fair values of financial instruments in liquid markets).

Level 2 includes all fair values which can be obtained directly or indirectly, using models, and based on observable parameters (or non-observable parameters (input) the impact of which is insignificant).

Finally, the fair values calculated on the basis of non-unobservable parameters (input) and the impact of which is significant, are classified under level 3.

The following table presents the carrying amounts and fair values of financial assets and financial liabilities that, in the consolidated balance sheet, are not stated at their fair value.

It does not include the fair value of non-financial instruments such as tangible fixed assets and other intangible assets.

	31/12/2015		31/12/2016	
	Carrying value	Fair value	Carrying value	Fair value
Loans and receivables				
Loans to and receivables from credit institutions				
Current accounts	107,192,076	107,192,076	60,629,252	60,629,252
Mortgage loans	313,359,112	278,333,731	343,156,930	538,304,619
Loans to and receivables from other customers				
Mortgage loans	717,855,251	812,916,255	807,999,717	918,932,541
Other loans	158,922,748	174,637,485	158,655,416	185,766,074
Held-to-maturity assets:	187,701,904	202,179,761	189,018,209	208,897,918
Total financial assets	**1,485,031,091**	**1,575,259,308**	**1,559,459,524**	**1,912,530,404**
Financial liabilities measured at amortised cost				
Debts to credit institutions	348,633,134	348,633,134	295,595,105	295,595,105
Other liabilities	955,375,944	1,010,358,149	989,254,825	925,034,773
Total financial liabilities	**1,304,009,078**	**1,358,991,283**	**1,284,849,930**	**1,220,629,878**

IFRS 13 requires a level to be allocated to all market values.

The table below shows the fair values of the listed IFRS classifications schematically by hierarchy level.

A Level 2 is assigned by the Company to the very short term financial instruments - with the carrying value used as market value -, while a Level 3 is assigned to all other calculated market values.

Data as of 31/12/2015	Fair value	Level 1	Level 2	Level 3
Loans to and receivables from credit institutions	385,525,807	0	107,192,076	278,333,731
Loans to and receivables from other customers	987,553,740	0	0	987,553,740
Held-to-maturity assets:	202,179,761	10,309,688	146,954,883	44,915,190
Financial liabilities measured at amortised cost	1,358,991,283	0	348,633,134	1,010,358,149

Data as of 31/12/2016	Fair value	Level 1	Level 2	Level 3
Loans to and receivables from credit institutions	598,933,871	0	60,629,252	538,304,619
Loans to and receivables from other customers	1,104,698,615	0	0	1,104,698,615
Held-to-maturity assets:	208,897,918	10,113,825	169,933,729	28,850,364
Financial liabilities measured at amortised cost	1,220,629,878	0	295,595,105	925,034,773

Loans and advances to credit institutions measured at level 2 relate to the current accounts (given the short term nature). The level 3 loans and receivables relate to a claim of ALN on mortgage loans on the balance sheet of Argenta Spaarbank. This claim is measured based on a DCF model.

The loans and receivables relate primarily to retail mortgage loans for which Argenta has calculated a market valuation based on a DCF model. Here, certain assumptions are applied with respect to spread and prepayment rate.

Financial liabilities measured at amortised cost included in level 2 consist of debt under repurchase agreements. Given their short term nature, these liabilities are recognised as level 2 (carrying amount equated with value).

The financial liabilities included in Level 3 relate to the insurance contracts that, under IAS 39, have to be recognised as financial liabilities (instead of technical provisions).

23.2. Financial instruments recognised at fair value

23.2. Financial instruments recognised at fair value
The following tables show the fair values of the financial instruments that are stated in the balance sheet at their fair value.

The instruments concerned are shown in the tables following the fair value hierarchy of IFRS 13. The fair value level here depends on the type of input used for the valuation of financial instruments.

Level 1 involves quoted (unadjusted) prices in active markets (externally available, observable fair values of financial instruments on liquid markets).

Level 2 includes all fair values which can be obtained directly or indirectly, using models, and based on observable parameters (input).

Finally, the fair values calculated on the basis of non-unobservable parameters (input) are classified under level 3.

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

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

Data as of 31/12/2015	Fair value	Level 1	Level 2	Level 3
Assets recorded at fair value	**4,589,492,663**	**4.313.438.436**	**241.848.406**	**34.205.821**
Financial assets designated at fair value with valuation changes through profit or loss	1,670,112,392	1.660.896.656	9.215.736	0
Available-for-sale assets	2,919,380,271	2.652.541.780	232.632.670	34.205.821
Fixed-income securities	2,823,160,824	2.557.335.369	232.632.670	33.192.785
Variable-income securities	96,219,447	95.206.411	0	1.013.036
Liabilities recorded at fair value	**1,670,112,392**	**1.660.896.656**	**9.215.736**	**0**
Financial liabilities designated at fair value with valuation changes through profit or loss	1,670,112,392	1.660.896.656	9.215.736	0

Data as of 31/12/2016	Fair value	Level 1	Level 2	Level 3
Assets recorded at fair value	**4,857,826,510**	**4,552,176,462**	**299,276,136**	**6,373,912**
Financial assets designated at fair value with valuation changes through profit or loss	1,839,774,645	1,838,432,251	1,342,394	0
Available-for-sale assets	3,018,051,865	2,713,744,211	297,933,742	6,373,912
Fixed-income securities	2,904,513,430	2,604,601,555	294,665,455	5,246,420
Variable-income securities	113,538,435	109,142,656	3,268,287	1,127,492
Liabilities recorded at fair value	**1,839,774,645**	**1,838,432,251**	**1,342,394**	**0**
Financial liabilities designated at fair value with valuation changes through profit or loss	1,839,774,645	1,838,432,251	1,342,394	0

The financial assets designated at fair value with valuation changes through profit or loss are investments in transactions related to investment funds (see also Note 11). The financial instruments included in level 1 relate to the investment funds in an amount of EUR 1,830,310,000 and cash and liquid assets of EUR 8,122,250. The financial instruments in level 2 are retail savings certificates. Given that the investment risk is borne by the insured, the financial liabilities are equal to the assets.

In the 'available-for sale' portfolio we encounter sporadic changes between Level 1 and Level 2 as a result of changes (e.g. more providers) in market values. These changes in level are documented in conformity with the policy as developed.

The following table provides a reconciliation of Level 3 fair values between 1 January 2015 and 31 December 2016. These are securities, the fair values of which were obtained externally, but are based on non-observable parameters.

	AFS portfolio - fixed income securities	AFS portfolio - non-fixed income securities	Total
Opening total as of 1/1/2015	**32,067,209**	**943,258**	**33,010,467**
Purchases / new contracts	5,833,765	0	5,833,765
Expired instruments	-4,144,828	0	-4,144,828
(Partial) repayments	0	0	0
Changes to other levels	0	0	0
Changes from other levels	0	0	0
Other changes (including value changes)	-563,361	69,778	-493,583
Closing balance as of 31/12/2015	**33,192,785**	**1,013,036**	**34,205,821**
Purchases / new contracts	0	0	0
Expired instruments	0	0	0
(Partial) repayments	0	0	0
Changes from other levels	0	0	0
Changes to other levels	-27,723,543	0	-27,723,543
Other changes (including value changes)	-222,822	114,456	-108,366
Closing balance as of 31/12/2016	**5,246,420**	**1,127,492**	**6,373,912**

As can be seen from the table, there is only a limited amount of level 3 fair values in the financial instruments involved.

The total of the fixed-income securities and equities valued at level 3 fair values is just EUR 6,373,912 as of 31 December 2016 (compared to EUR 34,205,821 at end-2015). The decline recorded in 2016 can be explained among other things by the fact that more market prices were available for the relevant securities, enabling them to be measured at Level 2 fair values.

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

As of 31 December 2015 there was a positive impact of EUR 2,508,001 from these level 3 securities in OCI, and as of 31 December 2016 a more limited positive impact of EUR 407,534, which is totally attributable to the valuation changes on the securities. No P&L impacts were determined for these effects.

Notes to the consolidated income statement

24. Net earned premiums

The distribution of premium income is as follows:

	31/12/2015	31/12/2016
Gross premiums	**354,852,886**	**373,224,137**
Gross premium income – life	232,947,913	245,164,622
Gross premium income – non-life	121,904,973	128,059,515
Change in unearned premiums – non-life	**-2,116,855**	**-1,702,893**
Ceded reinsurance premiums	**-4,553,327**	**-4,951,692**
Ceded reinsurance premiums – non-life	-2,703,051	-2,831,728
Ceded reinsurance premiums – life	-1,850,276	-2,119,964
Total	**348,182,704**	**366,569,552**

Below is an overview of the structure of the gross ‘non-life’ insurance premiums during the year.

	31/12/2015	31/12/2016
Accidents and health	36,905,567	35,404,019
Motor vehicle	43,618,080	46,302,113
Fire	31,278,563	34,905,940
Family	4,339,871	4,837,640
Legal assistance	5,762,892	6,609,803
Total non-Life	**121,904,973**	**128,059,515**

Until now the subsidiaries have no ‘non-life’ activities, so that all activities here are activities of the Company itself.

25. Net interest income

The distribution of income is as follows:

	31/12/2015	31/12/2016
Interest income	**139,466,033**	**135,012,027**
Available-for-sale financial assets	90,800,341	84,899,012
Loans to and receivables from credit institutions	13,484,880	15,141,674
Loans to and receivables from other customers	35,180,812	34,971,341
Held-to-maturity investments	0	0
Interest expenses	**-34,123,081**	**-33,084,108**
Deposits from credit institutions	-33,606,591	-32,728,386
Deposits from other than credit institutions	-468,466	-355,722
Subordinated liabilities	-48,024	0
Net interest income	**105,342,952**	**101,927,919**
Interest income from impaired financial assets	-6,105,687	-3,349,403

The interest expense related to the guaranteed interest on the insurance contracts is included under 'gross cost of claims and changes in technical provisions'.

26. Dividend income

The table below gives an overview of dividends received:

	31/12/2015	31/12/2016
Dividends from equity instruments from available-for-sale financial assets	3,136,236	2,905,651
Total dividend income from other equities	0	0

The amount of dividends received has increased considerably and is closely linked with the development of the portfolio of individual equities.

27. Net commission and fee income

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

	31/12/2015	31/12/2016
Income from commissions and fees	**24,351,884**	**27,519,437**
Management fees received	22,938,916	27,354,437
Other items	1,412,968	165,000
Expenses related to commissions and fees	**-4,619,977**	**-1,892,356**
Acquisition costs (commissions and/or transaction costs)	-2,827,855	-318,506
Other items	-1,792,122	-1,573,850
Net income from commissions and fees	**19,731,907**	**25,627,081**

The management fees received are linked to the growing branch 23 portfolio. The acquisition costs mainly relate to the acquisition of the Dutch mortgage portfolio.

28. Realized gains and losses on available-for-sale financial assets

The realized results on available-for-sale financial assets are structured as follows:

	31/12/2015	31/12/2016
Realised gains	**20,390,985**	**5,514,063**
Gains on fixed-income securities	11,237,575	2,374,587
Gains on non-fixed-income securities	9,153,410	3,139,476
Realised losses	**-1,578,512**	**-2,049,001**
Losses on fixed-income securities	-91,510	-747,278
Losses on non-fixed-income securities	-1,487,002	-1,301,723
Total net realised result	**18,812,473**	**3,465,062**

A detailed breakdown of the unrealised gains and losses of the ‘available-for-sale financial assets’ category can be found in Note 12.

The fair values of the category ‘financial liabilities measured at amortised cost’ are given in Note 23.

29. Net cost of claims and change in technical provisions

The structure of cost of claims and settlement payments as of 31 December is as follows:

	31/12/2015	31/12/2016
Gross claims and benefits	**-373,920,048**	**-365,076,388**
Non-life	-92,390,107	-80,731,851
Life	-281,529,941	-284,344,537
Reinsurers' share in cost of claims and benefits	**6,973,852**	**2,483,704**
Non-life	5,371,330	284,210
Life	1,602,522	2,199,494
Net cost of claims and settlements	**-366,946,196**	**-362,592,684**

The changes in unearned premiums (non-life) are not included in this heading. These are part of the net earned premiums.

30. Gains and losses on derecognition of assets other than held for sale

The realized results on the sale of fixed assets can be detailed as follows:

	31/12/2015	31/12/2016
Gains on derecognition of property, plant and equipment	0	0
Gains on derecognition of investment properties	0	57,460
Losses on derecognition of property, plant and equipment	0	0
Losses of derecognition of investment properties	0	0
Total net gain or loss	**0**	**57,460**

31. Other net operating income

The other operating income consists of the following components:

	31/12/2015	31/12/2016
Operating income	**1,094,125**	**1,187,876**
Cost-sharing, group companies	0	0
Insurance-technical transactions	1,094,125	941,531
Other fee income	0	246,345
Operating expenses	**-24,778,439**	**-32,164,816**
Cost-sharing, group companies	-24,065,582	-31,216,437
Insurance-technical transactions	-707,982	-803,911
Other fee expenses	-4,875	-144,468
Total other operating income	**-23,684,314**	**-30,976,940**

The cost sharing among group companies relates to the charging on of costs from and to the Argenta Group (in this case BVg itself). These costs relate mainly to the invoicing of personnel and IT costs.

32. Administrative expenses

Personnel costs consist of the following components:

	31/12/2015	31/12/2016
Wages and salaries	**-3,702,601**	**-2,940,538**
Social security charges	-1,216,887	-1,024,655
Pension expenses	-404,046	-510,461
Share-based payments	0	0
Other	-162,217	131,105
Total employee expenses	**-5,485,751**	**-4,588,759**
Average number of employees in FTE		
Managerial staff	4.8	3.5
Clerical staff	81.7	69.9
Manual staff	0.0	0.0

The Company only has pension obligations based on defined contribution schemes. In Belgium, a minimum return is provided for in respect of the group insurance plans, which is guaranteed by the respective insurance company(-ies).

A calculation was made by an independent actuary using the calculation method for DB schemes. As no shortfall was determined, no additional expense and liability were recorded as of 31/12/2016.

There are no 'share-based payments' at the Company.

General and administrative expenses can be summarised as follows:

	31/12/2015	31/12/2016
Marketing expenses	-114,660	-257,974
Professional fees	-3,669,998	-4,505,824
IT expenses	-1,429,866	-2,250,755
Rents	-35,138	-40,740
Taxes on operations	-1,444,970	-5,849,933
Contributions to the government	-2,569,042	-2,677,389
Total general and administrative expenses	-6,751,350	-2,267,751
Total general and administrative expenses	**-16,015,024**	**-17,850,366**

The 'other general and administrative expenses' heading includes telephone calls, postage, office supplies, contributions to professional organizations, administration costs of insurance operations and travel costs.

33. Impairment losses

The changes in impairments and the outstanding impairments can be specified as follows:

Impairments on assets not designated at fair value through P&L	31/12/2015	31/12/2016
Available-for-sale financial assets	-2,098,858	2,433,385
Loans and receivables	639,214	63,592
Total impairments	**-1,459,644**	**2,496,977**

Outstanding impairments on financial assets measured on an individual basis	31/12/2015	31/12/2016
Available-for-sale assets		
Fixed-income securities	2,271,165	250,416
Non-fixed-income securities	2,675,546	2,282,178
Loans and receivables		
Mortgage loans	1,158,977	816,809
Total impairments recognised	**6,105,688**	**3.349,403**

The tables of changes below show the composition of impairments measured on an individual basis in the 'loans and receivables' category as of 31 December 2015 and 31 December 2016.

	Opening balance 31/12/2014	Growth via P&L	Release via P&L	Closing balance 31/12/2015	Recoveries via P&L	Direct write-offs	Collective provision	Total P&L impact
Mortgage loans	1,421,688	1,156,582	-1,419,292	1,158,977	-4,557	30,703	-402,649	-639,214
Total	**1,421,688**	**1,156,582**	**-1,419,292**	**1,158,977**	**-4,557**	**30,703**	**-402,649**	**-639,214**

On balance, there was a negative P&L impact of EUR 63,592 in 2016 (2015: EUR 639,214) and an impairment of EUR 816,809 (2015: EUR 1,158,977) was recorded on 'loans and receivables'.

	Opening balance 31/12/2015	Growth via P&L	Release via P&L	Closing balance 31/12/2016	Recoveries via P&L	Direct write-offs	Collective provision	Total P&L impact
Mortgage loans	1,158,977	826,511	-1,168,679	816,809	-12,654	285,139	6,091	-63,592
Total	**1,158,977**	**826,511**	**-1,168,679**	**816,809**	**-12,654**	**285,139**	**6,091**	**-63,592**

In 2016, there was a reversal of impairments on the mortgage portfolios, caused among other things, by the shrinking of the so-called CBHK/OCCH credit portfolio.

34. Income tax expense

Current and deferred income taxes are detailed below.

Income tax expenses	31/12/2015	31/12/2016
Current tax liabilities for the financial year	-25,309,806	-24,933,524
Current tax expense in respect of prior periods	-396,037	1,116,171
Deferred taxes related to timing differences	1,590,773	-2,596,470
Total P&L impact of income taxes	-24,115,110	-26,413,822
Reconciliation of statutory and effective tax rate		
Net profit before tax	79,697,979	85,405,993
Statutory tax rate	33.99%	33.99%
Income tax calculated using statutory rate	27,089,343	29,029,497
Tax effect of different tax rates in other countries	-267,844	-473,281
Tax effect of non-taxable income	-73,328	-54,442
Tax effect of non-tax-deductible expenses	-2,697,198	855,192
Tax benefit not previously recognised	0	0
Prior period taxation	261,425	-736,785
Differences from the fiscal acceptance of an insurance provision	-291,739	-1,901,974
Other increase (decrease) in statutory taxation.	406,288	-109,361
Notional interest deduction	-311,878	-195,025
Total income tax expenses	**24,115,070**	**26,413,822**
Effective tax rate	30.26%	30.93%

35. Off-balance sheet liabilities

At end-2015 the Company had repurchase agreements with other financial institutions guaranteed by OLOs in a nominal amount of EUR 322 million. At end-2016 the guarantee amount stood slightly lower, at EUR 218 million.

As of 31 December 2015, the Company held EUR 6,163,005 of collateral received from the reinsurers. As of end-2016, this amounted to EUR 6,227,978.

Mortgage registrations rose - parallel to the rising mortgage portfolio - from EUR 902,909,448 in 2015 to EUR 1,031,740,576 in 2016.

At end-2015 there was EUR 3,266,799 of bond lending. At end-2016, there was no bond lending.

36. Contingent liabilities

The Company is defendant in a number of disputes within the context of standard business operations.

The Company sets aside provisions for disputes when, in management's opinion and after consultation with its legal advisers, it is probable that the Company will have to make payments and the payable amount can be estimated with sufficient reliability.

With regard to further claims and legal proceedings against the Company of which management is aware (and for which no provision has been made in accordance with the principles described above), management, after obtaining professional advice, considers that these claims have no chance of success, or that the Company can defend itself successfully against them or that the outcome of these claims is not expected to result in a significant loss in income.

37. Events after the balance sheet date

There have been no material events after the balance sheet date that require an adjustment of the consolidated financial statements of the Company as of 31 December 2016.

On 21 March 2017, the Board of Directors reviewed the financial statements and gave its approval for their publication. The financial statements will be presented to the General Meeting of Shareholders on 28 April 2017.

Additional Information

The Company's IFRS financial statements are published in Dutch 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. Questions related to the distribution of these reports should be directed to:

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Complaints Management

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

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