ANNUAL REPORT 2013

ageas

Message of the Chairman and
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Financial Statements

ANNUAL REPORT 2013

BRUSSELS
19 March 2014

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Ageas at a glance 2013

Net result attributable to shareholders **€ 569 million**	Shareholders' equity **€ 8,525 million**	Group return on equity **6.2%**
Proposed dividend per share **€ 1.40**	Net result General Account **€ (85) million**	Number of employees (FTE) **13,071**
Net result Insurance **€ 654 million**	Insurance return on equity **8.3%**	Solvency ratio Insurance **207%**
Gross inflow [1)] **€ 23,220 million**	Insurance liabilities **€ 76,821 million**	Combined ratio **98.6%**

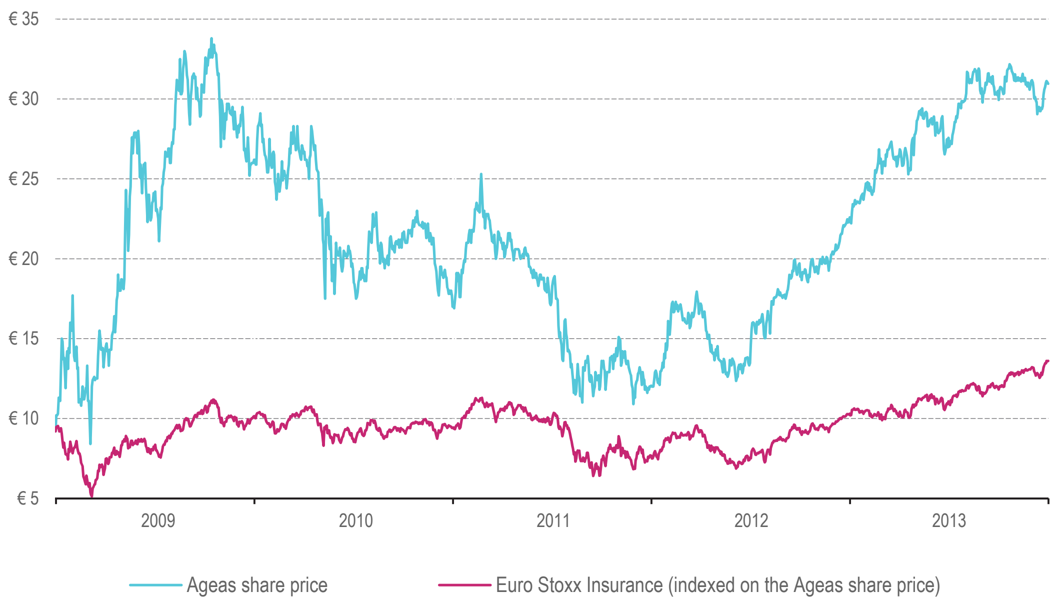
1) *Gross inflow includes the inflow of Ageas's equity associates. Excluding the equity associates, as reported under IFRS, the inflow amounted to EUR 11,026 million.*

Income Statement	2013	2012	2011	2010	2009
Gross Inflow	11,025.6	11,053.8	11,237.1	12,184.2	12,017.7
Total income	14,010.0	15,639.9	12,004.8	13,647.1	16,749.0
Net result attributable to shareholders	569.5	743.0	(578.2)	223.1	1,209.8
- of which Insurance	654.2	624.4	(313.1)	391.3	505.0
- of which General Account (incl. Eliminations)	(84.7)	118.6	(265.1)	(168.2)	704.8
Statement of financial position	**2013**	**2012**	**2011**	**2010**	**2009**
Total assets	95,735.6	97,112.9	90,602.2	99,166.7	93,324.0
Technical Insurance liabilities	76,820.7	76,318.3	70,599.6	78,131.7	72,970.3
Shareholders' equity [1)]	8,525.1	9,910.6	7,760.3	8,421.7	8,646.0
Non controlling interests [1)]	896.7	875.5	607.4	744.3	700.5
Total equity [1)]	9,421.8	10,786.1	8,367.7	9,166.0	9,346.5
Share information (in EUR)	**2013**	**2012**	**2011**	**2010**	**2009**
Basic Earnings per share [2)]	2.49	3.13	(2.27)	0.90	4.90
Dividend per share [2)]	1.40	1.20	0.80	0.80	0.80
Share price at 31 December [2)]	30.95	22.22	12.00	17.40	25.90
Return on equity [3)]	6.2%	8.4%	(7.2%)	2.5%	18.7%
Number of shares (in millions) [2)]	226.4	231.8	240.6	258.3	247.5
Other data	**2013**	**2012**	**2011**	**2010**	**2009**
Combined ratio	98.6%	99.1%	100.1%	106.0%	102.5%
Cost life ratio	0.51%	0.51%	0.51%	0.53%	0.59%
Solvency ratio Insurance	207.3%	203.8%	207.0%	232.0%	233.9%
Solvency ratio Group	214.2%	228.6%	236.9%	281.9%	316.9%
Employees (FTE)	13,071	13,335	12,557	11,707	10,613

1) *As of 2013 a revised IAS 19 'Employee Benefits' has become effective. The most significant change in the revised standard is the immediate recognition in equity of 'unrecognised actuarial gains and losses' as of the effective date, instead of using the so called corridor approach. The comparative figures for 2011 and 2012 have been restated accordingly.*

2) *The figures for 2011, 2010 and 2009 have been changed for comparison purposes, taking into account the ten for one reverse stock split in 2012 (see note 4 Shareholders' equity).*

3) *Based on an annualised net result divided by the average shareholders' equity of 1 January and 31 December.*



Report of the board of directors of Ageas

This report of the Board of Directors includes the Corporate Governance Statement (in part 3) in accordance with the Belgian Corporate Governance Code pursuant to article 96 of the Belgian Companies Code.

Message of the chairman and CEO of Ageas

Bart De Smet, CEO (on the left)
Jozef De Mey, Chairman (on the right)

Dear Shareholders,

Someone once said that 'it is consistency that matters most'. We cannot argue with that sentiment. It is one we support and can also relate to within the Ageas Group. And since actions speak louder than words, we hope that consistency is evident in our performance and execution. In looking to create value for our shareholders we recognise that it is consistency that matters most to you but also to us. In our minds this translates into 'saying what you are going to do' and 'delivering what you said you would do, when you said you would do it.' And with no surprises!

In 2013, we delivered good insurance results across all businesses and segments, and we ended the year stronger as a Group. We are back to being judged on the merits of our insurance business rather than on past events. And we hope that through our Annual and Business Reports you can share in that story as we drill down on topics that provide a glimpse of how we work, and how we think.

Progress allows us to focus on core business

In 2009, when we announced our strategic ambition to become an international insurance group, the buzz words were 'rebuilding', 'streamlining' and 'simplification'. Four years on we feel confident that we have ticked all those boxes. As we continue on the theme of consistency, we are proud too that we have diligently and consistently worked through most of the legacy issues that held our company back for so long. This allows us even more than before to direct all of our energy to the development of our insurance activities.

Specifically, we reached an agreement with BNP Paribas and the Belgian state regarding the disposal of the asset portfolio of Royal Park Investments (RPI). Following this transaction Ageas recorded a significant cash payment of EUR 1.03 billion in the General Account. An additional EUR 144 million in proceeds were received following the sale of the call option on the BNP Paribas shares. This cash boost enabled us to make a reimbursement to shareholders resulting in a distribution of EUR 1 per share in December 2013. Our strengthened cash position allows us, moving forward, to consider further investments in our insurance activities, specifically within emerging markets and Non-life businesses. We also announced this year further steps towards more active capital management so that we can achieve greater capital efficiency in the future.

Consistent delivery of good insurance results

As we reflect on our insurance performance, we are particularly pleased within Non-life to report consistent progress in the important KPI of combined ratio which has improved in all regions, especially in the Household sector, but with Motor still a point of attention moving forward. The overall performance in Non-life was also impacted by some softening in the market, in countries like the UK for example. In contrast we continue to see spectacular growth in the Life market in Asia which compensated for lower inflow levels in Europe. From the perspective of product mix, we have focused, as we said we would, on investments in less capital consuming products and in a move from single premiums towards regular premiums. We have continued to invest in multi-channel distribution, for example doubling the number of agents in China year on year. And with respect to M&A, the integration of Ageas's recent acquisition, Groupama in the UK, is on track and already making a substantial contribution to our results in this important market. In conclusion, Ageas has a lot to be proud of in the past year. We were delighted to have an opportunity to showcase one of our most successful joint ventures in Asia, Muang Thai, as part of the Belgian Trade Mission to Thailand. And we already have plans under way to support the upcoming Belgian Trade Mission in its visit to Malaysia in 2014.

A continuous focus on creating value

Last year, we looked beyond the immediate and to the longer term through Vision 2015. We made five clear choices about what we would do and, equally important, we were clear on what we would not do. We set four challenging financial targets, which we reconfirmed in 2013, while also providing more guidance on how we see the road towards our goals. At the end of the first full year of a three-year journey, the first important conclusion is that we remain committed to the targets we set for ourselves, including a commitment to achieving an 11% Return on Equity for the insurance operations. Secondly, this plan is based on gradual progress, evolution and 'doing things better every day'. And lastly, we elaborate on our options in respect of the best use of our net cash in a balanced and disciplined way.

Knowledge Transfer helping to drive growth

As you reflect on the material contained in our Business Report, you will notice that we have focused this year on what we view as an important differentiator for Ageas, our ability to transfer knowledge. Knowledge transfer lives and breathes in our organisation and we have many great examples from around the world to illustrate this. It has become common language within Ageas and even a kind of philosophy. Each time we identify a challenge or an opportunity we seek to capitalise on the potential and experience to enhance our business. Knowledge sharing within our Group is just how we do business – it's in our DNA. It's never a case of 'what's in it for me?', but rather 'what's in it for us?'. This is what makes Ageas so unique as a partner and international insurance group.

Consistency will continue to be our goal

As shareholders you expect a strong performance and we believe we have delivered that in 2013. While you can look at a company's performance in many different ways and using many different measures, we recognize that the share price is an important indicator. Over the past twelve months our share price has increased from EUR 22.22 at the end of 2012 to EUR 30.95 at the end of December 2013, outperforming the market.

On top of the share price appreciation, other significant returns to shareholders were made during the course of the year. In the month of May, the regular dividend of EUR 1.20 gross per share was paid out to shareholders, up 50% from the previous year. In December, shareholders received a EUR 1 per share cash payment following the capital boost, representing a total cash payment to shareholders of EUR 222 million. When combined with the regular dividend, the share buy-back completed in the first quarter (EUR 69 million) and the on-going share buy-back programme (EUR 76 million as of 31st December), some EUR 636 million has been returned to shareholders in total during the course of the year. Based on an end of year market capitalisation of EUR 7.2 billion, this corresponds to a yield of 8.8%.

As a Group, we will continue to do everything in our power to deliver value in a consistent, responsible and sustainable way. With respect to the 2013 net result, Ageas's Board of Directors will propose a gross cash dividend of EUR 1.40 per share, for approval by the shareholders at the Annual Shareholders' meeting of 30 April 2014. This represents 47% of our Insurance result, in line with our dividend policy, and an increase of 17% compared to last year. The consistency we have shown in the past years will continue to be an important factor in the years to come.

To conclude from where we started on the theme of consistency, some might say that consistency is dull. But we would beg to differ – our consistency, far from being boring, is something we are proud of. It is based on our ability to leverage our strengths by doing what we do well, managing our risks, and taking advantage of opportunities we see.

While we believe we are on the right track and have made significant progress, we also know there is still more to do. Our strategy is not revolutionary but rather evolutionary. Step by step progress. This remains critical if we are to continue to deliver on our promises to you in the future. And we can assure you, on behalf of the Management and the Board of Directors, that creating value for our shareholders remains our top priority.

Thank you for your continued support.

Jozef De Mey, Chairman
Bart De Smet, CEO

Introduction

The Ageas ANNUAL REPORT 2013 includes the Report of the Board of Directors of Ageas, the Ageas Consolidated financial statements 2013, with comparative figures for 2012, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the Summarised Financial Statements of ageas SA/NV, prepared in accordance with the legal and regulatory requirements applicable in Belgium (pursuant to article 96 and article 119 of the Belgian Companies Code).

All amounts in the tables of this Annual Report are denominated in millions of euros, unless stated otherwise.

1 General description and strategy of Ageas

Ageas is an international insurance company that aspires to help customers mitigate risks at every key stage of their life cycle by providing them with a range of Life and Non-life product solutions distributed via a variety of different channels. And more than that, it has been doing this for nearly 190 years.

Ageas shares are listed on NYSE Euronext Brussels. At the end of 2013, the market capitalisation amounted to EUR 7.2 billion.

One Group with four distinct business segments

Ageas may be an international insurer operating across Europe and Asia, it also believes that insurance is first of all a local business. For this reason the insurance activities are structured and organised around four distinct business segments: Belgium, United Kingdom, Continental Europe and Asia.

Each of these segments has its own management and organisational structures in place to support its local operations, and they take their own day to day decisions based on an understanding of the local market and the needs of the local customer.

But to help leverage knowledge and capabilities, which are so fundamental to the way it operates, Ageas maintains competence hubs at the corporate, regional and business level.

Adding value through partnerships

Ageas serves its customers through a combination of wholly owned subsidiaries and partnerships with strong financial institutions and key distributors around the world. More often than not this means Ageas is represented through a variety of strong local brand names in the local market.

Ageas operates successful partnerships in Belgium, the UK, Luxembourg, Italy, Portugal, Turkey, China, Malaysia, India and Thailand and has subsidiaries in France, Hong Kong and the UK.
Ageas has proven competence in developing partnerships. These partners are leaders in their markets and provide Ageas with local know-how and access to customers. Our partners benefit from our expertise in insurance, from product development to distribution. Partnerships are about adding value and long term alignment of interests. To facilitate this many of Ageas's operating companies are joint ventures with distribution partners. Tesco Bank in the UK, BNP Paribas Fortis in Belgium, Millenniumbcp Ageas in Portugal, Kasikornbank in Thailand and Maybank in Malaysia are just a few examples.

Ageas's operating companies are often joint ventures with distribution partners. Ageas prefers majority ownership except where regulation, strategic or market circumstances prevent this.

Ageas invests in the development and exchange of knowledge and expertise within the group on a continuous basis.

Our ambitions towards 2015

Ageas periodically reviews its strategy. Continued low interest rates, significant regulatory changes within a limited timeframe, and slowing growth in mature markets have resulted in a number of challenges.

The company has made a number of strategic choices, which is not a radical shift compared to the past, but gradual steps designed to weather these challenges. Ageas's strategy 2015 provides a view of where the company wants to be in 2015 and how it intends to get there.

Ageas aims to further strengthen its position in emerging markets and to redress the balance between underwriting income, fee income and investment income. This includes a gradual increase in the relative proportion of Non-life activities.

Ageas's strategy 2015 includes five strategic choices, four targets and six values.

Five strategic choices

Ageas announced in September 2012 a number of strategic choices and targets for 2015. They do not represent a radical shift compared to the past, but they anticipate the impact of continued low interest rates, significant regulatory changes and slower growth in mature markets. In summary:

- Ageas will continue to focus on its insurance capabilities and insurance expertise;
- Ageas wants to be where its customers want it to be in terms of channel mix;
- Ageas remains committed to its commercial partners and their customers;
- Ageas will continue to strive for a diversified product offering, spread over Life and Non-life products;
- Ageas wants to ensure the profit streams in its mature markets while maximally capturing growth in the emerging Asian and European markets where it is now present.

These strategic choices aim to become less dependent on investment income, increase the relative proportion of capital invested in high growth markets, and lastly reap the benefits of the diversification of our product and distribution mix.

Four financial targets

Ageas has translated these strategic choices into the following four financial targets, which it is committed to meeting by the end of 2015 at the latest. These targets include:

- a further rebalancing of the insurance portfolio between Life and Non-life towards a 60/40 split;
- a continued focus on operational excellence in Non-life with the objective of structurally reducing the combined ratio to below 100%;
- a return on equity of at least 11% for insurance activities;
- at least 25% of capital deployed in emerging markets, within our focus on Europe and Asia.

Turning Vision 2015 into a reality

With respect to the realisation of the Vision 2015 targets, progress has been made on the combined ratio target, driven by the performance in the UK, and on the % of capital invested in emerging markets, reflecting the additional capital invested in China, retained profits in emerging markets and the impact of high dividend payments by our Belgian subsidiary. The Return on Equity target of 11% and the higher portion of Non-life inflows in total premiums are coming to realisation more slowly than we would like, but we are making progress and remain confident that we will achieve the targets we set for 2015.

Ageas's Vision 2015 financial targets	Target by end 2015	Position end 2013	Position end 2012
% Life / Non-life inflows at Ageas's part	60/40	67/33	67/33
Combined Ratio	< 100 %	98.6 %	99.1 %
Return on Equity of Insurance activities	11 %	8.3 %	8.7 %
% capital in Emerging Markets	25 %	12.6 %	12.1 %

Six values

Our values are simple and link to our everyday actions.

Passionate to deliver

We do what we say and accept responsibility. We add value to customers, partners, employees and shareholders.

Focused on customers

We listen to customers, build relationships and deliver pragmatic solutions that meet their changing needs.

Local

We know that each market is different and we are culturally sensitive to the need to adapt to the local market, embracing local cultures and positioning Ageas as part of the fabric of the community.

Teamwork

We build strong relationships inside and outside the Group extending to employees, partners and other key stakeholders.

Trusted

We act with integrity at all times based on a fair and honest approach. We deliver on our commitments.

Entrepreneurial

Internally we encourage creativity, innovation and an open minded spirit while understanding the risks we take.

Next steps

A further rebalancing of the insurance portfolio between Life and Non-life and between emerging and mature markets.

We continue to believe that diversification is important as illustrated by our decision to be active in both Europe and Asia, the breadth of our strong local partnerships, and our product mix in Life and Non-life. In this context, we aim to further strengthen our position in emerging markets and to further shift the balance between our underwriting income, fee income and investment income. A gradual increase in the relative proportion of Non-life activities will be instrumental in reaching this objective. Our partners remain a critical element in the success of Ageas.

A Return on Equity of 11% and structurally reducing the combined ratio to below 100%

To achieve the Return on Equity target for 2015, Ageas will focus on improving overall profitability while gradually changing the company's profile. Ageas will continue to improve its net profit and through active capital management it will make more efficient use of capital.

To improve the net profit levels of its existing businesses, Ageas will:

- increase the profitability of its Life activities by improving operating margins;
- increase the profitability of its Non-life activities by improving the combined ratio. This translates to a target of 97% in the current interest rate environment;
- work on a more balanced business mix by focusing on high ROE activities & product lines;
- increase the net profit contribution from the fast growing emerging markets.

In terms of active capital management, Ageas will consider a number of initiatives to improve the Group's capital efficiency. Examples are reinsurance, refining the composition of capital, optimising the ownership structure of the operating companies and ways of improving the capital allocation among the various activities. In addition to the disciplined up-streaming of the cash flows generated by the operating companies to fund the annual dividend and the corporate costs, Ageas also plans to optimise capital levels, depending on the needs of the business while respecting Ageas's standards and local solvency requirements.

While there is still work to be done in several areas, we are confident that we will deliver our targets for 2015. Vision 2015 will ensure we secure strong profitable growth for the company based on what we know we do well.

A disciplined use of net cash

Ageas's net cash position amounted to around EUR 2.0 billion by the end of 2013. Going forward, the net cash position will be used predominantly for investing in the business or returning to shareholders. Returning cash to debt holders will not be considered at this stage.

Investing in the business will be done against strict financial and business parameters. The acquisition strategy is based on the following principles:

- priority given to strengthening positions in existing markets;
- a clear preference for Non-life. Expansion in Life on a case by case basis;
- further expansion in fast growing emerging markets with respect for the overall Ageas financial and M&A criteria, and by continuing to build on the successful partnership model;
- make use of opportunities when Ageas believes it can make a difference based on its expertise in insurance in Europe and Asia.

If no suitable acquisition opportunities arise, Ageas intends to return more cash to shareholders in the most appropriate way, such as share buy-backs, dividends or capital reductions.

Financial strength

Ageas understands the importance of maintaining a strong financial position. The company is well capitalised with a group solvency ratio of 214% and a solid liquidity position of EUR 2.0 billion at the end of 2013.

Ageas adopts a conservative approach to risk underpinned by a sound risk management process. The group constantly re-assesses its portfolio to ensure that each of its activities meet strict criteria.

Ageas aims to obtain a return on equity in insurance in excess of 11%. The company has a policy of paying out 40% - 50% of the consolidated Insurance net profit as dividends.

2 Developments and results

Developments

In 2013, Ageas announced further important steps in solving the financial legacies with respect to Royal Park Investments and the call option on BNP Paribas shares. Ageas also launched a new share buyback program and proposed a capital reduction, by means of reimbursement to shareholders, resulting in the distribution of EUR 1.00 per share. Four new independent board members joined the Board of Directors.

Solving the financial legacies

Royal Park Investments (RPI)

As a result of transactions closed on 12 May 2009 with the Belgian State, Ageas acquired, for the total sum of EUR 760 million, a 44.7% stake in RPI, a special purpose vehicle holding part of the structured credit portfolio of Fortis Bank. At the end of December 2012, the value of the stake of Ageas in RPI amounted to EUR 872 million.

With the consent of its shareholders (Ageas, SFPI/FPIM and BNP Paribas), RPI decided on 27 April 2013 to dispose its asset portfolio through a block sale to an institutional investor for a total amount of EUR 6.7 billion. After reimbursement of debt, this deal ultimately lead to a cash payment to Ageas of EUR 1.04 billion.

Call option on BNP Paribas shares

Under the aforementioned agreement of 12 May 2009, Ageas was also granted a cash-settled call option by SFPI/FPIM that allowed Ageas to benefit from any appreciation in the value of 121 million BNP Paribas shares, held by SFPI/FPIM, above a share price of EUR 66.67 prior to 10 October 2016.

On 27 April 2013, Ageas agreed to sell back to the SFPI/FPIM the option granted for the market value of EUR 144 million representing EUR 0.64 per share.

In line with the commitment by ageas SA/NV to the European commission in 2009, the board of directors proposed at the Extraordinary General meeting of Shareholders of 16 September 2013 to distribute the monetisation of the call option to the Ageas shareholders.

Share buyback

Based on the shareholder's authorisation granted at the General Shareholders Meeting of 24 April 2013, Ageas launched on 12 August 2013 for a period ending on 5 August 2014, a new share buyback program of its outstanding common stock for an amount of EUR 200 million. Between the start of this share buyback program on 12 August 2013 and 31 December 2013, Ageas bought back 2,489,921 shares for a total amount of EUR 76,477,151 million. This corresponds to 1.06% of the total shares outstanding.

On 13 August 2012, Ageas had launched a previous program to buy back outstanding common shares for the same maximum amount of EUR 200 million.

Ageas completed this buyback on 27 February 2013, having purchased a total of 9,635,159 shares for EUR 200 million, representing 3.96% of the shares outstanding. The General Meetings of Shareholders of 24 April 2013 approved the cancellation of 9,165,454 of the acquired shares. The Extraordinary General Meeting of Shareholders of 16 September 2013 approved the cancellation of the 469,705 shares left. The Articles of Association were adopted accordingly.

Further reduction of credit exposure and guarantees

Ageas Hybrid Financing S.A. ('AHF'), a financial vehicle owned by ageas SA/NV ('Ageas'), issued USD 750 million 8.25% Perpetual Securities in 2008 (the 'NITSH I Securities'). The proceeds of the NITSH I Securities were on-lent to BNP Paribas Fortis SA/NV on a subordinated basis. Since the break-up of Fortis, this on-loan represented a relatively high third party credit exposure.

On 27 August 2013, BNP Paribas Fortis and AHF called the USD 750 million NITSH I hence reducing the credit exposure and guarantees for Ageas.

The 8% Nitsh II securities, amounting to EUR 625 million, were also issued in 2008. The proceeds of these securities were partly on-lent to AG Insurance and partly to BNP Paribas Fortis SA/NV. Both parties indicated to call these on-loans at their first call date on 3 June 2013; AHF in turn informed its bondholders on 21 March 2013 that it would also call its securities per 3 June 2013. At 30 June 2013, these securities therefore ceased to exist.

Composition of the Board of Directors and other governance changes

Four new independent board members, of which two women, joined the Board of Directors in 2013 in replacement of three independent and one non-independent Board member (please refer to part 3 for more details on the new board members).

A new role of Chief Operating Officer (COO) was created in 2013. The COO reports to the Group CEO of Ageas and is responsible for the implementation of the Group strategy, the achievement of the targets and the further realisation of knowledge transfer and sharing of best practices within the Group. The four Business CEOs (Belgium, United Kingdom, Continental Europe and Asia) report to the COO.

2.1 Results and solvency of Ageas

The 2013 Group net profit amounted to EUR 570 million, with the 2013 Insurance net profit amounting to EUR 654 million and a negative result in the General Account of EUR 85 million.

Insurance overall

The 2013 net Insurance profit amounted to EUR 654 million (vs. EUR 624 million), including an adverse currency impact of EUR 12 million compared to 2012. The net result of the Life activities remained steady at EUR 438 million (+2%). The operating margins in Life remained satisfactory in all segments. The Non-life & Other net result amounted to EUR 217 million compared to EUR 194 million in 2012 (+11%), benefiting from an improved operating performance illustrated by a solid overall combined ratio of 98.6%, mainly driven by good results in Household. Results progressed well in all segments except in the UK where results were stable despite the challenging market conditions. Finally, both Life and Non-life benefited from a higher contribution from the non-consolidated partnerships in Asia and Continental Europe up 23% to EUR 153 million with better results in all countries except in China.

Life, Non-life and Other Insurance

The Life net result amounted to EUR 438 million compared to EUR 430 million in 2012 (+2%) with a net result in the fourth quarter of EUR 126 million (-8%). The improved results in Belgium were partially offset by the lower contribution from Continental Europe, while the Asian activities reported a net result almost in line with last year.

In Belgium, the 2013 net result increased to EUR 274 million, up 5%, with lower operating results compensated by a lower effective tax rate as a result of a different mix of capital gains on the investment portfolio. The Life operating margin amounted to 0.89% (vs. 0.96%) on Guaranteed products, at the high end of the 0.85% to 0.90% margin objective. This decline was mainly related to a lower investment margin. For the Unit-linked products the operating margin reduced as well but remained solid at 0.41% (vs. 0.47%).

In Continental Europe, the net result declined from EUR 50 million to EUR 44 million with higher results from the non-consolidated partnerships more than offset by a lower net result in Portugal. The result in Portugal declined because of the lower underwriting margin in the Life Risk business, the latter comparing however to an exceptionally low claims ratio in 2012.

In Asia, the net result increased slightly to EUR 122 million helped by a particularly strong fourth quarter net result (EUR 35 million) in all countries but in Hong Kong in particular and despite an adverse currency evolution. The net result in Hong Kong increased to EUR 38 million, the result of organic growth and higher investment income. The net result of the non-consolidated partnerships remained fairly stable at EUR 100 million marked in particular by strong profit levels in Thailand, partly offset by lower results in China due to significant investments in sales campaigns and channel development costs.

The Non-life net result amounted to EUR 204 million, compared to EUR 223 million (-8%) and a net result in the fourth quarter of EUR 30 million (vs. EUR 79 million). The fourth quarter of 2012 included a positive adjustment of EUR 48 million related to the acquisition of Groupama Insurance Company Limited (GICL) and reorganisation costs in the UK. Taking this adjustment into account, the net result increased by 17%.

The main Non-life activities, Belgium and the UK, reported steady results over the course of the year despite the adverse impact of new governmental measures in Belgium and the challenging market conditions in the UK respectively. The non-consolidated partnerships in Asia and Turkey (Continental Europe) performed extremely well with a contribution to net result that more than doubled from EUR 16 million to EUR 43 million. The performance in Household suffered somewhat from storms and floods in Belgium and the UK in the last quarter but remained overall strong. In Motor, the operating result declined compared with 2012, mainly as a result of lower other result in the UK and a lower underwriting result in Continental Europe and to a lesser extent in Belgium.

In Belgium the 2013 net result amounted to EUR 61 million (- 6%). The results in all business lines were below last year's results but held up well overall. Additional charges related to new governmental measures, some adverse claim developments including a few large claims especially in Motor and Household led to a lower net result. The UK activities contributed EUR 90 million (vs. EUR 87 million on an adjusted basis) with strong results in Household compensating for the lower contribution in Accident & Health and Motor. In October 2013, the legal transfer of GICL into Ageas Insurance Limited (AIL) to create a single insurance business was approved by the court and will enable Ageas to offer a wider range of products to brokers. GICL performed well (EUR 14 million net result contribution for the first 9 months and fully integrated in AIL results as of October 2013). The net result in Tesco Underwriting suffered from lower investment income while the net result in AIL was hampered by a few large losses in Motor. In Continental Europe, the 2013 net profit more than doubled to EUR 32 million of which EUR 6 million in the last quarter. This related almost entirely to the strong performance of the Turkish activities with a net result of EUR 23 million thanks to an excellent underwriting performance and a non-recurring capital gain on real estate (EUR 9 million). Lastly, the net profit in Asia year-to-date more than doubled to EUR 21 million reflecting a strong underwriting and investment performance in Malaysia and Thailand.

UK Other Insurance, which includes the UK's Retail operations reported total fee and commission income of EUR 235 million. The total Other Insurance reported net result year-to-date increased to EUR 12 million. This compares to a net result of EUR 28 million negative last year, including a net charge of EUR 44 million related to goodwill impairments, the accelerated amortisation cost of intangible assets and costs related to the acquisition of the GICL activities. The regional headquarter costs increased to EUR 15 million (vs. EUR 12 million) partially offset by a one-off deferred tax benefit of EUR 4 million.

General Account

The 2013 net result of the General Account amounted to EUR 85 million negative with a net loss of EUR 100 million in the fourth quarter. The full year result included the net impact of all legacies, consisting of EUR 276 million positive related to the transactions with respect to Royal Park Investments, EUR 90 million negative on the call option on the BNP Paribas shares (concluded at the end of April 2013) and an additional charge of EUR 205 million related to the RPN(I) liability. The increase in the value of RPN(I) liability was primarily driven by the increased price of the CASHES, as well as a change in the applied valuation methodology, following the introduction of IFRS 13 as of the third quarter of 2013.

Staff and other operating expenses declined from EUR 50 million to EUR 45 million, mainly as a result of lower consultancy costs.

Solvency

The Insurance and Group solvency ratios amounted to 207% and 214% respectively, with total available capital EUR 4.7 billion above the minimum capital requirements (of which EUR 4.4 billion in Insurance).

2.2 Non-consolidated results of ageas SA/NV

ageas SA/NV reported for the financial year 2013 based on Belgian Accounting Principles a non-consolidated net result of EUR 570 million (2012: EUR 81 million) and a shareholders' equity of EUR 7,530 million (2012: EUR 7,972 million).

For a more detailed explanation on the non-consolidated net result of ageas SA/NV in accordance with article 96 of the Belgian Company code please turn to the summarised Company Financial Statements of ageas SA/NV. The company financial statements have not yet been published. KPMG has issued an unqualified auditor's report with an emphasis of matter paragraph on the ageas SA/NV company financial statements.

2.3 Amendments to the Articles of Association of ageas SA/NV

Please refer to 3.2 of the Corporate Governance Statement for detailed information about the amendments of the Articles of Association of ageas SA/NV in 2013.

2.4 Certain transactions and other contractual relationships

A transaction between ageas SA/NV and one of its independent Board Members, Mr Guy de Selliers de Moranville, has to be reported, given the existence of a conflict of interests as defined in the Belgian Companies code.

The transaction relates to the renting by ageas SA/NV of a part of a property belonging to Mr Guy de Selliers de Moranville. Before any discussions begun at the board meeting where the concerned transaction was discussed and decided upon, the procedure as described in article 523 of the Companies Code was applied. There is a conflict of interest as defined by article 523 of the Belgian Companies Code if a Board Member has a direct or indirect personal, proprietary interest conflicting with the interest of the company in the context of a decision to be taken by the Board.

Mr Guy de Selliers de Moranville, as owner of the property subject of the rental proposal, has a direct or indirect personal, proprietary interest conflicting with the interest of the company.

Consequently, Mr Guy de Selliers de Moranville did not participate in the discussions and the voting process related to this matter. The minutes of the Board meeting are specified in the section below:

Description of the decision, motivation and financial consequences
In order to have the availability of an appropriate venue to host VIP-guests of the Board and Executive Management, the ExCo proposed to the Board to rent the property owned by Mr Guy de Selliers de Moranville, completely furnished with the specific services as described hereafter and with the following terms and conditions:

- the annual rent of 50,000 EUR/year covers:
  - the availability of the ground floor (144 m²), the external court (40 m²), the 1st floor (130 m²), the mezzanine (6 m²) as well as a space of around 40 m² in the basement;
  - the utility costs of operation (heating, electricity, water, telephone, internet access, private Wi-Fi network) will be charged in addition to this rental amount, based on separate counters or in proportion with the rented m² (security control system).
- in addition to this rent, an amount of 1.000 EUR/year will be paid to cover the following related activities provided by the owner:
  - expenses for cleaning, maintenance and tenant's repair of the privative parts or of common use, expenses of waste disposal, etc;
  - installation of floral decoration, the maintenance costs of decoration or the small furniture as well as the maintenance costs of the back court.

An independent real estate expert was asked to provide an opinion on the Market Rent of the first two levels of the property. The conclusion of this report was that terms and conditions of the renting proposal are in line with market terms and conditions for similar types of property. The full report was made available to the Board members.

A contract of services of caretaker's lodge carried out by a person residing in the building (with charge to the owner with regard to remuneration, the employers' social contributions and other corresponding costs, including the cost of an external interim when replacement is required) will be charged at 2.480 EUR/year for the following services:

- guarding, supervision of the building and support to the service activities;
- installation and checking of the preparation of the meetings, supervision of the deliveries of the meals, management of the schedules, delivery of the coffees and other drinks at the meetings, preparation of the dishes and service for the meals of four people maximum, support secretariat for the organization of transport, photocopies of documents, etc;
- this proposal is priced at the conditions proposed by a third party, which offers such services to Ageas for the reception desk at the 7th floor of Marquis building.

The rent would start when the current refurbishing is finished (expected to be as of 1 July, 2013) for a period of 5 years with a break clause of 6 months.

Based on this description, the recommendation of the Corporate Governance Committee (8 May 2013) and after further consideration, the Board accepted the proposal made by the ExCo to rent the property, which is in the corporate interest of the Company.

2.5 Events after the date of the Consolidated statement of financial position

There have been no material events since the date of the Consolidated statement of financial position that would require adjustment to the Ageas Consolidated financial statements as at 31 December 2013.

2.6 Dividend

Ageas's Board has decided to propose for approval by the shareholders a gross cash dividend of EUR 1.40 per share for 2013.

2.7 Issued shares at the end of 2013

The number of issued Ageas shares at year-end 2013 was 233,486,113. This number includes 4,643,904 shares related to CASHES and 3,968,254 shares related to the FRESH which bear neither dividend nor voting rights as long as they are pledged as collateral for the above instruments (see also note 51 Contingent Liabilities).

For more detailed information on the issued shares of Ageas, dividend rights and capital structure, please refer to note 4 Shareholders' equity.

2.8 Ageas Board of Directors, Remuneration Committee and Audit Committee

On 31 December 2013, the Board of Directors of Ageas consisted of ten members. For more details about the composition of the Board of Directors and changes to the composition in the course of 2013 please refer to the Corporate Governance Statement (part 3).

On 31 December 2013, the Remuneration Committee consisted of three independent Board members. For more details about the composition of this committee and changes to the composition in the course of 2013, please refer to the Corporate Governance Statement (part 3).

On 31 December 2013, the Audit Committee consisted of four independent Board members. For more details about the composition of this committee and changes to the composition in the course of 2013 please refer to the Corporate Governance Statement (part 3).

Besides these legally required committees Ageas has a Corporate Governance Committee and a Risk and Capital Committee. For more details about the composition of these committees and changes to the composition in the course of 2013, please refer to the Corporate Governance Statement (part 3).

2.9 Consolidated information related to the implementation of the EU Takeover Directive and the Ageas Annual Report

For legal purposes, the Board of Directors hereby declares that the Ageas Annual Report 2013 has been prepared in accordance with the statutory rules implementing the EU Takeover Directive that came into force in Belgium on 1 January 2008. The Board hereby gives the following explanations concerning the respective elements to be addressed under these rules:

- comprehensive information on the prevailing capital structure can be found in note 4 Shareholders' equity and note 27 Subordinated liabilities in the Ageas Consolidated financial statements 2013;

- restrictions on the transfer of shares extend only to preference shares (if issued) and the securities described in note 27 Subordinated liabilities in the Ageas Consolidated financial statements 2013;

- Ageas lists under the heading 'Specifications of equity and structure of the shareholder group' in the ageas SA/NV Company Financial Statements any major shareholdings of third parties that exceed the threshold laid down by law in Belgium and by the Articles of Association of ageas SA/NV;

- no special rights are attached to issued shares other than those mentioned in note 4 Shareholders' equity and note 27 Subordinated liabilities in the Ageas Consolidated financial statements 2013;

- share option and share purchase plans, if any, are outlined in note 10 Employee share option and share purchase plans in the Ageas Consolidated financial statements 2013. The Board of Directors decides on the issuance of shares and options, as applicable, subject to local legal constraints;

- except for the information provided in note 4 Shareholders' equity, note 13 Related parties and note 27 Subordinated liabilities in the Ageas Consolidated financial statements 2013, Ageas is unaware of any agreement between shareholders that may restrict either the transfer of shares or the exercise of voting rights;

- Board Members are elected or removed by a majority of votes cast at the General Meeting of Shareholders of ageas SA/NV. Any amendment to the Articles of Association requires the General Meeting of Shareholders to pass a resolution to that effect. If fewer than 50% of the shareholders are represented, a second meeting must be convened, which will be able to adopt the resolution with 75% of the votes without any need for a quorum;

- the Ageas Board is entitled both to issue and to buy back shares, in accordance with authorisations granted by the General Meeting of Shareholders of ageas SA/NV. The current authorisation with regard to the shares of ageas SA/NV will expire on 23 September 2014;

- ageas SA/NV is not a party to any major agreement that would either become effective, be amended and/or be terminated due to any change of control over the company as a result of a public takeover bid;

- ageas SA/NV has not entered into any agreement with its Board Members or employees, which would allow the disbursement of special severance pay in the case of termination of employment as a result of a public takeover bid;

- Ageas shareholders are under an obligation to meet certain notification requirements when their shareholding exceeds or drops below certain thresholds, as prescribed by Belgian legislation and by the Articles of Association of ageas SA/NV. Shareholders must notify the Company as well as the FSMA when their shareholding exceeds or drops below 3% or 5% of the voting rights or any multiple of 5%. Ageas publishes such information on its website.

3 Corporate Governance Statement

As in previous years, Ageas continued to focus on its future as an international insurance group, attaching great importance to effective governance and transparent disclosure to the public and other stakeholders.

Ageas analysed whether changes were required to further align the Governance Charter with applicable rules and regulations or even to anticipate (international) trends that Ageas considers relevant. Some modifications were made.
The Corporate Governance Charter is available on Ageas's website: http://www.ageas.com/en/about-us/corporate-governance. Ageas will continue its efforts to adhere to the applicable codes.

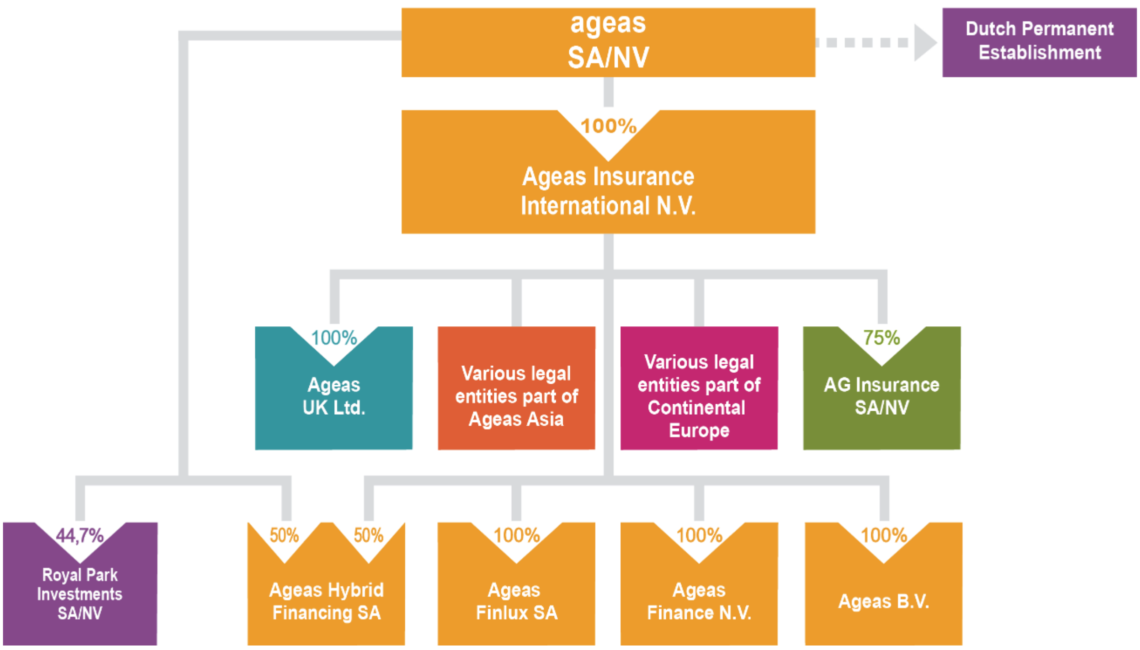
3.1 Ageas's legal structure and shares

Ageas, the former Fortis, was created in 1990 by the cross-border merger – Europe's first – of the Belgian AG Insurance company with the Dutch bancassurance group AMEV/VSB. The overall legal structure has been amended regularly in the intervening years.

Ageas currently comprises:
- a 75% stake in AG Insurance;
- insurance activities in:
  - the UK,
  - Continental Europe, and
  - Asia;
- a 44.7% stake in Royal Park Investments;
- financial assets and liabilities linked to various financing instruments.

In 2013, Ageas B.V. has absorbed all Intreinco N.V.'s assets and liabilities pursuant to a merger entered into force on 1 August 2013. Ageas Insurance International N.V. held all shares of both companies, so no new shares had to be issued. This merger further simplifies the Ageas group structure and is expected to decrease governance costs.

The legal structure of Ageas is as follows:



The Extraordinary General Meeting of Shareholders approved on 24 April 2013 and on 16 September 2013 the cancellation of respectively 9,165,454 shares (shares bought-back between 13 August 2012 and 15 February 2013) and 469,705 shares (remaining shares of the buy-back programme launched in August 2012 and not yet cancelled).

As from 16 September 2013, the total number of issued shares is reduced to 233,486,113. Neither different share classes nor any preferential shares have been issued. Additional information on Ageas's shares is set out in the Ageas Corporate Governance Charter, in note 4 Shareholders' equity and in note 53 Events after the date of the statement of financial position. Ageas has an outstanding subordinated liability (FRESH) exchangeable for Ageas shares. Additional information on Ageas's subordinated liabilities is set out in note 27 Subordinated liabilities.

3.2 Amendments to the Articles of Association of ageas SA/NV

In 2013, the General Meetings of Shareholders approved, the following amendments to the Articles of Association of ageas SA/NV:

- a first cancellation of 9,165,454 shares by a decrease of EUR 12.08 per share in the paid-up capital and to make up the balance a decrease of EUR 8.40 per share in the unavailable reserves;
- a second cancellation of 469,705 shares by a decrease of EUR 12.08 per share in the paid-up capital and to make up the balance a decrease of EUR 8.40 per share in the unavailable reserves;
- a capital reduction up to EUR 1 per share issued, by means of reimbursement to shareholders equal to EUR 1 per share, amounting to EUR 233,486,113.

For more detailed information about the procedure applicable to the modification of the Articles of Association of ageas SA/NV, please refer to our website: http://ageas.com/en/text/articles-association-ageas-sanv

3.3 Board of Directors

The Board of Directors operates within the framework defined by Belgian legislation, normal governance practice in Belgium and the Articles of Association. The roles and responsibilities of the Board of Directors and its composition, structure and organisation are described in detail in the Ageas Corporate Governance Charter.

3.3.1 Composition

Five directors were appointed or re-elected in 2013. The Board of Directors currently consists of ten members, namely: Jozef De Mey (Chairman), Bart De Smet (CEO), Guy de Selliers de Moranville (Vice-Chairman), Lionel Perl, Jan Zegering Hadders, Roel Nieuwdorp, Steve Broughton, Jane Murphy, Richard Jackson and Lucrezia Reichlin. In August 2013, Ageas announced with deep sadness that Mr Ronny Brückner, member of the Board of Directors, has passed away at the age of 56. Ronny Brückner had joined the Ageas Board of Directors in 2011 for a first mandate of three years.

The majority of the Board are non-executive directors and are independent in accordance with the Board independence requirements as described in Appendix 3 to the Ageas Corporate Governance Charter.

Two out of ten Ageas Board Members are female. Ageas continues to support this trend towards a higher participation rate of women at board level. The Board of Directors will take the requirements of the law into account when new Board Members are proposed for election or existing Board Members are proposed for re-election, without compromising the standards of expertise and skills that Ageas sets for Board Members.

3.3.2 Meetings

The Board of Directors met on eleven occasions in 2013. In principle, the Board of Directors has eight scheduled meetings a year. Attendance details can be found in section 3.7 Board of Directors.

In 2013, the Board meetings dealt with the following matters, among others:

- preparations for the General Meetings of Shareholders;
- the strategy pursued by Ageas as a whole and by each business;
- ongoing development of each of the Ageas businesses;
- Consolidated quarterly, semi-annual and annual financial statements;
- the Annual Report 2012;
- press releases;
- the 2014 budget;
- the solvency of the company;
- the asset management and the investment policy of the company;
- Ageas' s risk policy framework;
- investor relations and corporate communications;
- reports of Board Committees following each of their meetings;
- succession planning of the Board of Directors;
- implementation of the Corporate Governance Charter by Ageas in general and by the Board Committees in particular;
- the governance and the performance of the Group Executive Committee and Group Management Committee;
- the Remuneration Policy in general and the remuneration of the CEO and Executive Committee Members in particular;
- follow-up of legal proceedings and legacy issues, including the agreements with the Belgian State on the sale of the call option on the BNP Paribas shares and the agreement with respect to the disposal of the asset portfolio of Royal Park Investments;
- various acquisition files.

The CEO reported on the progress of the results and the general performance of the different businesses at the Board meetings.

In addition, the Board conducted a self-assessment that will be followed by bilateral discussions between the Chairman and each Board Member and a briefing to the Board of Directors on the outcome of this exercise.

3.3.3 Corporate Social Responsibility

The concept of Corporate Social Responsibility (CSR) is not new to Ageas, and it is already well integrated in the company. Ageas wants to positively impact the societies in which it operates, and with this in mind, it tries to harmonise and align its various CSR activities from around the world, sharing best practices along the way.

In the Annual Report 2011, the start of a project on Corporate Social Responsibility was announced. During the first phase, Ageas wanted above all to listen to what its stakeholders, both internally and externally, thought about CSR. Therefore it launched a questionnaire among the more than 13,000 employees and Ageas's retail shareholders. Alongside that, senior managers, institutional investors and investor associations were interviewed and a detailed inventory of existing CSR activities within the group established.

Combining the findings of this study with the specific characteristics and objectives of Ageas, it is clear that for Ageas, CSR means Responsible Entrepreneurship. It is an underlying principle and inevitable consequence of the fundamental strategic choices Ageas has set itself for 2015, it is part of the Group's DNA. Ageas focuses its efforts around five key areas: employees, clients, financial assets, environment and community.

Conducting business in a socially responsible manner is important to Ageas. While maintaining the existing principle of strong local empowerment, these concerns are integrated into the entire organisation.

In a second phase more detailed study was done on each of these areas: How can Responsible Entrepreneurship be translated in each one of them.

In the next phase, the acquired knowledge will be further shared within the group, leading to additional initiatives on CSR complementing the current activities. The CSR project continues and in the coming years, Ageas aims to bring Responsible Entrepreneurship to life… the life of its stakeholders.

3.3.4 Board Committees

In 2013, there were no changes in the terms of reference of the Board Committees.

The terms of reference of each Board Committee are described in the Ageas Corporate Governance Charter.

In line with the Ageas Governance Charter, each Board Committee is composed of non-executive directors and has a minimum of three and a maximum of five members.

Attendance details of the Board Committees can be found in section 3.7 Board of Directors.

3.3.5 The Corporate Governance Committee (CGC)

The role and responsibilities of the CGC are described in detail in the Ageas Corporate Governance Charter.

The composition of the CGC remained unchanged in 2013 and comprised the following members: Jozef De Mey (Chairman), Guy de Selliers de Moranville, Roel Nieuwdorp and Jan Zegering Hadders. The CEO attended the meetings, except during discussion of issues relating to his own situation. The CGC met on eight occasions in 2013 next to two joint meetings with the Remuneration Committee. Attendance details can be found in section 3.7 Board of Directors. The following matters were dealt with:

- organisational structure of the Group, including the legal simplification;
- the Corporate Governance Charter;
- succession planning of the Executive Management;
- targets of the CEO and the other members of the Executive Management;
- the performance of the CEO and the other members of the Executive Management;
- disclosures regarding governance and the activities of the CGC in the Ageas Consolidated financial statements;
- legal issues related to the legacy of the former Fortis.

The Chairman of the CGC reported on these topics to the Board of Directors after each meeting and submitted the Committee's recommendations to the Board for final decision-making.

3.3.6 The Audit Committee

The role and responsibilities of the Audit Committee are described in detail in the Ageas Corporate Governance Charter. The Audit Committee is supported by Ageas Audit Services, Compliance and Finance.

In the course of 2013, the terms of reference remained unchanged. The composition of the Audit Committee was reviewed following the non-renewal of the mandate of Shaoliang Jin, the departure of Bridget McIntyre and the nomination of new board members at the Ordinary and Extra-Ordinary General meetings.

The Audit Committee consisted of the following members: Jan Zegering Hadders (Chairman), Lionel Perl, Jane Murphy and Richard Jackson. Sufficient experience and skills with regard to audit and accounting are available among the members of the Audit Committee based upon their past and current positions. The committee met on five occasions in 2013 next to the joint meeting with the Risk and Capital Committee. Attendance details can be found in section 3.7 Board of Directors. The meetings were attended by the CEO, the CFO, the CRO, the internal auditor and the external auditor. The following matters were considered:

- monitoring the integrity of quarterly, half-yearly and annual consolidated financial statements, including disclosures, consistent application of the valuation and accounting principles, consolidation scope, quality of the closing process and significant issues brought to the floor by the CFO or the external auditors;
- monitoring the findings and the recommendations of the external auditor. This included the review of the external audit plan and reporting by the auditor;
- reviewing the disclosures regarding business risks, risk management and internal control, and the Audit Committee's activities in the Ageas Consolidated financial statements.

The Chairman of the Audit Committee reported on the outcome of the deliberations to the Board of Directors after each meeting and presented the recommendations of the Audit Committee to the Board for decision-making.

3.3.7 The Remuneration Committee (RC)

The composition of the Remuneration Committee was reviewed following the non-renewal of the mandate of Frank Arts, the departure of Bridget McIntyre and the nomination of new board members at the Ordinary and Extraordinary General meetings. The Remuneration Committee consisted of of the following members: Roel Nieuwdorp (Chairman), Jane Murphy and Steve Broughton.

The role and responsibilities of the Remuneration Committee are described in detail in the Ageas Corporate Governance Charter. The committee is assisted by Towers Watson, an external professional services company that provides market-related information and advice on commonly applied reward elements, best practice and expected developments. Towers Watson does not provide material compensation or benefits-related services to the Executive Committee of Ageas, or to any other part of the Ageas organisation.

The CEO, the CRO and the Group Human Resources Director attended the meetings, apart from during discussions of issues relating to their own situation.

The committee met on four occasions next to two joint meetings with Corporate Governance Committee in the year under review. Attendance details can be found in section 3.7 Board of Directors.

The matters discussed by the Remuneration Committee in 2013 included:
- the benchmarking of the remuneration of the Executive Management against that of peers, including the key performance indicators used by such peers;
- the Remuneration Policy in general aligned with current market practices;
- disclosure regarding remuneration and activities of the Remuneration Committee in the Ageas Consolidated financial statements;
- the share plan issued in favour of Ageas's senior management.

The joint Remuneration and Corporate Governance Committee discussed and advised on following matters:
- the targets of the Executive Management;
- the short-term incentive (STI) of the Executive Management;
- the long-term incentive (LTI) of the Executive Management;
- the review of the key performance indicators of the Executive Management.

The Chairman of the Remuneration Committee reported on the aforementioned matters to the Board of Directors after each meeting and advised the Board on decision-making when required. Further information on the Remuneration Committee can be found in the Report of the Remuneration Committee (see section 3.9 of this chapter).

3.3.8 The Risk and Capital Committee (RCC)

The role and responsibilities of the RCC are described in detail in the Ageas Corporate Governance Charter. The terms and conditions remained unchanged in 2013. The composition of the RCC was reviewed following the death of Ronny Brückner and the nomination of new board members at the Ordinary and Extraordinary General meetings. At the end of 2013, the RCC consisted of Guy de Selliers de Moranville (Chairman), Lionel Perl and Lucrezia Reichlin. Attendance details can be found in section 3.7 Board of Directors. The committee met on six occasions next to one joint meeting with the Audit Committee in the year under review. The meetings were attended by the CEO, the CFO and the CRO.

The matters discussed in the RCC in 2013 included:
- the monitoring of risk management, based on reports by management;
- the review of the risk policies prepared by management;
- financial issues related to the legacy of the former Fortis;
- the monitoring of the capital allocation and the solvency of the Ageas group.

The Chairman of the RCC reported on the aforementioned matters to the Board of Directors after each meeting and advised the Board on decision-making when required.

During the joint meeting of the Risk & Capital Committee and the Audit Committee, the members discussed the INCA (Internal Control Adequacy) and assessed the Risk management functioning. During that meeting the management was not present.

3.4 Executive management

Ageas's executive management is composed of the CEO, the members of the Group Executive Committee referred to in the Articles of Association and the members of the Group Management Committee referred to in the Corporate Governance Charter. The role of the Group Executive Committee is to manage Ageas in line with the values, strategies, policies, plans and budgets endorsed by the Board.

The function of Chief Operating Officer (COO) was created in 2013. The COO reports to the CEO, leads the heads of the four business segments and is a member of the Group Management Committee.

Group Executive Committee

The Group Executive Committee meets once a week according to a predetermined timetable. Further meetings are held whenever necessary.

The composition of the Group Executive Committee remained unchanged in 2013. At the end of 2013, the Group Executive Committee of Ageas was composed of Bart De Smet (Chief Executive Officer), Christophe Boizard (Chief Financial Officer) and Kurt De Schepper (Chief Risk Officer). The CEO is the only executive member of the Board of Directors.
- Bart De Smet, CEO, is responsible for the Business, Strategy and Business Development, Audit and Communications;
- Christophe Boizard, CFO, is responsible for Finance, Treasury and ALM, Investor Relations and financial issues related to the legacy of the former Fortis;
- Kurt De Schepper, CRO, is responsible for Risk, Compliance, Legal and legal issues related to the legacy of the former Fortis, and Support Functions (Human Resources, IT and Facilities).

At the end of 2013, the Group Management Committee was composed of:
- the three members of the Group Executive Committee;
- Barry Smith, the COO;
- the heads of the four business segments: Steven Braekeveldt, CEO Continental Europe; Antonio Cano, CEO AG Insurance (Belgium); Andy Watson, CEO United Kingdom, and Gary Crist, CEO Asia;
- Emmanuel Van Grimbergen, Group Risk Officer.

3.5 Internal risk management and control systems

The Board is responsible for approving appropriate systems for internal risk management and control and reviewing their implementation. The Ageas internal risk management and control systems are designed to provide the Board and management with a reasonable level of assurance that:
- they are made aware, in a timely manner, of the extent to which the entity is moving toward achievement of the company's strategic, financial and operational objectives while implementing the Ageas strategy;
- the operations are executed efficiently and effectively;
- the financial and non-financial reporting is reliable;
- the company acts in compliance with laws and regulations and with internal policies with respect to the conduct of business;
- the assets are safeguarded and liabilities are identified and managed;
- the entities remain within their risk limits.

3.5.1 Financial reporting cycle

Ageas has designed its financial reporting process to include the following measures of internal control:
- the budget control cycle;
- clear instructions and planning of the reporting process;
- clear processes and accounting policies and manuals;
- validation process for reported budget and actual figures per operating company;
- sign-off of the figures by local management;
- review of figures by the Group Executive Committee, the Group Management Committee, the Audit Committee and the Board;
- quarterly review and annual audit of the figures by the external auditor.

3.5.2 Budget process

The budget is the basis of the financial reporting cycle. The budget process is coordinated by Corporate Performance Management and starts in August with a budget instruction and target setting. The instruction is approved by the Group Executive Committee upon the proposal of the Group CFO. After this approval the budget instruction is sent to the local CFOs.

During the preparation of the budgets, Corporate Performance Management, the Group CFO and the management of the local entities meet for preliminary discussions on the future strategy and economic circumstances to be taken into account when drawing up the specific budget.

After the budgets are submitted, Group Finance executes a validation check on them. The outcome of the validation check, including any issue that comes to light, is discussed with local management.

Once the budget process is finalised by Corporate Performance Management, the budget per segment (Belgium, UK, Asia, Continental Europe and the General Account) and the consolidated budget, including a written explanation of the assumptions used, is sent to the Group Management Committee for advice. After the Group Executive Committee has, based on the advice of the Group Management Committee, approved the budget, the budget is sent to the Board of Ageas for final approval.

3.5.3 Closings for actual figures

Ageas reports its actual figures as it draws up its budget, in accordance with International Financial Reporting Standards (IFRS). Internal reporting takes place monthly, external reporting quarterly and at year-end. In the case of a closing period, the consolidation is updated by Group Finance (consolidation department). Beside the local entities, Group Finance also contacts non-financial departments (like Risk, Legal, Tax, Accounting Policies, Company Secretary, Pension Office and Human Resources) to inform them of the type of information or input that is expected from them (and at what time) for the closing of the accounts.

After the delivery of the figures, business meetings take place between Group Finance, Group CFO, Corporate Performance Management and local management in which local management presents the results seen from a business perspective as well as the expectations for the full year. Each CFO of a reporting entity has to provide the Group CFO with a written statement confirming that the reported figures are correct.

Group Finance is responsible for the preparation of the interim and annual financial statements and the internal management report on the figures. Group Finance includes the information received from the non-financial departments in the documents and verifies that all notes to the statements contain the correct figures. It also makes cross checks to ensure that the figures for any item mentioned in different notes are always the same. Besides this, Group Finance analyses and explains the movements of the figures in the statements. These explanations are included in an issue log.

The interim and annual reports are reviewed and audited by the external auditors. Issues are discussed with the auditors. Once the closing process is finalised by Group Finance, the consolidated reports are sent to the Group Management Committee. The Group Management Committee discusses the reports and gives its advice to the Group Executive Committee, which gives its approval. Once the statements are finalised, the auditors give Ageas written approval to include their opinion in the documents.

Once this approval is received, all statements to be published as well as the Board presentation and closing memorandum are sent to the Board of Ageas for approval. In addition, the external auditor prepares a presentation for the Board and the letter to the Board. The letter includes elements that the auditor feels it has to report to the Board in its capacity as external auditor. All information is first reviewed by and discussed with the Audit Committee (as part of the Board). The Audit Committee then reports on this at the Board meeting.

On the day of publication, the interim or annual reports and the press release are sent by Group Finance to the regulatory authorities (FSMA and NBB) in accordance with the regulatory disclosure requirements.

3.5.4 Assurance

Even a sound system of internal risk management and control cannot eliminate in full the possibility of poor judgment in decision-making, control processes being deliberately circumvented by employees and others, management overriding controls, and the occurrence of unforeseeable circumstances. The internal risk management and control systems are intended to provide reasonable, but not absolute, assurance that the company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business, by circumstances which may reasonably be foreseen, and that the financial statements are free of material misstatement.

The Board has evaluated the risk profile of Ageas as well as the design and operating effectiveness of the Ageas internal risk management and control systems. It has also considered the effectiveness of remedial actions taken. Please refer to note 7 Risk Management, note 21 Call option BNP Paribas shares, note 30 RPN(I), note 51 Contingent liabilities and note 53 Events after the date of the statement of financial position for further information on respectively (i) the principal risks applicable to Ageas, (ii) the call option on the BNP Paribas shares, (iii) RPN(I) and (iv) the contingent liabilities.

The Board considers that to the best of its knowledge, the internal risk management and control systems relating to financial reporting risks worked properly in the year under review and provide reasonable assurance that the Ageas Consolidated financial statements 2013 do not contain any errors of material importance.

This statement cannot be construed as a statement in accordance with the requirements of Section 404 of the US Sarbanes-Oxley Act, which is not applicable to Ageas.

The Board will continue its commitment to further strengthen the Ageas internal risk management and control systems.

3.6 Corporate Governance references

Since 7 August 2012, only Belgian governance codes apply to Ageas. The reference codes are available on the Ageas website: http://www.ageas.com/en/about-us/corporate-governance

The Belgian Corporate Governance Code published on 12 March 2009 (the 2009 Code) redrafted the Corporate Governance Code of 2004. It applies to all companies incorporated under Belgian law, the shares of which are traded in a regulated market. The Code uses the ‘comply or explain’ concept, which means that if a company chooses to deviate from any of the Code’s principles, it must explain its reasons for doing so in the Corporate Governance section of its annual report. The Corporate Governance Act of 6 April 2010, which reinforces corporate governance at listed companies and autonomous state enterprises, came into force on 23 April 2010. This requires the creation of a Remuneration Committee within the Board of Directors and lays down rules for the remuneration of top management of listed companies. The Act has two important consequences, it provides a legal basis for the ‘comply or explain’ principle of the Corporate Governance Code and incorporates some of the provisions of the Corporate Governance Code.

There are no aspects of corporate governance at Ageas that require additional explanation in the light of the Belgian codes (the Belgian Corporate Governance Code).

3.7 Board of directors

Jozef
De Mey

Guy de Selliers
de Moranville

Lucrezia
Reichlin

Roel
Nieuwdorp

Steve
Broughton

Bart
De Smet

Jane
Murphy

Jan
Zegering Hadders

Lionel
Perl

Richard
Jackson

Jozef De Mey

(1943 – Belgian – Non-executive - Male)

On 31 December 2013, Chairman of the Board of Directors and Chairman of the Corporate Governance Committee.

First appointed	:	2009.
Term runs until	:	Annual General Meeting of Shareholders in 2015.
Other positions within Ageas at the end of 2013	:	Chairman of the Board of Directors of Ageas Insurance International N.V. (NL), of AG Insurance SA/NV (BE), of Ageas Asia Holdings Ltd. (Bermuda), Credimo N.V. (BE). Non-executive Board Member of Muang Thai Group Holding Company, Ltd. (Thailand), of Muang Thai Life Assurance Public Company, Ltd. (Thailand), of Bright Victory International Ltd. (British Virgin Islands) and of Credimo Holding N.V. (BE). See note 1 Legal structure, note 5 Non-controlling interests and note 19 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	None.
Other positions held	:	Member of the Board of Directors Flemish-Chinese Chamber of Commerce Address : Voldersstraat 5, 9000 Ghent, Belgium Sector : Promotion of economic relations with China Chairman of the Board of Directors of DTH Partners LLC Addresse : 20 Exchange Place, Suite 001,New York, NY 10005, USA Sector : Real estate Member of the Board of Directors De Eik NV Address : Eikelenbergstraat 20, 1700 Dilbeek, Belgium Sector : Family holding Member of the Board of Directors Ghent Festival of Flanders Address : Kleine Gentsstraat 46, 9051 Ghent, Belgium Sector : Culture

Guy de Selliers de Moranville

(1952 – Belgian – Independent - Male)

On 31 December 2013, Vice Chairman of the Board of Directors, Member of the Corporate Governance Committee and Chairman of the Risk and Capital Committee.

First appointed	:	2009.
Term runs until	:	Annual General Meeting of Shareholders in 2015.
Other positions within Ageas at the end of 2013	:	Chairman of the Board of Directors of Ageas UK Ltd. (UK), non-executive Board Member of Ageas Insurance International N.V.(NL) See note 1 Legal structure, note 5 Non-controlling interests and note 19 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	Member of the Board of Directors, Audit Committee and Finance Committee of Solvay Address : Rue de Ransbeek 310, 1120 Brussels, Belgium Sector : Chemical company Member of the Supervisory Board and Chairman of the Risk Committee of Advanced Metal Group Address : Toren C, 13th floor, Strawinskylaan 1343, 1077 XX Amsterdam, the Netherlands Sector : Specialty metals and engineering Member of the Board of Directors of Ivanhoe Address : 654 – 999 Canada Place, Vancouver, Canada Sector : Mining company
Other positions held	:	Member of the Advisory Board of Pamplona LP Address : 17 Cavendish Square, W1G 0PH London, UK Sector : Private Equity Chairman of the Board of Trustees of Renewable Energy Foundation. Address : 57-58 Russell Square, WC1B 4HS London, UK Sector : Think tank on renewable energy Member of the Board of Directors and Chairman of the Corporate Governance Committee of I-Pulse Inc. Address : Beach Road 150 #25-003, The Gateway West, Singapore, 189720, Singapore Sector : High technology Member of the Board of Directors of Wessex Grain Limited Address : Henstridge Trading Estate, Templecombe, BA8 OTN Somerset, UK Sector : Wholesale of grains, unmanufactured tobacco, seeds and animal feeds Chairman of the Board of Trustees of Drive Forward Address : 4-8 Ludgate Circus, EC4M 7LF London, UK Sector : Charity – disadvantaged children President & Co-Founder of HCF International Advisers Limited Address : 9th floor, Portland House, Bressenden Place, SW1E 5BH London, UK Sector : Corporate finance advisor

Bart De Smet

(1957 – Belgian – Executive - Male)
On 31 December 2013, Chief Executive Officer.

First appointed	:	2009.
Term runs until	:	Annual General Meeting of Shareholders in 2017.
Other positions within Ageas at the end of 2013	:	Executive Board Member of Ageas Insurance International N.V. (NL), non-executive Board Member of AG Insurance SA/NV (BE), Ageas UK ltd. (UK), Taiping Life (China), Maybank Ageas Berhad Holding (Malaysia), IDBI Federal (India) and, Credimo NV (BE). See note 1 Legal structure, note 5 Non-controlling interests and note 19 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	None.
Other positions held	:	Chairman of Assuralia (until 02/2014), Address : Sq. de Meeus 29, 1000 Brussels, Belgium Sector : Insurance Federation Non-executive Board Member of VOKA VZW Address : Brouwersvliet 54, 2000 Antwerp, Belgium Sector : Flemish employers' organization Non-executive Board Member of Group Eurasca N.V Address : Gemeenteplein 12, 1730 Asse, Belgium Sector : Financial services Non-executive Board Member of Partners In Insurance N.V. Address : Weverstraat 6-10, 1730 Asse, Belgium Sector : Financial services Non-executive Board Member of Toemeka VZW Address : Waversebaan 352 2, 3001 Leuven, Belgium Sector : Social Non-executive Board Member of OUD-Heverlee Leuven Address : Kardinaal Mercierlaan 46, 3001 Leuven, Belgium Sector : Sport

Roel Nieuwdorp

(1943 – Dutch – Independent - Male)
On 31 December 2013, Member of the Board of Directors, Chairman of the Remuneration Committee and Member of the Corporate Governance Committee.

First appointed	:	2009.
Term runs until	:	Annual General Meeting of Shareholders in 2014.
Other positions within Ageas at the end of 2013	:	Non-executive Board Member of Ageas France S.A. (FR) and Ageas Insurance International N.V. (NL). See note 1 Legal structure, note 5 Non-controlling interests and note 19 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	None.
Other positions held	:	Professor of Company Law at the University of Antwerp Address : Prinsstraat 13, 2000 Antwerpen, Belgium Sector : University Education Board Member of Groep T (Internationale Hogeschool Leuven) Address : Campus Vesalius, Andreas Vesalius straat, 3000 Leuven, Belgium Sector : Education Board Member Koninklijke Hogeschool Leuven Address : Hertogstraat 178, 3001 Heverlee, Belgium Sector : Education Board Member Katholieke Hogeschool Limburg Address : Campus Diepenbeek, Agoralaan, B1, 3590 Diepenbeek, Belgium Sector : Education Board Member Uitgeverij Borgerhoff & Lamberights Address : Korianderstraat 2k, 9000 Gent, Belgium Sector : Publishing sector Practicing attorney at AMBOS NGBO Address : Neerveldstraat 109, 1200 Brussels, Belgium Sector : Lawfirm

Lionel Perl

(1948 – Belgian – Independent - Male)

On 31 December 2013, Member of the Board of Directors, Member of the Audit Committee and the Risk and Capital Committee.

First appointed	:	2009.
Term runs until	:	Annual General Meeting of Shareholders in 2015.
Other positions within Ageas at the end of 2013	:	Non-executive Board Member of AG Insurance SA/NV (BE) and Ageas Insurance International N.V. (NL), Member of the Audit & Risk Committee and of the Nomination & Remuneration Committee of AG Insurance SA/NV (BE). See note 1 Legal structure, note 5 Non-controlling interests and note 19 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	None.
Other positions held	:	Managing Director at Fenway Group SA Address : Vallée du Hain 22, 1440 Wauthier Braine, Belgium Sector : Holding and Management company Managing Director at Finance and Communication NV Address : Eikenlaan 25, 1640 Sint-Genesius-Rode, Belgium Sector : Holding and Management company

Jan Zegering Hadders

(1946 – Dutch – Independent - Male)

On 31 December 2013, Member of the Board of Directors, Chairman of the Audit Committee and Member of the Corporate Governance Committee.

First appointed	:	2009.
Term runs until	:	Annual General Meeting of Shareholders in 2015.
Other positions within Ageas at the end of 2013	:	Non-executive Board Member of Ageas UK Ltd. (UK), Ageas Insurance International N.V. (NL) and Member of the Audit Committee of Ageas UK Ltd. (UK). See note 1 Legal structure, note 5 Non-controlling interests and note 19 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	None.
Other positions held	:	Member of the Supervisory Board, Chairman of the Audit Committee of GE Artesia Bank Address : Herengracht 539-543, 1017 BW Amsterdam, the Netherlands Sector : Banking business Member and Vice Chairman of the Bussum Municipal Council Address : Brinklaan 35, 1404 EP Bussum, the Netherlands Sector : Governmental Chairman Foundation New Holland Address : Piet Heinlaan 33, 2341 SH Oegstgeest, the Netherlands Sector : Improving quality coastal zone Scheveningen-Hoek van Holland Chairman Stichting Beheer Derdengelden Ai2 Address : Postbus 101, 2420 AC Nieuwkoop, the Netherlands Sector : Money transfer floricultural wholesale business

Steve Broughton

(1947 – British – Independent - Male)
On 31 December 2013, Member of the Board of Directors, Member of the Risk & Capital Committee and Member of the Remuneration Committee.

First appointed	:	2013.
Term runs until	:	Annual General Meeting of Shareholders in 2016.
Other positions within Ageas at the end of 2013	:	Non-executive Board Member of Ageas UK Ltd. (UK), Ageas Insurance International N.V. (NL) and Tesco Underwriting Ltd. (UK). See note 1 Legal structure, note 5 Non-controlling interests and note 19 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	Member of Strategy and Integration Advisory Board Quindell Plc Address : Quindell Court 1, Barnes Wallis Road, Segensworth East, PO15 5UA Fareham, UK Sector : Software, consultancy and technology
Other positions held	:	Chairman Ingenie Limited, Chairman Ingenie Services Limited, Chairman Ingenie Software Limited, Address : 310 Harbour Yard, Chelsea Harbour, SW10 0XD London, UK Sector : Telematics and Motor Insurance
		President and Chairman Ingenie (Canada) Inc. Address : 35 The Esplanade, Suite 250, Toronto, Ontario, M5E 1Z4 Canada
		Ingenie USA Inc. Address : 1209 Orange Street, Wilmington, Newcastle 19801, Delaware, USA Sector : Telematics and Motor Insurance
		Director Bro10 Limited Address : Bedarra, Alcocks Lane, Kingswood, KT20 6BB Surrey, UK Sector : Consultancy (Family business)

Jane Murphy

(1967 – Belgian – Independent - Female)
On 31 December 2013, Member of the Board of Directors, Member of the Audit Committee and Member of the Remuneration Committee.

First appointed	:	2013.
Term runs until	:	Annual General Meeting of Shareholders in 2016.
Other positions within Ageas at the end of 2013	:	Non-executive Board Member of Ageas Insurance International N.V. (NL)
Positions held with other listed companies	:	Non-executive Board Member of Elia System Operator SA and Member of the Corporate Governance Committee and Non-executive (independent) Board Member of Elia Asset SA Address : Boulevard de l'Empereur 20, 1000 Brussels, Belgium Sector : Electric power transmission system operator of Belgium / Owner of the assets of the electric power transmission system in Belgium
Other positions held	:	Counsel (Corporate Lawyer) with Law Square Address : Woluwedal 20, 1932 Sint-Stevens-Woluwe, Belgium Sector : Law firm
		Board Member and Vice-President of the Canada-Belgium-Luxembourg Chamber of Commerce Address : Avenue Louise 500, 1050 Brussels, Belgium Sector : Non-profit organisation

Lucrezia Reichlin

(1954 – Italian – Independent - Female)
On 31 December 2013, Member of the Board of Directors, Member of the Risk & Capital Committee

First appointed	:	2013.
Term runs until	:	Annual General Meeting of Shareholders in 2016.
Other positions within Ageas at the end of 2013	:	Non-executive Board Member of Ageas Insurance International N.V. (NL)
Positions held with other listed companies	:	None
Other positions held	:	Professor of economics, London Business School and chair of the economic department, Address : Regent's Park, NW1 4SA London, UK Sector : University Education

Co-founder and director Now-Casting Economics limited,
Address : Somerset House, Strand, WC2R 1LA London, UK
Sector : Financial services

Non-executive director, Messaggerie Italiane Group,
Address : Corso Sempione, 4, 20154 Milan, Italy
Sector : Publishing sector

Chair of Scientific Council, Bruegel,
Address : Brussels, Rue de la Charité 33, 1210 Brussels, Belgium
Sector : Research

Board Member, the International Center for Monetary and Banking Studies (ICMB),
Address : Avenue de la Paix 11a, 1202 Geneva, Switzerland
Sector : Research

Member executive and supervisory committee, Center for Economic Research & Graduate Education - Economics AddressInstitute (CERGE-EI), Prague, Czech Republic
Sector : Research

Member advisory board, Center for applied financial economics, University of Southern California
Address : 3620 S. Vermont Avenue, KAP 324B, Los Angeles, CA 90089-0253 USA
Sector : Research / Education

Member of the Council, Royal Economic Society, School of Economics and Finance, University of St. Andrews,
Address : St. Andrews, KY16 9AL Fife, UK
Sector : : University Education

Member of the Board, Centro de Estudios Monetarios y Financieros, (CEMFI), Bank of Spain,
Address : Calle Casado del Alisal 5, 28014 Madrid, Spain
Sector : Research

Member of the Scientific Advisory Board of the Centre de Recerca en Economia Internacional (CREI), Universitat Pompeu Fabra
Address : Ramon Trias Fargas 25-27, 08005 Barcelona, Spain
Sector : Research

Member, Conseil Scientifique, CREST, Paris (FR)
Address : 15 Boulevard Gabriel Peri Malakoff Cedex 1, 92245, France
Sector : Research

Member of the Advisory Board of the Centre for International Macroeconomics and Finance of the University of Cambridge,
Address : Austin Robinson Building, Sidgwick Avenue, CB3 9DD Cambridge, UK
Sector : Eductation

Richard Jackson

(1956 – British – Independent - Male)
On 31 December 2013, Member of the Board of Directors, Member of the Audit Committee.

First appointed	:	2013.
Term runs until	:	Annual General Meeting of Shareholders in 2016.
Other positions within Ageas at the end of 2013	:	Non-executive Board Member of Ageas Insurance International N.V. (NL)
Positions held with other listed companies	:	Non-Executive Director at Oracle Financial Services Software, listed on Mumbai Stock Exchange Address : Oracle Park, Goregaon, Mumbai, 400063, India Sector : Financial Services software Senior Advisor Ping An Insurance Group Company of China Ltd., China Address : Galaxy Center, Fuhua Road, Shenzhen, 518048, PRC Sector : Insurance
Other positions held	:	Director - Novoview Ltd. (UK) Address : West Street, Reigate, RH2 9DB Surrey, UK Sector : Property investment company

Company Secretary

Valerie Van Zeveren.

Attendance at Board and Committee meetings

Attendance at the meetings of the Board, Audit Committee, Risk and Capital Committee and Corporate Governance Committee was as follows (it should be noted that the new members of the Board only started to attend meetings after their appointment as a Board Member):

	Board meetings		Audit Committee meetings		Corporate Governance Committee meetings		Remuneration Committee meetings		Risk & Capital Committee meetings	
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Jozef De Mey	11	11			10	10	6	1 [1)]	7	2 [1)]
Guy de Selliers de Moranville	11	11			10	9			7	7
Lionel Perl	11	11	6	5					7	7
Jan Zegering Hadders	11	10	6	6	10	10				
Roel Nieuwdorp	11	11			10	8	6	6		
Bart de Smet	11	11								
New members during the year										
Jane Murphy	11	8	6	4			6	3		
Steve Broughton	11	7					6	3	7	4
Lucrezia Reichlin	11	3							7	3
Richard Jackson	11	3	6	2						
Members left during the year										
Ronny Brückner	11	5							7	3
Frank Arts	11	3					6	3		
Bridget McIntyre	11	2	6	1			6	2		
Shaoliang Jin	11	1	6	1						

1) *Jozef De Mey attended these meetings as invitee.*
*** including the joint meeting RCC / AC*
**** including the joint meetings RC / CGC*

3.8 Group Executive Committee

Left: Christophe Boizard, CFO
Middle: Bart De Smet, CEO
Right: Kurt De Schepper, CRO

On 31 December 2013, the Ageas Group Executive Committee consisted of:

- Bart De Smet, CEO,
- Christophe Boizard, CFO, and
- Kurt De Schepper, CRO.

Bart De Smet

(1957 – Belgian - Male)
Chief Executive Officer, responsible for the Business, Strategy and Business Development, Audit and Communications.

Member of the Board of Directors.
Other details: see 3.7 Board of Directors.

Christophe Boizard

(1959 – French - Male)
Chief Financial Officer, responsible for Finance, Treasury and ALM, Investor Relations and Performance Management.

Positions held with Other listed companies	: None
Other positions held:	: Vice-Chairman of Ageas Asia Holdings Ltd. and Ageas Insurance Company (Asia) Ltd., Member of the Board of Directors of Royal Park Investments SA/NV, Ageas Finance N.V., AG Real Estate SA/NV, Cardiff Lux Vie SA. See note 1 Legal structure, note 5 Non-controlling interests and note 19 Investments in associates for information on the participation interest in these entities.

Kurt De Schepper

(1956 – Belgian - Male)
Chief Risk Officer, responsible for Risk, Compliance, Legal and Support Functions (Human Resources, IT and Facility).

Positions held with Other listed companies	: None
Other positions held	: Chairman of the Board of Directors of Ageas B.V., Chairman of the Board of Directors of Millenniumbcp Ageas, Occidental Vida, Occidental Seguros and Pensoesgere, Member of the Board of Directors of AG Real Estate SA/NV. See note 1 Legal structure, note 5 Non-controlling interests and note 19 Investments in associates for information on the participation interest in these entities.

3.9 Report of the Remuneration Committee

In accordance with the Belgian Corporate Governance Act of 6 April 2010 on the reinforcement of corporate governance in listed companies, Ageas's Remuneration Committee has drawn up a report. Ageas will submit this report for approval to the General Meeting of Shareholders on April 30th 2014. The chairman of the Remuneration Committee will give a commentary on this report. On 24 April 2013, the 2012 report was approved by more than 98% of the votes.

3.9.1 Activity report of the Remuneration Committee

Two new members of the Remuneration committee were appointed in 2013, Jane Murphy (non–executive, independent) and Steve Broughton (non-executive, independent), this was in succession of Frank Arts and Bridget McIntyre who resigned from their positions at Ageas, including their position as member of the Remuneration Committee.

The Remuneration Committee thus consists of the following three members: Roel Nieuwdorp (Chairman), Jane Murphy and Steve Broughton. The CEO, the CRO, in his capacity as ultimate head of HR, and the HR Director, attended the meetings of the Remuneration Committee, with the exception of discussions of issues relating to their own situation.

The Remuneration Committee convened six times in 2013. Please refer to section 3.7 Board of Directors for information on the attendance of the members of the Remuneration Committee.

The Remuneration Policy was determined earlier by the Board and approved by the General Meetings of Shareholders in 2010 and continues to be under regular review to align it with prevailing market practices and changes in regulations and legislation (Belgian Corporate Governance Act, Capital Requirements Directive III (CRD III) and Solvency II).

During its meetings, the Remuneration Committee furthermore systematically assessed each component (base salary, short-term incentive and long-term incentive) for compliance with new regulations, competitive position and the objectives and risk profile of the company.

The Remuneration Committee thus discussed and submitted recommendations to the Board of Directors on:

- the Remuneration Policy in general aligned with the current market practices;
- the disclosure of the remuneration of Board and Executive Committee Members in the Notes to the Annual Report;
- the report of the Remuneration Committee as included in the Corporate Governance Statement;
- the short-term incentive (STI) and the long-term incentive (LTI) methodology for members of the Management Committee;
- the analysis, including sensitivity analysis and benchmarking of key performance indicators (KPI);
- the individual STI and LTI of the members of the Management Committee;
- the share plan in favour of senior management excluding Members of the Ageas Management Committee;
- the benchmarking of the remuneration of the members of the Management Committee against current market practices;
- the specific KPI for the Group Risk Officer;
- the Ageas Remuneration Policy applicable to all employees of Ageas or serving as guidance for all Ageas entities.

Based on external benchmarking, the self-assessment process of the Board of Directors and taking into account that the remuneration of the Board of Directors was determined in 2010 and remained unchanged since then. The Remuneration Committee made amongst others the following recommendation to the Board on 19 February 2013 concerning the remuneration of the Board Members:

- to increase the fixed fee for the Chairman of the Board from EUR 60,000 to EUR 90,000 as of 1 January 2013 and to keep the attendance fees unchanged;
- to keep the fixed fee for Board Members unchanged at EUR 45,000 and also keep the attendance fees unchanged.

These recommendations were accepted by the Board, presented to the General Meeting of Shareholders on 24 April, 2013 and approved with more than 99% of the votes and were applied as of 1 January 2013.

The Ageas Corporate Governance Charter provides that the Remuneration Committee recommends on remuneration and incentive systems. As explained in the Corporate Governance Charter, the Corporate Governance Committee and the Remuneration Committee convene a joint meeting at which they make recommendations on targets and ultimate results in accordance with the above systems.

The following KPI's, unchanged compared to previous years, were taken into account to determine the STI for Executive Management:

- annual (total) net profit of Ageas;
- normalised net return insurance activities in relation to risk adjusted capital (NRRAC);
- cost ratio of the Life Insurance activity;
- combined ratio of the Non-life activity, and
- embedded value.

The Remuneration Committee jointly with the Corporate Governance Committee made the following evaluation and recommendation as to the evolution of these KPI's:

- based on a validity check of the use of above KPI's over the years 2010, 2011 and 2012, it can be concluded that the total result of these KPI's proves to be an adequate translation of the global results of the company and as such align variable reward of management with shareholder value creation.
- in order to create a better alignment with the strategic targets as set in Vision 2015 and to increase the transparency (in calculation, in alignment with published data), the joint Remuneration and Corporate Governance Committee recommend to replace the NRRAC – KPI by the Return on Equity (ROE) of the insurance activities as of the targets for the financial year 2014. The other KPI's remain unchanged.

Subject to approval and validation of this Report of the Remuneration Committee by the General Meeting of shareholders, the results of the following KPI's will be used to determine the STI for Executive management as from 2014: annual (total) net profit of Ageas, ROE of the insurance activities, cost ratio of the Life Insurance activity, combined ratio of the Non-life activity and embedded value.

3.9.2 Key objectives

The Remuneration Committee's three key objectives remained unchanged: to provide full transparency, to guarantee compliance with existing and upcoming Belgian legislation and to be market compliant.

Transparency

In 2010 and 2011, the Board of Directors submitted for approval to the shareholders both the Remuneration Policy (for the Board and the Executive Committee as recommended by the Remuneration Committee) and the remuneration levels of the Board. The Board of Directors will continue to submit any update or modification to these to the shareholders for approval. Since then, the annual report of the Remuneration Committee provides insight in the work of the Remuneration Committee and the proposed evolutions, if any.

Compliance with new legislation

Ageas is closely monitoring existing and upcoming legislation trying to anticipate changes to the extent possible when appropriate.

Market compliance

The remuneration of both the Board of Directors and the Executive Committee is intended:

- to ensure the organisation's continued ability to attract, motivate and retain executive talent in an international marketplace;
- to promote achievement of demanding performance targets and long-term sustainable growth in order to align the interests of executives and shareholders in the short, medium and long term;
- to stimulate, recognise and reward both strong individual contribution and solid team performance.

3.9.3 Procedure followed to develop and assess/review Remuneration Policy

Upon its appointment in April 2009, the Remuneration Committee started working on a completely new Remuneration Policy. The Remuneration Committee decided to revise the remuneration of both non-executive Board Members and Executive Management. In this exercise, finalised in 2010, but under permanent scrutiny, the Remuneration Committee was assisted by Towers Watson. The Remuneration Policy has also been checked from a legal perspective by a well- established international law firm. An update on the clarification that financially compensated non-competition provisions, if any, are to be taken into account for purposes of the calculation of the maximum severance pay, was approved in 2011. The Remuneration Committee reassesses the compliance of Remuneration Policy with existing legislation and regulation on a regular basis, assisted by external advisors.

The remuneration of the non-executive members of the Board of Directors

In 2010, the Remuneration Policy and the remuneration levels of the non-executive members of the Board were approved by a vast majority of the shareholders. The remuneration levels of the non-executive Board Members are analysed on an annual basis. The conclusion of this review, which was discussed in the first meeting of the Remuneration Committee in 2013, was approved at the General Meeting of Shareholders in April 2013.

The remuneration of the Executive Management

Both the levels and the structure of remuneration for Ageas Executive Committee Members are analysed annually. At the initiative of the Remuneration Committee, Ageas's competitive position is regularly reviewed by, and discussed with, Towers Watson and compared with that of other major European-based international insurance firms and other organisations operating on an international basis.

Based on the assessment of the competitive positioning of the remuneration of the Executive management in the second half of 2012, the Remuneration Committee recommended to the Board of Directors an increase in the base compensation of the CEO as of 1 January 2013. The Remuneration Committee also recommended an increase in the base compensation of the CRO as of 1 January 2013. This was approved by the General Meeting of shareholders of 2013 with the approval of the 2012 report of the Remuneration Committee.

It remains the opinion of the Remuneration Committee that the policy, as approved by the General Meetings of Shareholders in 2010 and reconfirmed in 2011, has been established in the spirit of the present standards with a deferral of the LTI and parts of the STI, and assessment of the performance during the period of deferral, and as such fits in with the current situation of the company.

3.9.4 The Remuneration Policy

The full Remuneration Policy for Ageas Board Members and Group Executive Committee Members, as approved by the General Meeting of Shareholders in April 2010 and reconfirmed by the shareholders in 2013, is attached to the Corporate Governance Charter (see annex 4 of the Corporate Governance Charter). The Remuneration Policy can be found on: http://www.ageas.com/en/about-us/remuneration.

This policy describes the principles underlying remuneration, the relative importance of the various components of remuneration and the features of equity-linked remuneration and the applicable claw-back.

3.9.5 Implementation of Remuneration Policy in 2013

Board of Directors

In April 2013, the General Meetings of Shareholders approved the Remuneration Policy and a proposal as to the remuneration levels of the non-executive Board Members, with effect from 1 January 2013. These remuneration levels consist of a fixed annual remuneration on the one hand and an attendance fee on the other hand. The fixed annual remuneration amounts to EUR 90,000 for the Chairman and EUR 45,000 for the other non-executive Board Members. Non-executive Board Members receive an attendance fee of EUR 2,000 per Board Meeting and EUR 1,500 per Board Committee Meeting. For the Chairman of the Board of Directors and the Board Committees, the respective attendance fees are set at EUR 2,500 per Board Meeting and EUR 2,000 per Board Committee Meeting.

Non-executive Board Members do not receive annual incentives or stock options and are not entitled to pension rights. Non-executive Board Members are not entitled to any termination indemnity.

The remuneration of the Executive Board Member (the CEO) is related exclusively to his position as CEO and is therefore determined in line with the Remuneration Policy for Executive Committee Members.

In the framework of good corporate governance, to avoid cascading of the decision process and to increase knowledge and awareness of the issues in the most important operating companies, the Board of Directors decided to delegate most of its non-executive members to the Board of Directors of some of the Ageas subsidiaries. To the extent that these positions are remunerated, the amounts paid out are disclosed in note 11 Remuneration of Board of Directors Members and Executive Committee Members.

In accordance with the Remuneration Policy and the remuneration levels described above, the total remuneration of all non-executive directors amounted to EUR 1.23 million in 2013, compared to EUR 1.22 million in 2012. For more detailed information, please refer to note 11 Remuneration of Board of Directors Members and Executive Committee Members in the Ageas Consolidated financial statements.

Executive Committee

In 2013, the composition of the Executive Committee remained unchanged. At the end of 2013, the Executive Committee consisted of CEO Bart De Smet, the only executive member of the Board of Directors, CFO Christophe Boizard, and CRO Kurt De Schepper. The Remuneration Policy as described above applies to the members of the Executive Committee, and includes, but is not limited to, the rules on variable remuneration, severance pay and claw-back. In 2013, the total remuneration of the Executive Committee amounted to EUR 3,773,708 compared to EUR 3,806,023 in 2012.

For each member of the Executive Committee, severance pay equal to 12 months' salary, which can in specific circumstances be increased to 18 months, is provided for. Including the non-competition provision, maximum severance pay can, however, never exceed 18 months' salary.

For more detailed information on individual remuneration and the number of granted, exercised and matured shares, share options and other rights to acquire shares, please refer to note 11 Remuneration of Board of Directors Members and Executive Committee Members in the Ageas Consolidated financial statements.

As foreseen by the Remuneration Policy, the Executive Committee Members are entitled to a short-term and a long-term incentive regarding their performance over the year 2013:

- long-term incentive: the total shareholders return (TSR) of the Ageas shares amounted to 50.6% in 2013, which was the seventh position in its peer group. The Remuneration Committee, jointly with the Corporate Governance Committee, thus recommended an LTI corresponding to 125% of the target (target 45% of base compensation, range of 0-90% of base compensation);
- short-term incentive: two components, the Ageas component accounting for 70% and the individual component accounting for 30%, are taken into account in the calculation of the STI. The Remuneration Committee, jointly with the Corporate Governance Committee, recommended that the Board takes the following results into account:
  - Net Profit;
  - Net Return on Risk Adjusted Capital;
  - Cost Ratio Life Insurance;
  - Combined Ratio Non-life;
  - Embedded Value.
- taking into account individual performances, this led to the following STI percentages (target 50% of base compensation, range 0-100% of base compensation):
  - CEO Bart De Smet: 120.2% of target;
  - CFO Christophe Boizard: 111.2% of target;
  - CRO Kurt De Schepper: 112.1% of target.

More detailed information on the Remuneration Policy applicable to the Executive Committee is available in annex 4 of the Corporate Governance Charter: The remuneration for Ageas Board Members and Group Executive Committee Members.

3.9.6 Outlook for Remuneration Policy in 2014

Ageas will continue to benchmark the structure of its Remuneration Policy against the competitive and regulatory environment as it has done in the past and, if required, will propose modifications or updates. Any modifications of the Remuneration Policy will be submitted for approval to the General Meeting of Shareholders.

Brussels, 18 March 2014

Board of Directors

Ageas Consolidated Financial Statements 2013

Consolidated statement of financial position

(before appropriation of profit)

	Note	31 December 2013	31 December 2012	31 December 2011
Assets				
Cash and cash equivalents	15	2,212.6	2,449.9	2,701.5
Financial investments	16	62,556.5	62,571.8	55,231.4
Investment property	17	2,354.5	2,415.5	2,045.7
Loans	18	5,743.4	6,288.4	5,683.4
Investments related to unit-linked contracts		14,097.5	13,683.9	12,771.4
Investments in associates	19	1,438.0	2,123.6	1,959.5
Reinsurance and other receivables	20	2,086.7	1,968.0	4,111.1
Current tax assets	29	76.8	9.4	127.1
Deferred tax assets	29	80.4	171.7	358.8
Call option BNP Paribas shares	21		234.0	395.0
Accrued interest and other assets	22	2,578.4	2,556.4	2,363.3
Property, plant and equipment	23	1,089.3	1,115.0	1,098.3
Goodwill and other intangible assets	24	1,421.5	1,498.1	1,594.3
Assets held for sale				138.5
Total assets		**95,735.6**	**97,085.7**	**90,579.3**
Liabilities				
Liabilities arising from Life insurance contracts	25.1	26,262.7	25,914.3	24,370.4
Liabilities arising from Life investment contracts	25.2	28,792.8	29,100.7	27,201.5
Liabilities related to unit-linked contracts	25.3	14,170.0	13,767.0	12,823.8
Liabilities arising from Non-life insurance contracts	25.4	7,595.2	7,536.3	6,203.9
Debt certificates	26	68.4	186.8	256.7
Subordinated liabilities	27	2,011.8	2,915.5	2,973.6
Borrowings	28	2,363.7	1,968.0	2,277.0
Current tax liabilities	29	71.3	129.1	59.2
Deferred tax liabilities	29	1,124.0	1,410.9	585.0
RPN(I)	30	370.1	165.0	190.0
Accrued interest and other liabilities	31	2,183.8	2,255.1	2,181.4
Provisions	32	45.0	69.1	2,403.4
Liability related to written put option on NCI	33	1,255.0	997.0	655.8
Liabilities related to assets held for sale				110.5
Total liabilities		**86,313.8**	**86,414.8**	**82,292.2**
Shareholders' equity	4	8,525.1	9,799.4	7,682.8
Non-controlling interests	5	896.7	871.5	604.3
Total equity		**9,421.8**	**10,670.9**	**8,287.1**
Total liabilities and equity		**95,735.6**	**97,085.7**	**90,579.3**

As of 2013 a revised IAS 19 'Employee Benefits' has become effective. The most significant change in the revised standard is the immediate recognition in equity of 'unrecognised actuarial gains and losses' as of the effective date, instead of using the so called corridor approach. The comparative figures for 2011 and 2012 have been restated accordingly.

Consolidated income statement

	Note		2013		2012
Income					
- *Gross premium income*		*9,360.5*		*9,947.1*	
- *Change in unearned premiums*		*88.7*		*47.9*	
- *Ceded earned premiums*		*(361.8)*		*(318.4)*	
Net earned premiums	*37*		9,087.4		9,676.6
Interest, dividend and other investment income	*38*		3,015.4		3,055.7
Unrealised gain (loss) on call option BNP Paribas shares	*21*		(90.0)		(161.0)
Unrealised gain (loss) on RPN(I) (incl. settlement of RPN(I)/CASHES)	*30*		(205.1)		(273.1)
Result on sales and revaluations	*39*		211.3		434.3
Investment income related to unit-linked contracts	*40*		978.6		1,954.4
Share of result of associates	*41*		427.0		230.6
Fee and commission income	*42*		387.1		398.5
Other income	*43*		198.3		323.9
Total income			**14,010.0**		**15,639.9**
Expenses					
- *Insurance claims and benefits, gross*		*(8,755.5)*		*(9,605.8)*	
- *Insurance claims and benefits, ceded*		*155.7*		*257.2*	
Insurance claims and benefits, net	*44*		(8,599.8)		(9,348.6)
Charges related to unit-linked contracts			(997.3)		(1,946.8)
Financing costs	*45*		(208.8)		(256.2)
Change in impairments	*46*		(62.6)		(142.6)
Change in provisions	*32*		2.3		(16.6)
- *Impairment claims on ABN AMRO*				(1,962.5)	
- *Release provision MCS conversion and Dutch State issues*				2,362.5	
Total impact settlement ABN AMRO					400.0
Fee and commission expenses	*47*		(1,303.2)		(1,266.9)
Staff expenses	*48*		(832.9)		(794.0)
Other expenses	*49*		(1,014.7)		(1,000.5)
Total expenses			**(13,017.0)**		**(14,372.2)**
Result before taxation			**993.0**		**1,267.7**
Tax income (expenses)	*50*		(246.4)		(338.9)
Net result for the period			**746.6**		**928.8**
Attributable to non-controlling interests			177.1		185.8
Net result attributable to shareholders			**569.5**		**743.0**
Per share data (EUR)					
Basic earnings per share	*6*		2.49		3.13
Diluted earnings per share	*6*		2.49		3.13

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be calculated as below.

	Note	2013	2012
Gross premium income		9,360.5	9,947.1
Inflow deposit accounting (directly recognised as liability)	*37*	1,665.1	1,106.7
Gross inflow		**11,025.6**	**11,053.8**

Consolidated statement of comprehensive income

		2013		2012
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to the income statement:				
Remeasurement of defined benefit liability, gross	*69.4*		*(51.8)*	
Related tax	*(18.5)*		*17.9*	
Remeasurement of defined benefit liability, net	50.9		(33.9)	
Total of Items that will never be reclassified to the income statement		**50.9**		**(33.9)**
Items that are or may be reclassified to the income statement:				
Change in amortisation of investments held to maturity, gross	*34.1*		*28.7*	
Related tax	*(8.7)*		*(7.1)*	
Change in investments held to maturity, net	25.4		21.6	
Change in revaluation of investments available for sale, gross [1]	*(674.0)*		*3,175.0*	
Related tax	*230.0*		*(1,006.7)*	
Change in revaluation of investments available for sale, net	(444.0)		2,168.3	
Share of other comprehensive income of associates, gross	(337.5)		(39.9)	
Related tax				
Share of other comprehensive income of associates, net	(337.5)		(39.9)	
Change in foreign exchange differences, gross	*(178.4)*		*12.3*	
Related tax				
Change in foreign exchange differences, net	(178.4)		12.3	
Total of items that are or may be reclassified to the income statement		**(934.5)**		**2,162.3**
Other comprehensive income for the period		**(883.6)**		**2,128.4**
Net result for the period		746.6		928.8
Total comprehensive income for the period		**(137.0)**		**3,057.2**
Net result attributable to non-controlling interests	177.1		185.8	
Other comprehensive income attributable to non-controlling interests	(36.4)		612.2	
Total comprehensive income attributable to non-controlling interests		**140.7**		**798.0**
Total comprehensive income attributable to shareholders		**(277.7)**		**2,259.2**

1) *The Change in revaluation of investments available for sale, gross includes the revaluation of cash flow hedges and is net of currency differences and shadow accounting.*

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net result attributable to shareholders	Unrealised gains and losses	Share holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2012	**2,203.6**	**2,105.0**	**3,354.3**	**163.4**	**(578.2)**	**512.2**	**7,760.3**	**607.4**	**8,367.7**
Change in accounting policies IAS 19			**(77.5)**				**(77.5)**	**(3.1)**	**(80.6)**
Adjusted Balance at 1 January 2012	**2,203.6**	**2,105.0**	**3,276.8**	**163.4**	**(578.2)**	**512.2**	**7,682.8**	**604.3**	**8,287.1**
Net result for the period					743.0		743.0	185.8	928.8
Revaluation of investments						1,539.7	1,539.7	610.3	2,150.0
Remeasurement IAS 19			(33.0)				(33.0)	(0.9)	(33.9)
Foreign exchange differences				9.5			9.5	2.8	12.3
Total non-owner changes in equity			(33.0)	9.5	743.0	1,539.7	2,259.2	798.0	3,057.2
Transfer			(578.2)		578.2				
Dividend			(188.1)				(188.1)	(7.5)	(195.6)
Treasury shares			(160.1)				(160.1)		(160.1)
Cancellation of shares	(161.4)	(44.5)	205.9						
Share-based compensation		1.0					1.0		1.0
Impact written put option on NCI			207.5				207.5	(548.7)	(341.2)
Reclassified within equity		906.6	(870.2)			(36.4)			
Other changes in equity			(2.9)				(2.9)	25.4	22.5
Balance at 31 December 2012	**2,042.2**	**2,968.1**	**1,857.7**	**172.9**	**743.0**	**2,015.5**	**9,799.4**	**871.5**	**10,670.9**
Net result for the period					569.5		569.5	177.1	746.6
Revaluation of investments						(719.5)	(719.5)	(36.6)	(756.1)
Remeasurement IAS 19			47.9				47.9	3.0	50.9
Foreign exchange differences				(175.6)			(175.6)	(2.8)	(178.4)
Total non-owner changes in equity			47.9	(175.6)	569.5	(719.5)	(277.7)	140.7	(137.0)
Transfer			743.0		(743.0)				
Dividend			(269.8)				(269.8)	(192.5)	(462.3)
Capital refund	(233.5)						(233.5)	(17.6)	(251.1)
Shares not entitled to capital refund			10.9				10.9		10.9
Treasury shares			(148.8)				(148.8)		(148.8)
Cancellation of shares	(80.9)	(116.4)	197.3						
Share-based compensation		2.4					2.4		2.4
Impact written put option on NCI			(357.2)				(357.2)	99.2	(258.0)
Other changes in equity			(0.6)				(0.6)	(4.6)	(5.2)
Balance at 31 December 2013	**1,727.8**	**2,854.1**	**2,080.4**	**(2.7)**	**569.5**	**1,296.0**	**8,525.1**	**896.7**	**9,421.8**

As of 2013, the revised IAS 19 'Employee Benefits' has become effective. The most significant change in the revised standard is the immediate recognition in equity of 'unrecognised actuarial gains and losses' as of the effective date, instead of using the so called corridor approach. The comparative figures for 2012 have been restated accordingly resulting in a negative impact on total equity at 1 January 2012 of EUR 80.6 million and at 1 January 2013 of EUR 115.2 million. The line Remeasurement IAS 19 (EUR 50.6 million) relates in 2013 to changes in the discount rates applied for the calculation of the Defined benefit Obligation.

Changes in equity are described in greater detail in: note 4 Shareholders' equity, note 5 Non-controlling interests and note 33 Liability related to written put option on AG Insurance shares held by BNP Paribas Fortis SA/NV.

Consolidated statement of cash flow

	Note	2013	2013	2012	2012
Cash and cash equivalents as at 1 January	**15**		**2,449.9**		**2,701.5**
Result before taxation			*993.0*		*1,267.7*
Adjustments to non-cash items included in result before taxation:					
Call option BNP Paribas shares	21	90.0		161.0	
RPN(I)	30	205.1		273.1	
Result on sales and revaluations	39	(211.3)		(434.3)	
Share of results in associates	41	(427.0)		(230.6)	
Depreciation, amortisation and accretion	49	793.7		798.7	
Impairments	46	62.6		142.6	
Provisions	32	(2.2)		17.1	
Share-based compensation expense	48	2.4		1.0	
Total adjustments to non-cash items included in result before taxation			*513.3*		*728.6*
Changes in operating assets and liabilities:					
Derivatives held for trading (assets and liabilities)	16	14.2		(33.7)	
Loans	18	711.6		(894.5)	
Reinsurance and other receivables	20	(116.7)		1,955.9	
Investments related to unit-linked contracts		(442.7)		(923.8)	
Borrowings	28	231.9		(364.7)	
Liabilities arising from insurance and investment contracts	25.1 & 25.2	202.1		3,795.3	
Liabilities related to unit-linked contracts	25.3	436.7		1,086.7	
Call Option BNP Paribas shares	21	144.0			
Net changes in all other operational assets and liabilities	24	(255.6)		(4,415.5)	
Dividend received from associates		329.9		13.6	
Income tax paid		(318.0)		(91.6)	
Total changes in operating assets and liabilities			*937.4*		*127.7*
Cash flow from operating activities			**2,443.7**		**2,124.0**
Purchases of financial investments	16	(12,340.4)		(16,258.4)	
Proceeds from sales and redemptions of financial investments		11,157.9		14,668.1	
Purchases of investment property	17	(212.0)		(269.5)	
Proceeds from sales of investment property		116.3		123.6	
Purchases of property, plant and equipment	23	(106.1)		(84.4)	
Proceeds from sales of property, plant and equipment		16.8		0.7	
Acquisitions of subsidiaries and associates (including capital increases in associates)	3	(416.1)		(166.8)	
Divestments of subsidiaries and associates (including capital repayments of associates)	3	855.9		67.6	
Purchases of intangible assets	24	(28.8)		(39.4)	
Proceeds from sales of intangible assets		1.2		0.2	
Cash flow from investing activities			**(955.3)**		**(1,958.3)**
Redemption of debt certificates	8, 26 & 28	(116.5)		(71.0)	
Proceeds from the issuance of subordinated liabilities	27	519.6		8.0	
Redemption of subordinated liabilities		(1,379.5)		(26.1)	
Proceeds from the issuance of other borrowings	28	192.5		43.9	
Payment of other borrowings		(62.3)		(6.2)	
Purchases of treasury shares	4 & 8	(148.8)		(160.1)	
Dividends paid to shareholders of parent companies	8	(272.1)		(194.6)	
Dividends paid to non-controlling interests	8	(192.5)		(7.5)	
Repayment of capital (including minority interests)		(240.2)			
Cash flow from financing activities			**(1,699.8)**		**(413.6)**
Effect of exchange rate differences on cash and cash equivalents			*(25.9)*		*(3.7)*
Cash and cash equivalents as at 31 December	**15**		**2,212.6**		**2,449.9**
Supplementary disclosure of operating cash flow information					
Interest received	38	2,445.7		2,527.8	
Dividend received from financial investments	38	93.6		76.1	
Interest paid	45	(255.2)		(267.7)	

General Notes

1 Legal structure

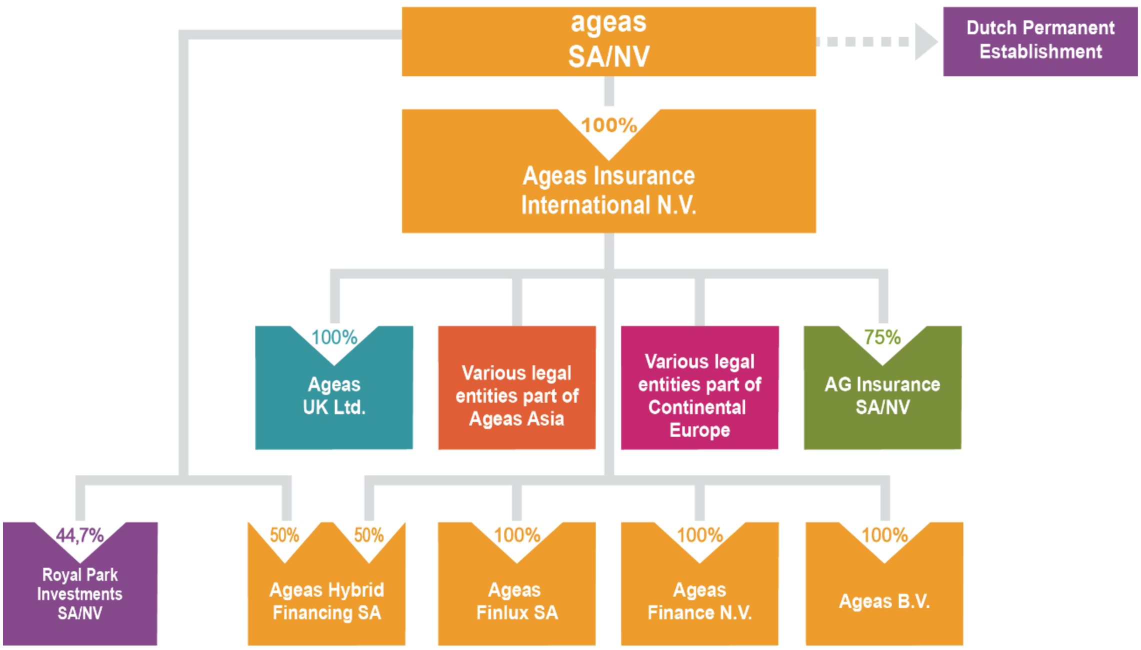
ageas SA/NV, incorporated in Belgium with its registered office at Rue du Marquis 1/Markiesstraat 1, Brussels, Belgium, is the parent company of the Ageas group. The Consolidated financial statements include the summarised Financial statements of ageas SA/NV (the Parent Company) and its subsidiaries.

A list of all group companies and other participating interests has been filed with the National Bank of Belgium in Brussels. The list is available upon request, free of charge, from Ageas in Brussels.

Ageas shares are listed on the regulated market of NYSE Euronext Brussels. Ageas has a sponsored ADR programme in the United States.

Ageas has pledged 88,380 shares of AG Insurance (14%) to the Belgian State as security for the complete and timely performance of the Relative Performance Note secured obligations (see note 30 RPN(I)).

The legal structure of Ageas is as follows.



2 Summary of accounting policies

The Ageas Consolidated financial statements 2013 comply with International Financial Reporting Standards (IFRS) as at 1 January 2013, as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) as at that date.

2.1 Basis of accounting

The accounting policies are consistent with those applied for the year ended 31 December 2012. Amended IFRS effective on 1 January 2013 with importance for Ageas (and endorsed by the EU) are listed in paragraph 2.2. The accounting policies mentioned here are a summary of the complete Ageas accounting policies, which can be found on http://www.ageas.com/en/about-us/supervision-audit-and-accounting-policies.

The Ageas Consolidated financial statements are prepared on a going concern basis and are presented in euros, which is the functional currency of the parent company of Ageas.

Assets and liabilities recorded in the statement of financial position of Ageas have usually a duration of more than 12 months, except for cash and cash equivalents, reinsurance and other receivables, accrued interest and other assets, accrued interest and other liabilities and current tax assets and liabilities.

The most significant IFRS for the measurement of assets and liabilities as applied by Ageas are:

- IAS 1 for presentation of financial statements;
- IAS 16 for property, plant and equipment;
- IAS 23 for loans;
- IAS 28 for investments in associates;
- IAS 32 for written put options on non-controlling interests;
- IAS 36 for the impairment of assets;
- IAS 38 for intangible assets;
- IAS 39 for financial instruments;
- IAS 40 for investment property;
- IFRS 3 for business combinations;
- IFRS 4 for the measurement of insurance contracts;
- IFRS 7 for the disclosures of financial instruments;
- IFRS 8 for operating segments;
- IFRS 13 for fair value measurements.

2.2 Changes in accounting policies

The following new or revised standards, interpretations and amendments to standards and interpretations have become effective on 1 January, 2013 (and are endorsed by the EU).

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

These amendments will require entities to group items presented in other comprehensive income (OCI) on the basis of whether they would be reclassified to (recycled through) profit or loss at a later date, when specified conditions are met.

Amendments to IAS 19 Employee Benefits

IAS 19 Employee Benefits has been revised. Most important changes relate to the discard of the corridor approach for defined benefit plans, the eliminations of options for the presentation of gains and losses relating to those plans, improvement of disclosure requirements and the use of the same discount rate for assets and liabilities related to employee benefits.

Amendments to IAS 12 Income taxes

The IASB has added another exception to the principles in IAS 12, the rebuttable presumption that investment property measured at fair value is recovered entirely by sale. The rebuttable presumption also applies to the deferred tax liabilities or assets that arise from investment properties acquired in a business combination, if the acquirer subsequently uses the fair value model to measure those investment properties. The amendment only affects jurisdictions in which there is a so called dual-tax base (the manner in which the carrying amount of an asset (or liability) is recovered, affects the applicable tax rate and/or base).

IFRS 13 Fair Value Measurement

IFRS 13 Fair Value Measurement provides guidance on how to measure fair value, but does not change when fair value is required or permitted under IFRS. It introduces some new disclosures which also apply to the interim financial statements.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

The new disclosures require information about:

- the gross amounts of financial assets and financial liabilities before offsetting;
- the amounts set off in accordance with the related offsetting model;
- the net amounts presented in the balance sheet;
- the effect of financial instruments subject to master netting arrangements or similar agreements not already set off in the balance sheet, including related rights to collateral;
- net amounts.

2.3 Improvements to IFRS's (2009-2011)

The relevant topics addressed by the improvement project 2009-2011 are:

- IAS 1 Presentation of Financial Statements: Clarification of the requirements for comparative information;
- IAS 32 Financial Instruments, presentation: Tax effect of distribution of dividends to holders of equity instruments;
- IAS 34 Interim Financial Reporting: Interim financial reporting and segment information for total assets and liabilities. This amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

Upcoming changes in IFRS EU in 2014

The following new standards will become effective for Ageas as at 1 January 2014:

- IFRS 10 Consolidated Financial Statements introduces amendments to the criteria for consolidation. IFRS 10 redefines control as being exposed to variable returns and having the ability to affect those returns through power over the investee. The implementation of IFRS 10 will have a limited impact on the consolidation scope of companies that are included in our Consolidated financial statements. The exact impact is still under investigation;
- IFRS 11 Joint Arrangements and the related amendments to IAS 28 Investments in Associates and Joint Ventures eliminate the proportionate consolidation method for joint ventures. Under the new requirements, all joint ventures will be reported using the equity method of accounting (similar to the accounting that is already applied for Investments in associates). The implementation of IFRS 11 will not to have impact on Shareholders' equity and/or Net result;
- IFRS 12 Disclosure of Interests in Other Entities introduces extended disclosure requirements for subsidiaries, associates, joint ventures and structured entities. The implementation of IFRS 12 will not have an impact on Shareholders' equity, Net result and/or Other comprehensive income.

Accounting estimates

The preparation of the Ageas Consolidated financial statements in conformity with IFRS, requires the use of certain estimates at the end of the reporting period. In general these estimates and the methods used have been consistent since the introduction of IFRS in 2005. Each estimate by its nature carries a significant risk of material adjustments (positive or negative) to the carrying amounts of assets and liabilities in the next financial year.

The key estimates at the reporting date are shown in the next table.

31 December 2013	
Assets	**Estimation uncertainty**
Available for sale securities	
Financial instruments	
- Level 2	- The valuation model - Inactive markets
- Level 3	- The valuation model - Use of non market observable input - Inactive markets
Investment property	- Determination of the useful life and residual value
Loans	- The valuation model - Maturity - Parameters such as credit spread, maturity and interest rates
Associates	- Various uncertainties depending on the asset mix, operations and market developments
Goodwill	- The valuation model used - Financial and economic variables - Discount rate - The inherent risk premium of the entity
Other intangible assets	- Determination of the useful life and residual value
Deferred tax assets	- Interpretation of complex tax regulations - Amount and timing of future taxable income
Liabilities	
Liabilities for Insurance contracts	
- Life	- Actuarial assumptions - Yield curve used in liability adequacy test
- Non-life	- Liabilities for (incurred but not reported) claims - Claim adjustment expenses - Final settlement of outstanding claims
Pension obligations	- Actuarial assumptions - Discount rate - Inflation/salaries
Provisions	- The likelihood of a present obligation due to events in the past - The calculation of the best estimated amount
Deferred tax liabilities	- Interpretation of complex tax regulations
Written put options on NCI	- Estimated future fair value - Discount rate

For more detailed information on the application of these estimates, please refer to the applicable notes in the Ageas Consolidated financial statements. Note 7 Risk Management describes the way in which Ageas mitigates the various risks of the insurance operations.

Events after the reporting period

Events after the reporting period relate to events that occur between the date of the statement of financial position and the date when the financial statements are authorised for issue. Two types of events can be identified:

- events lead to an adjustment of the Consolidated financial statements if they provide evidence of conditions that existed at the date of the statement of financial position;
- events result in additional disclosures if they are indicative of conditions that arose after the date of the Statement of financial position, and if relevant and material.

Ageas has not identified any of the types of events mentioned above in the reporting period 2013.

2.4 Segment reporting

Operating segments

Ageas's reportable operating segments are based on geographical regions; the results are based on IFRS. The regional split is based on the fact that the activities in these regions share the same nature and economic characteristics and are managed as such.

The operating segments are:

- Belgium;
- United Kingdom (UK);
- Continental Europe;
- Asia;
- General Account.

Ageas decided that the most appropriate way of reporting operating segments under IFRS is per region in which Ageas operates, meaning Belgium, United Kingdom, Continental Europe and Asia.

Activities not related to Insurance and elimination differences are reported separately from the Insurance activities in the fifth operating segment: General Account. The General Account comprises activities not related to the core Insurance business, such as group finance and other holding activities. In addition, the General Account also includes the investment in Royal Park Investments, the call option on BNP Paribas shares (settled in 2013), the liabilities related to CASHES/RPN(I), the written put option on NCI, and the claims and litigations related to events from the past.

Transactions or transfers between the operating segments are entered into under normal commercial terms and conditions that would be available to unrelated third parties.

2.5 Consolidation principles

Subsidiaries

The Ageas Consolidated financial statements include those of ageas SA/NV (the 'parent company') and her subsidiaries. Subsidiaries are those companies, over which Ageas, either directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from the activities ('control'). Subsidiaries are consolidated from the date on which effective control is transferred to Ageas and are no longer consolidated from the date that control ceases. Subsidiaries acquired exclusively with a view to resale are accounted for as non-current assets held for sale. The result on a sale of a portion of an interest in a subsidiary without a change in control is accounted for in equity.

Ageas sponsors the formation of Special Purpose Vehicles ('SPVs') primarily for the purpose of asset securitisation transactions, structured debt issuance or to accomplish another well-defined objective. Some of the SPVs are bankruptcy-remote companies whose assets are not available to settle the claims of Ageas. SPVs are consolidated if, in substance, they are controlled by and/or the majority of the risks and rewards flow to Ageas.

Intercompany transactions, balances and gains and losses on transactions between Ageas companies are eliminated. Non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately on the statement of financial position and income statement. Subsequent to the date of acquisition, non-controlling interests comprise the amount calculated at the date of acquisition and the non-controlling interests' share of changes in equity since the date of acquisition.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether Ageas controls another entity.

Associates

Investments in associates are accounted for using the equity method. These are investments over which Ageas has significant influence, but does not control. The investment is recorded at Ageas's share of the net assets of the associate. The ownership share of net income for the year is recognised as share in result of associates and Ageas's share in the investment's post-acquisition direct equity movements are recognised in equity.

Gains on transactions between Ageas and investments accounted for using the equity method are eliminated to the extent of Ageas's interest. Losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Losses are recognised until the carrying amount of the investment is reduced to nil and further losses are only recognised to the extent that Ageas has incurred legal or constructive obligations or made payments on behalf of an associate.

2.6 Foreign currency

For individual entities of Ageas, foreign currency transactions are accounted for using the exchange rate at the date of the transaction. Outstanding balances in foreign currencies at year-end are translated at year end exchange rates for monetary items.

Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items that are carried at fair value are translated using the exchange rate on the date that the fair values are determined. The resulting exchange differences are recorded in the income statement as foreign currency gains (losses), except for those non-monetary items whose fair value change is recorded as a component of equity.

The distinction between exchange differences (recognised in the income statement) and unrealised fair value results (recognised in equity) on available-for-sale financial assets is determined according to the following rules:

- the exchange differences are determined based on the evolution of the exchange rate calculated on the previous balances in foreign currency;
- the unrealised (fair value) results are determined based on the difference between the balances in euros of the previous and the new period, converted at the new exchange rate.

Foreign currency translation

Upon consolidation, the income statement and cash flow statement of entities whose functional currency is not the euro are translated into euros, at average daily exchange rates for the current year (or exceptionally at the exchange rate at the date of the transaction if exchange rates fluctuate significantly) and their statements of financial position are translated using the exchange rates prevailing at the date of the statement of financial position.

Translation exchange differences are recognised in equity. On disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Exchange differences arising on monetary items, borrowings and other currency instruments, designated as hedges of a net investment in a foreign entity are recorded in equity, until the disposal of the net investment, except for any hedge ineffectiveness that is immediately recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate on the date of the statement of financial position. All resulting differences are recognised in equity until disposal of the foreign entity when a recycling to the income statement takes place.

The following table shows the exchange rates of the most relevant currencies for Ageas.

	Rates at year end		Average rates	
1 euro =	2013	2012	2013	2012
Pound sterling	0.83	0.82	0.85	0.81
US dollar	1.38	1.32	1.33	1.28
Hong Kong dollar	10.69	10.23	10.30	9.97

2.7 Measurement bases used in preparing the financial statements

The classification and measurement of assets and liabilities are based on the nature of the underlying transactions.

2.7.1 Financial assets

Management determines the appropriate classification of its investment securities at the time of purchase. Investment securities with a fixed maturity where management has both the intent and the ability to hold to maturity are classified as held to maturity. Investment securities with fixed or determinable payments that are not quoted in an active market and that upon initial recognition are not designated as held-for-trading nor as available-for-sale, are classified as loans and receivables. Investment securities to be held for an indefinite period of time, which may be sold in response to needs for liquidity or to changes in interest rates, exchange rates or equity prices, are classified as available for sale. Investment securities that are acquired for the purpose of generating short-term profits are considered to be held for trading.

Held-to-maturity investments are carried at amortised cost less any impairment charges. Any difference with the initial recognition amount resulting from transaction costs, initial premiums or discounts is amortised over the life of the investment using the effective interest method. If a held-to-maturity investment is determined to be impaired, the impairment is recognised in the income statement (see note 16 Financial investments for details on the reclassification of Investments available for sale as Investments held to maturity).

Loans and receivables are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process. For floating rate instruments the cash flows are periodically re-estimated to reflect movements in market interest rates. If the floating rate instrument is initially recognised at an amount (almost) equal to the principal repayable, the re-estimation will have no significant effect on the carrying amount of the instrument and there will be no adjustment to the received interest, reported on an accrual basis. However, if a floating rate instrument is acquired at a significant premium or discount, this premium or discount will be amortised over the expected life of the instrument and included in the calculation of the EIR. The carrying amount is recalculated each period by computing the present value of estimated future cash flows at the actual effective interest rate. Any adjustments are recognised in profit or loss.

Held-for-trading assets and assets designated as held at fair value through profit or loss are carried at fair value. Changes in the fair value are recognised in the income statement. The (realised and unrealised) results are included in 'Result on sale and revaluations'. Interest received (paid) on assets (liabilities) held for trading is reported as interest income (expense). Dividends received are included in 'Interest, dividend and other investment income'.

Available-for-sale investment securities are measured at fair value. Changes in the fair value are recognised directly in equity until the asset is sold, unless the asset is hedged by a derivative. These investments are carried at fair value with movements in fair value recognised through the income statement for the part attributable to the hedged risk and through equity for the remaining part.

The majority of Ageas' financial assets (being bonds and equity shares) are classified as available for sale and measured at fair value. The unrealised gains and losses are reported in shareholders' equity. For the insurance portfolios, where unrealised gains and losses on bonds have a direct impact on the measurement of the insurance liabilities, Ageas applies shadow accounting in accordance with IFRS 4. This means that the changes in the unrealised gains and losses will affect the measurement of the insurance liabilities and are therefore not part of equity.

2.7.2 Investment property and property held for own use

For reasons of comparability of the performance in the Ageas Consolidated financial statements, Ageas did not opt in 2005 for the fair value model for investment property (with gains or losses arising from a change in the fair value recognised in profit or loss), but for the cost model, in line with the classification for property held for own use. After recognition as an asset, all property is carried at cost less any accumulated depreciation and any accumulated impairments. As a consequence, changes in the fair value of the property are not recognised in the income statement or in shareholders' equity, unless the property is impaired.

2.7.3 Investment in Associates

For associates where Ageas has significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee (but is not in control), Ageas applies the equity method of accounting for these associates. Ageas's share of the profit or loss is recognised in the income statement and revaluations are reported in shareholders' equity, while distributions received from the associate reduce the carrying amount of the investment.

2.7.4 Goodwill and other intangible assets

Goodwill arising from business combinations as from 1 January 2010

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over:

- Ageas's share in the net identifiable assets acquired and liabilities assumed, and
- net of the fair value of any previously held equity interest in the acquiree.

Any acquisition costs are directly expensed, except for the costs to issue debt or equity securities, which are recognised in accordance with IAS 32 and IAS 39.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

If the business combination is achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Goodwill arising from business combinations prior to 1 January 2010

In comparison with the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

A contingent consideration was recognised if, and only if, Ageas had a present obligation, economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

Value of business acquired (VOBA)

Value of business acquired represents the difference between the fair value at acquisition date measured using Ageas's accounting policies and the subsequent carrying value of a portfolio of insurance and investment contracts acquired in a business or portfolio acquisition.

VOBA is recognised as an intangible asset and amortised over the income recognition period of the portfolio of contracts acquired.

Other intangible assets with finite life

Other intangible assets include intangible assets with a finite life, such as trademarks, internally developed software that is not an integral part of the related hardware and licenses that are generally amortised over their useful life using the straight-line method.

2.7.5 Financial liabilities

The measurement and recognition in the income statement depends on the IFRS classification of the financial liabilities, being: (a) financial liabilities at fair value through profit or loss, and (b) other financial liabilities measured at amortised cost.

2.7.6 Liabilities arising from insurance and investment contracts

Life insurance

These liabilities relate to insurance contracts, investment contracts with discretionary participation features (DPF) and investment contracts without DPF.

The DPF component concerns a conditional promise related to unrealised gains and losses. This promise remains therefore part of the unrealised gains and losses as included in equity. Once the promise becomes unconditional, the related amount is transferred to liabilities arising from Life insurance contracts.

For Life insurance contracts, future policy benefit liabilities are calculated using a net level premium method (present value of future net cash flows) on the basis of actuarial assumptions as determined by historical experience and industry standards. Participating policies include any additional liabilities relating to any contractual dividends or participation features. For some designated contracts, the future policy benefit liabilities have been re-measured to reflect current market interest rates.

Unit-linked contracts

Ageas's non-participating insurance and investment contracts are primarily unit-linked contracts where the investments are held on behalf of the policyholder and measured at fair value. Treasury shares and investments made in own debt instruments on behalf of policyholders are eliminated. The liabilities for such contracts are measured at unit value (i.e. fair value of the fund in which the unit-linked contracts are invested divided by the number of units of the fund).

Certain products contain guarantees, which are also valued at fair value and included in liabilities related to policyholders, with the change in the fair value recognised in the income statement. Insurance risks are taken into account on the basis of actuarial assumptions.

Shadow accounting

In some of Ageas's accounting models, realised gains or losses on assets have a direct effect on all or part of the measurement of its insurance liabilities and related deferred acquisition costs. Ageas applies shadow accounting to the changes in fair value of the available-for-sale investments and of assets and liabilities held for trading that are linked to and therefore affect the measurement of the insurance liabilities. These changes in fair value will therefore not be part of equity or net profit.

The whole of the remaining unrealised changes in fair value of the available-for-sale portfolio (after application of shadow accounting) that are subject to discretionary participation features are classified as a separate component of equity.

An additional deferred profit sharing liability (DPL) is accrued based on a constructive obligation or the amount legally or contractually required to be paid on differences between statutory and IFRS income and unrealised gains or losses recorded in equity.

Non-life insurance

Claims and claim adjustment expenses are charged to the income statement as incurred. Unpaid claims and claim adjustment expenses include estimates for reported claims and provisions for claims incurred but not reported. Non-life liabilities for workmen's compensation business are presented at their net present value. Ageas does not discount its liabilities for claims other than for claims with determinable and fixed payment terms.

Liability Adequacy Test

The adequacy of insurance liabilities (Liability Adequacy Test) is tested by each company at each reporting date. The tests are generally performed at legal fungible level (asset pool level) for Life and at a level of homogeneous product groups for Non-life. Ageas considers current best estimates of all contractual cash flows, including related cash flows such as (re)investment returns and expenses. For Life Insurance contracts, the tests include cash flows resulting from embedded options and guarantees. The present value of these cash flows has been determined by using a risk-free discount rate[1], allowing an illiquidity premium. Any shortfall is recognised immediately in the income statement, either as a DAC or VOBA impairment or as a loss recognition.

2.8 Measurement of impaired assets

An asset is impaired when its carrying amount exceeds its recoverable amount. Ageas reviews all of its assets at each reporting date for objective evidence of impairment. The carrying amount of impaired assets is reduced to the estimated recoverable amount.

If in a subsequent period the amount of the impairment on assets other than goodwill or available-for-sale equity instruments decreases, due to an event occurring after the write-down, the amount is reversed by adjusting the impairment and is recognised in the income statement. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment been recognised for the asset in prior years.

Financial assets

A financial asset (or group of financial assets) classified as available for sale is impaired if there is objective evidence of impairment as a result of one or more events (loss events or 'triggers', e.g. significant financial difficulty of the issuer) that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset (or group of financial assets) that can be reliably estimated.

For equity securities, the triggers used to determine whether there is objective evidence of impairment include, amongst others, the consideration whether the fair value is significantly (25%) below cost or has been below cost for a prolonged period (four consecutive quarters) at the date of the statement of financial position.

Reversal of impairments of debt instruments which can be objectively related to an event occurring after the recognition of the impairment, are recognised in the income statement. Positive revaluations, after an impairment of equity securities are recognised in equity.

Investment property and property held for own use

Property is measured according to the cost model and impaired when the carrying amount exceeds its recoverable amount, which is the higher of 'fair value less costs to sell' or 'value in use' (the expected present value of future cash flows, without deduction for transfer tax). At the end of each reporting period Ageas assesses whether there is any indication that an asset may be impaired, considering various external (e.g. significant changes in the economic environment) and internal sources of information (e.g. plan to dispose). If any such indication exists (and only then), Ageas will estimate the recoverable amount of the property. Any impairment identified is recognised in the income statement. After the recognition of an impairment, the depreciation for future periods is adjusted based on the revised carrying amount less its residual value over the asset's remaining useful life.

Goodwill and other intangible assets

Goodwill is an intangible asset with an indefinite life and is like all other intangible assets with indefinite lives not amortised but tested for impairment at least annually. Intangible assets with finite lives

1 *After 20 years the so called Ultimate Forward Rate extrapolation is used (UFR 20y-150y).*

are amortised over the estimated useful life and reviewed at each reporting date. Any impairment identified is recognised in the income statement.

Other assets
For non-financial assets, the recoverable amount is measured as the higher of the fair value less cost of disposal and the value in use. Fair value less cost of disposal is the price that would be received to sell an asset in an orderly transaction between market participants, after deducting any direct incremental disposal costs. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

2.9 Revenue recognition

2.9.1 Gross premium income

Premium income when received
Premiums from Life insurance policies and investment contracts with discretionary participation features that are considered long duration type contracts are recognised as revenue when due from the policyholder. Estimated future benefits and expenses are offset against such revenue in order to recognise profits over the estimated life of the policies. This matching is accomplished by the establishment of liabilities of the insurance policies and investment contracts with discretionary participation features and by the deferral and subsequent amortisation of policy acquisition costs.

Premium income when earned
For short duration type contracts (principally Non-life), premiums are recorded as written upon inception of the contract. Premiums are recognised in the income statement as earned on a pro-rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of the coverage.

2.9.2 Interest income and expense
Interest income and interest expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price including direct transaction costs. Interest income includes coupons earned on fixed and floating rate income instruments and the accretion or amortisation of the discount or premium.

Once a financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognised based on the effective interest rate that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

2.9.3 Realised and unrealised gains and losses
For financial instruments classified as available for sale, realised gains or losses on sales and divestments represent the difference between the proceeds received and the initial book value of the asset sold, minus any impairments recognised in the income statement after adjustment for the impact of any fair value hedge accounting.

For financial instruments carried at fair value through profit or loss, the difference between the carrying value at the end of the current reporting period and the previous reporting period is included in ‘Result on sales and revaluations’.

For derivatives, the difference between the carrying clean fair value (i.e. excluding the unrealised portion of the interest accruals) at the end of the current reporting period and the previous reporting period is included in ‘Result on sales and revaluations’.

Previously recognised unrealised gains and losses recorded directly in equity are transferred to the income statement upon derecognition or upon impairment of the financial asset.

2.9.4 Fee and commission income

Fees as integral part of effective interest rate

Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value through profit or loss, the fees are recognised as revenue when the instrument is initially recognised.

Fees recognised as services are provided

Fees are generally recognised as revenue as the services are provided. If it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not considered a derivative, the commitment fee is recognised as revenue on a time proportion basis over the commitment period.

Fees recognised upon completion of the underlying transaction

Fees arising from negotiating, or participating in the negotiation of, a transaction for a third party are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete. Loan syndication fees are recognised as revenue when the syndication has been completed.

Fee revenue from investment contracts

This relates to contracts, without discretionary participation features, issued by insurance companies that are classified as investment contracts, because the covered insurance risk is not significant. Revenues from these contracts consist of fees for the coverage of insurance, administration fees and surrender charges. Fees are recognised as revenue as the services are provided. Expenses include mortality claims and interest credited.

3 Acquisitions and disposals

The following significant acquisitions and disposals were made in 2013 and 2012. Details on acquisitions and disposals, if any, which took place after the date of the statement of financial position, are included in note 53 Events after the date of the statement of financial position.

3.1 Acquisitions in 2013

DTH Partners LLC

On 26 April 2013, AG Real Estate acquired through a capital contribution of USD 103 million (EUR 79 million) a 33% equity stake in DTH Partners LLC. This equity stake is included in the line Investments in associates.

The following additional agreements are related to this acquisition:

- a Mezzanine Loan Agreement between DTH Partners LLC and AG Insurance for an amount of USD 117.5 million;
- a bridge loan agreement between EBNB 70 Pine Development and AG Real Estate (North Star NV) for USD 23 million. This amount is part of a total bridge facility of USD 50 million by the shareholders of DTH to pre-finance a tax-credit structure to be executed with Chevron, which has been delayed by the US Internal Revenue Service approval process.

At year-end 2013, the purchase accounting was completed. No goodwill or badwill was recognised as part of the valuation.

For further details see note 13 Related parties.

Other acquisitions

In December 2013, the subsidiaries North Light and Pole Star were deconsolidated due to the disposal of 60% of their shares. A capital gain of EUR 53 million was realised on this transaction, the capital gain is accounted for in the income statement in the line Result on sales and revaluations. At the same moment, two new equity associates entered the consolidation perimeter based on the 40% of the two companies retained.

In addition to the before mentioned transaction, some small acquisitions in the normal course of real estate business were done in 2013.

3.2 Disposals in 2013

In 2013, Louvresse Développement (assets: EUR 81 million) was sold resulting in a capital gain of EUR 25 million (classified under Result of sales and revaluations).

In December 2013, the subsidiaries North Light and Pole Star have been deconsolidated due to the disposal of 60% of their shares (see also under 3.1).

3.3 Acquisitions in 2012

Aksigorta A.Ş.

On 21 November 2011, Ageas and Sabanci agreed to jointly increase their interests in Aksigorta to a maximum of 36% in order to further strengthen the partnership between the two groups. As at 31 December 2012, both entities had a 36% interest in Aksigorta. Ageas spent EUR 10.5 million on the additional acquisition.

Acquisitions AG Real Estate

AG Real Estate acquired real estate companies for an amount of EUR 84 million. There was no goodwill recognised on these acquisitions.

Groupama Insurance Company Limited

On 21 September 2012, Ageas signed an agreement to acquire Groupama Insurance Company Limited (GICL) for a total cash consideration of GBP 116 million (EUR 145 million). The acquisition was made to strengthen the market position of Ageas UK. The acquisition turned Ageas into the UK's fifth largest Non-life insurer (with a 5.2% market share); fourth largest private motor insurer (with a 11.7% market share); and fourth largest personal lines insurer (with a 7.1% market share). The transaction was closed on 14 November 2012. On completion, GICL became a wholly owned subsidiary of Ageas UK.

The impact of the acquisition of GICL on Ageas's Consolidated statement of financial position at the acquisition date was as follows.

Assets		Liabilities	
Cash & cash equivalents	49	Liabilities arising from Non-life insurance contracts	797
Financial investments and loans	731	Current and deferred tax liabilities	11
Reinsurance and other receivables	162	Accrued interest and other liabilities	49
Property, plant and equipment	6		
Accrued interest and other assets	117		
		Total liabilities	**857**
		Negative goodwill	63
		Cost Price	145
Total Assets	**1,065**	**Total liabilities and cost price**	**1,065**

Until the merger with Ageas Insurance Ltd. in October 2013, Groupama generated a net result of EUR 13.7 million in 2013 (2012: EUR 3.4 million). No intangibles were recognised on the transaction. The negative goodwill of EUR 63 million was recognised directly in the income statement as Other Income. The negative goodwill occurred because the acquisition price of Groupama was below the book value.

3.4 Disposals in 2012

Ageas Deutschland Lebensversicherung AG

Ageas signed an agreement with Augur Capital in 2011 on the sale of its German Life activities. The transaction was closed in the first quarter of 2012 and resulted in a capital loss amounting to EUR 14.5 million for Ageas. This loss was already recognised in the General Account at year-end 2011.

3.5 Assets and liabilities of acquisitions and disposals

The table below provides details of the assets and liabilities resulting from the acquisition or disposal of subsidiaries, associates at the date of acquisition or disposal.

		2013		2012
	Acquisitions	Divestments	Acquisitions	Divestments
Assets and liabilities of acquisitions and divestments				
Cash and cash equivalents	0.8	(0.1)	48.5	
Financial investments			723.1	
Investment property	64.4	(219.5)	48.3	
Loans		161.0	7.9	
Investments in associates, including capital (re)payments	403.3	(744.2)	14.4	(35.6)
Reinsurance and other receivables	0.9	(11.9)	162.8	(0.3)
Current and deferred tax assets			36.9	(0.1)
Accrued interest and other assets		(10.6)	141.0	(1.1)
Property, plant and equipment			5.8	
Goodwill and other intangible assets	3.1	(5.6)	5.2	(3.7)
Assets held for sale				(138.5)
Liabilities arising from insurance and investment contracts			797.2	
Borrowings	49.2		16.1	
Current and deferred tax liabilities	4.8	(23.2)	10.4	(0.6)
Accrued interest and other liabilities	1.6	(5.1)	61.4	(0.7)
Provisions			5.1	
Liabilities related to assets held for sale				(110.5)
Non-controlling interests			25.6	(1.0)
Changes in equity related to divestments				(13.8)
Net assets acquired / Net assets disposed of	**416.9**	**(802.6)**	**278.1**	**(52.7)**
Negative goodwill			62.8	
Result of disposal, gross		53.4		14.9
Result on discontinued operations, net of taxes		53.4		14.9
Cash used for acquisitions / received from disposals:				
Total purchase consideration / Proceeds from sale	(416.9)	856.0	(215.3)	67.6
Less: Cash and cash equivalents acquired / divested	0.8	(0.1)	48.5	
Cash used for acquisitions / received from disposals	**(416.1)**	**855.9**	**(166.8)**	**67.6**

The positive amount on the line Loans in the column Divestments in 2013 relates to loans to North Light and Pole Star, two former 100% subsidiaries. Ageas has decreased its interest in those entities in 2013 to 40% (see also under Disposals in 2013). They are therefore at year-end 2013 consolidated as equity associates. The loans still exist in full, however, as these entities are now treated as equity associates instead of being fully consolidated, the loans are no longer eliminated (for details see note 19).

Included in the line Investments in associates in the column Acquisitions in 2013 is the capital increase in the associate in China. In the column Divestments in 2013 is the capital repayment of Royal Park Investments included (for details see note 8 and note 19).

The total purchase consideration for acquisitions of subsidiaries and associates amounted to EUR 416.9 million in 2013 (2012: EUR 236.0 million). There were in 2013 no capital increases by non-controlling interests (2012: EUR 20.7 million).

4 Shareholders' equity

The following table shows the composition of shareholders' equity as at 31 December.

Share capital	
Ordinary shares: 233,486,113 shares issued and paid	
with a fraction value of EUR 7.40	1,727.8
Share premium reserve	2,854.1
Other reserves	2,080.4
Currency translation reserve	(2.7)
Net result attributable to shareholders	569.5
Unrealised gains and losses	1,296.0
Shareholders' equity	**8,525.1**

4.1 Ordinary shares

Shares issued and potential number of shares

In accordance with the provisions regulating ageas SA/NV, to the extent law permits, and in the interest of the Company the Board of Ageas was authorized for a period of three years (2013-2016) by the General Shareholders' meeting of 24 April 2013 to increase the share capital with a maximum amount of EUR 193,200,000 for general purposes.

Applied to a fraction value of EUR 7.40 this enables the issuance of up to 26,108,108 shares, representing approximately 11% of the total current share capital of the Company. This authorisation also enables the Company to meet its obligations entered into in the context of the issue of the financial instruments. Shares can also be issued due to the so-called alternative coupon settlement method (ACSM), included in certain hybrid financial instruments (for details see note 51 Contingent liabilities).

Ageas has issued options or instruments containing option features, which could, upon exercise, lead to an increase in the number of outstanding shares.

The number of shares issued includes shares that relate to the convertible instrument FRESH (4.0 million). The FRESH is a financial instrument that was issued in 2002 by Ageasfinlux SA. One of the features of this instrument is that it can only be redeemed through conversion into 4.0 million Ageas shares. Ageasfinlux SA has acquired all necessary Ageas shares to redeem the FRESH (consequently they are included in the number of Ageas shares outstanding). However, Ageasfinlux SA and Ageas have agreed that these shares will not receive dividend nor will they have voting rights as long as these shares are pledged to the FRESH. As Ageasfinlux SA is a subsidiary of Ageas, the shares related to the FRESH are treated as treasury shares (see hereafter) and eliminated against shareholders' equity (see note 6 Earnings per share and note 27 Subordinated liabilities).

Treasury shares

Treasury shares, i.e. ordinary shares bought back by Ageas, are deducted from Shareholders' equity and reported in Other reserves. Other reserves also include the adjustment for the written put option on Non-controlling interests.

The total number of treasury shares (7.0 million) consists of shares held for the FRESH (4.0 million), the restricted share programme (0.5 million) and the remaining shares resulting from the share buyback programme (2.5 million, see below). Details of the FRESH securities are provided in note 27 Subordinated liabilities.

Share buyback programme 2013

Ageas announced on 2 Augustus 2013 that, based on the shareholder authorisation granted at the end of April 2013, the Board of Directors decided to initiate a new share buy-back programme of its outstanding common stock for an amount of EUR 200 million.

Ageas started the share buy-back programme on 12 August 2013 up to 5 August 2014.

The bought back shares will be held as treasury shares until such time a decision to cancel these securities is formally approved by the shareholders. Since the start of the share buy-back programme until 31 December 2013, Ageas has bought back 2,489,921 shares for a total amount of EUR 76,477,151.

Between 2 August 2013 and 14 February 2014, Ageas bought back 3,215,348 shares for a total of EUR 99.5 million. This corresponds to 1.38% of the total shares outstanding.

Share buyback programme 2012

Ageas launched a programme to buy back its outstanding ordinary shares for a maximum amount of up to EUR 200 million as of 13 August 2012 for a period ending on 19 February 2013 at the latest. On 19 February 2013, the Board of Ageas decided to extend the programme until the full amount of EUR 200 million was reached. This was the case on 26 February 2013.

Between 13 August 2012 and 26 February 2013, Ageas bought back 9,635,159 shares for a total of EUR 200 million. This corresponds to 3.96% of the total shares outstanding.

On 24 April 2013, the General Meeting of Shareholders approved the cancellation of 9,165,454 shares. The Extraordinary General meeting of Shareholders in September 2013 approved the cancellation of the remaining shares (469,705) of the share buy back programme 2012.

Reduction of capital

The Extraordinary General Meeting of Shareholders of ageas SA/NV of 16 September 2013 approved besides the before mentioned cancellation of the ageas SA/NV shares, a second reduction of capital, by means of reimbursement to shareholders resulting in a distribution of EUR 1.00 per share. This distribution took place on 13 December 2013.The total amount paid was EUR 222 million.

Restricted share programme

In 2011, 2012 and 2013, Ageas created a restricted share programme for its senior management (see also note 10 Employee share option and share purchase plans).

CASHES and settlement with BNP Paribas Fortis SA/NV and BNP Paribas

BNP Paribas Fortis SA/NV (the former Fortis Bank) issued a financial instrument called CASHES in 2007. One of the features of this instrument is that it can only be redeemed through conversion into 12.5 million Ageas shares.

BNP Paribas Fortis SA/NV acquired all necessary Ageas shares to redeem the CASHES (consequently they are included in the number of shares outstanding of Ageas). The shares held by BNP Paribas Fortis SA/NV related to the CASHES are not entitled to dividend nor do these have voting rights (see note 27 Subordinated liabilities and note 51 Contingent liabilities).

In 2012, BNP made a (partially successful) cash tender on the CASHES. On 6 February 2012, BNP Paribas Fortis SA/NV converted 7,553 of the tendered CASHES securities out of 12,000 CASHES securities outstanding (62.9%) into 7.9 million Ageas shares.

On 7 February 2012, Ageas and BNP Paribas reached an agreement on a partial settlement of the RPN(I) (see note 30 RPN(I)) and the full call of the Tier 1 instrument, issued by BNP Paribas Fortis SA/NV and for 95% held by Ageas (see note 18 Loans).

Outstanding shares

The following table shows the number of outstanding shares.

in thousands	Shares issued	Treasury shares	Shares outstanding
Number of shares as at 1 January 2012	**262,338**	**(21,709)**	**240,629**
Cancelled shares	(19,217)	19,217	
Balance (acquired)/sold		(8,798)	(8,798)
Number of shares as at 31 December 2012	**243,121**	**(11,290)**	**231,831**
Cancelled shares	(9,635)	9,635	
Balance (acquired)/sold		(5,397)	(5,397)
Number of shares as at 31 December 2013	**233,486**	**(7,052)**	**226,434**

The table below gives an overview of the shares issued and the potential number of shares as at 31 December.

in thousands	
Number of shares as at 31 December 2013	**233,486**
Shares that may be issued:	
- in connection with option plans (see note 10)	2,043
Total potential number of shares as at 31 December 2013	**235,529**

4.2 Other reserves

Treasury shares, i.e. ordinary shares bought back by Ageas, are deducted from Shareholders' equity and reported in Other reserves. Other reserves also include the adjustment for the written put option on non-controlling interests.

4.3 Currency translation reserve

The currency translation reserve is a separate component of shareholders' equity in which are reported the exchange differences arising from translation of the results and financial positions of foreign operations that are included in the Ageas Consolidated financial statements.

Ageas does not hedge the net investments in foreign operations unless the impact of potential foreign exchange movements is considered beyond Ageas's risk appetite. However, loans not provided for permanent funding purposes and known payments or dividends in a foreign currency, are hedged. Exchange differences arising on loans and other currency instruments designated as hedging instruments of such investments are recorded in equity (under the heading Currency translation reserve) until the disposal of the net investment, except for any hedge ineffectiveness, which will be immediately recognised in the income statement. On disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

4.4 Unrealised gains and losses included in shareholders' equity

The table below shows the Unrealised gains and losses included in shareholders' equity.

31 December 2013	Available for sale investments	Held to maturity investments	Revaluation of associates	Cash flow hedges	DPF component	Total
Gross	3,948.7	(138.1)	(177.9)	(37.1)		3,595.6
Related tax	(1,220.5)	36.0		0.9		(1,183.6)
Shadow accounting	(909.1)					(909.1)
Related tax	280.2					280.2
Non-controlling interests	(518.5)	47.3	(1.2)	11.4		(461.0)
Discretionary participation feature (DPF)	4.0				(4.0)	
Total (including foreign exchange differences)	**1,584.8**	**(54.8)**	**(179.1)**	**(24.8)**	**(4.0)**	**1,322.1**
Transfer to currency translation reserve (cumulative)	(5.5)		(20.1)	(0.5)		(26.1)
Total	**1,579.3**	**(54.8)**	**(199.2)**	**(25.3)**	**(4.0)**	**1,296.0**

31 December 2012	Available for sale investments	Held to maturity investments	Revaluation of associates	Cash flow hedges	DPF component	Total
Gross	5,368.6	(172.2)	159.5	(30.8)		5,325.1
Related tax	(1,703.2)	44.7		1.7		(1,656.8)
Shadow accounting	(1,656.3)					(1,656.3)
Related tax	531.1					531.1
Non-controlling interests	(570.1)	59.8	(0.7)	13.5		(497.5)
Discretionary participation feature (DPF)	4.3				(4.3)	
Total (including foreign exchange differences)	**1,974.4**	**(67.7)**	**158.8**	**(15.6)**	**(4.3)**	**2,045.6**
Transfer to currency translation reserve (cumulative)	(10.3)		(20.0)	0.2		(30.1)
Total	**1,964.1**	**(67.7)**	**138.8**	**(15.4)**	**(4.3)**	**2,015.5**

Unrealised gains and losses on available for sale investments are discussed in detail in note 16 Financial investments.

Changes in the fair value of derivatives that are designated and qualify as a cash-flow hedge are recognised as an unrealised gain or loss in shareholders' equity. Any hedge ineffectiveness is immediately recognised in the income statement. Exchange differences arising on instruments designated as hedges of a net investment in a foreign entity are recorded in shareholders' equity until the disposal of the net investment, except for any hedge ineffectiveness, which is immediately recognised in the income statement.

Ageas enters into insurance contracts that feature not only a guaranteed part but also other benefits, of which the amounts and the timing of declaration and payment are solely at the discretion of Ageas. Depending on the contractual and statutory terms and conditions, unrealised changes in the fair value of the asset mix related to such contracts are, after the application of shadow accounting, reported in shareholders' equity under separate discretionary participation features (DPF) and in unrealised gains and losses related to available-for-sale investments.

The table below shows changes in gross unrealised gains and losses included in shareholders' equity for 2012 and 2013.

	Available for sale investments	Held to maturity investments	Revaluation of associates	Cash flow hedges	Total
Gross unrealised gains (losses) as at 1 January 2012	**588.2**	**(200.9)**	**231.7**	**(21.2)**	**597.8**
Changes in unrealised gains (losses) during the year	4,691.3		(39.9)	(9.0)	4,642.4
Reversal unrealised (gains) losses because of sales	52.3				52.3
Reversal unrealised losses because of impairments	39.1				39.1
Foreign exchange differences	(2.3)		4.1		1.8
Amortisation		28.3		(0.6)	27.7
Other		0.4	(36.4)		(36.0)
Gross unrealised gains (losses) as at 31 December 2012	**5,368.6**	**(172.2)**	**159.5**	**(30.8)**	**5,325.1**
Changes in unrealised gains (losses) during the year	(1,294.5)		(255.3)	(7.1)	(1,556.9)
Reversal unrealised (gains) losses because of sales	(121.3)		(79.9)		(201.2)
Reversal unrealised losses because of impairments	3.9				3.9
Foreign exchange differences	(6.1)		0.1	0.7	(5.3)
Amortisation		33.7		0.1	33.8
Other	(1.9)	0.4	(2.3)		(3.8)
Gross unrealised gains (losses) as at 31 December 2013	**3,948.7**	**(138.1)**	**(177.9)**	**(37.1)**	**3,595.6**

4.5 Dividend and shareholder agreements

The companies comprising Ageas are subject to legal restrictions regarding the amount of dividend they may pay to their shareholders. The Dutch Civil Code stipulates that a Dutch company may pay dividends only if the net equity of that company exceeds the total of the paid-up and called-up capital and the reserves required by law or by the company's Articles of Association.

Under the Belgian Companies Code, 5% of a company's annual net profit must be placed in a legal reserve fund until this fund reaches 10% of the share capital. No dividends may be paid if the value of the company's net assets falls below, or following payment of a dividend would fall below, the sum of its paid-up capital and non-distributable reserves.

Subsidiaries and associates are also subject to dividend restrictions arising from minimum capital and solvency requirements imposed by regulators in the countries in which those subsidiaries operate and from shareholder agreements with the partners in the company. In certain situations consensus between the shareholders is required before dividend is declared.

In addition, shareholder agreements (related to parties having a non-controlling interest in Ageas subsidiaries) may include:

- specific articles on voting rights or dividend distribution;
- lock-up periods during which all parties having shares are not allowed to sell shares before a certain period or without preliminary approval of the other parties involved;
- options to sell or resell shares to the other party (parties) involved in the shareholders agreement including the underlying calculation methodology to value the shares;
- earn out mechanisms which allow the party originally selling the shares to additional revenues when certain objectives are realized;
- exclusivity clauses or non-competition clauses related to the sales of insurance products.

Proposed dividend for 2013

Ageas's Board has decided to propose for approval by the Annual General Meeting of Shareholders a gross cash dividend of EUR 1.40 per share for 2013.

4.6 Return on equity

Ageas calculates Return on equity on the basis of a 12-months result and the net equity average of the beginning and the end of the year. The Return on equity for 2013 and 2012 is as follows.

	2013	2012
Return on equity Ageas group	6.2%	8.4%
Return on equity Insurance	8.3%	8.7%

5 Non-Controlling interests

The following table provides information about the most significant non-controlling interests (NCI) in Ageas entities.

	% of non-controlling interest	Amount as at 31 December 2013	% of non-controlling interest	Amount as at 31 December 2012
Group company				
AG Insurance (Belgium)	25.0%	1,225.5	25.0%	1,324.8
Interparking SA (part of AG Insurance)	10.1%	89.7	10.1%	88.1
Venti M (part of AG Insurance)	40.0%	30.2	40.0%	32.4
Millenniumbcp Ageas (part of CEU)	49.0%	552.6	49.0%	502.9
F&B/UBI Assicurazioni (part of CEU)	75.0%	128.8	75.0%	124.5
Tesco Insurance Ltd (part of UK)	49.9%	91.8	49.9%	114.3
Other		3.6		9.3
Total		**2,122.2**		**2,196.3**
Adjustment NCI AG Insurance related to				
Liability on written put option (see note 33)		(1,225.5)		(1,324.8)
Total NCI		**896.7**		**871.5**

Non-controlling interest (NCI) represents the relative participation of a third party in the shareholders' equity of an Ageas subsidiary as determined by Ageas, in accordance with international financial reporting standards.

Details on the adjustment NCI AG Insurance related to Liability on written put option are provided in note 33 Liability related to written put option on AG Insurance shares held by BNP Paribas Fortis SA/NV.

6 Earnings per share

The following table details the calculation of earnings per share.

	2013	2012
Net result attributable to shareholders	569.5	743.0
Amortisation of costs of restricted shares	2.4	1.0
Net result used to determine diluted earnings per share	**571.9**	**744.0**
Weighted average number of ordinary shares for basic earnings per share (in thousands)	228,743	237,449
Adjustments for:		
- restricted shares (in thousands)	512	218
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**229,255**	**237,667**
Basic earnings per share (in euro per share)	2.49	3.13
Diluted earnings per share (in euro per share)	2.49	3.13

In 2013, weighted average options on 2,064,018 shares (2012: 2,410,735) with a weighted average exercise price of EUR 20.75 per share (2012: EUR 19.85 per share) were excluded from the calculation of diluted EPS because the exercise price of the options was higher than the average market price of the shares, taking into account that after the reverse stock split 10 options need to be exercised to acquire one share.

During 2013 and 2012, 4.0 million Ageas shares arising from the FRESH were excluded from the calculation of diluted earnings per share because the interest per share saved on these securities was higher than the basic earnings per share.

Ageas shares totalling 4.64 million (31 December 2012: 4.64 million) issued in relation to CASHES are included in the ordinary shares although they are not entitled to dividend nor do they have voting rights (see also note 51 Contingent Liabilities).

7 Risk Management

Active in many markets as a provider of insurance, both Life and Non-life, Ageas faces a number of risks that, whether internal or external, may affect its operations, its earnings, its share price, the value of its investments or the sale of certain products and services. Moreover, besides its Insurance operations, Ageas has a General Account, which mainly comprises activities not related to the core Insurance business, such as group finance and other holding activities. The General Account also administers the remaining so-called legacy issues.

7.1 Introduction

This section presents Ageas's risk management framework, risk management organisation and governance as well as risk taxonomy and main principles of risk appetite.

This section also presents Ageas's risk profile in terms of financial risks, insurance liabilities risk and other risks such as operational and strategic risks.

7.2 Risk management framework

As a multinational insurance provider, Ageas creates value through the acceptance, warehousing and transformation of risks that can be properly managed either at the individual or at the overall portfolio level within an appropriate Enterprise Risk Management framework.

Ageas defines risk as the deviation from anticipated outcomes that may have an impact on the value, capital or earnings of Ageas, its business objectives or future opportunities. Ageas's risk therefore stems from its exposure to external or internal risk factors in conducting its business activities. Ageas seeks to take on only risks that:

- it understands well;
- can be adequately managed either at the individual or at the overall portfolio level;
- it can afford (i.e. within the Ageas risk appetite);
- have an acceptable risk/reward trade-off.

The goal of Ageas's approach to risk management is to ensure that all material risks are understood and effectively managed through a well-designed enterprise risk management framework. The objective of this framework is to add value to the business as well as ensure adequate control by:

- ensuring that risks which affect the achievement of objectives are identified, assessed, monitored and managed (including, if needed, mitigated);
- defining and implementing a risk appetite framework expressed in terms of solvency, earnings and value;
- ensuring that the risk of insolvency is at all times kept low and within the risk appetite;
- supporting the decision making process by ensuring that consistent, reliable and timely risk information is available to the decision makers;
- creating a culture of risk awareness in which each manager fulfils his duty to be aware of the risks of his business, to manage them adequately and to report them transparently.

Ageas's risk framework has four dimensions:

- a documented risk policy framework;
- a defined risk organisation and governance;
- a formal model framework;
- a set of reporting tools.

Risk management at Ageas is based on a set of guiding principles, which are captured by the enterprise risk management (ERM) framework (see illustration). Ageas seeks to ensure that all significant risks are identified, assessed, monitored and managed in accordance with the Group's guidelines and standards, and intended (implicitly) to guide all business conduct within Ageas.

This enterprise risk management framework is reviewed regularly to ensure that it remains fit for purpose and adapted to meet any changing needs of Ageas. The framework is targeted at supporting the mission, objectives and high standards of risk management at group and local operating company level and at ensuring that the above-mentioned objectives are met.

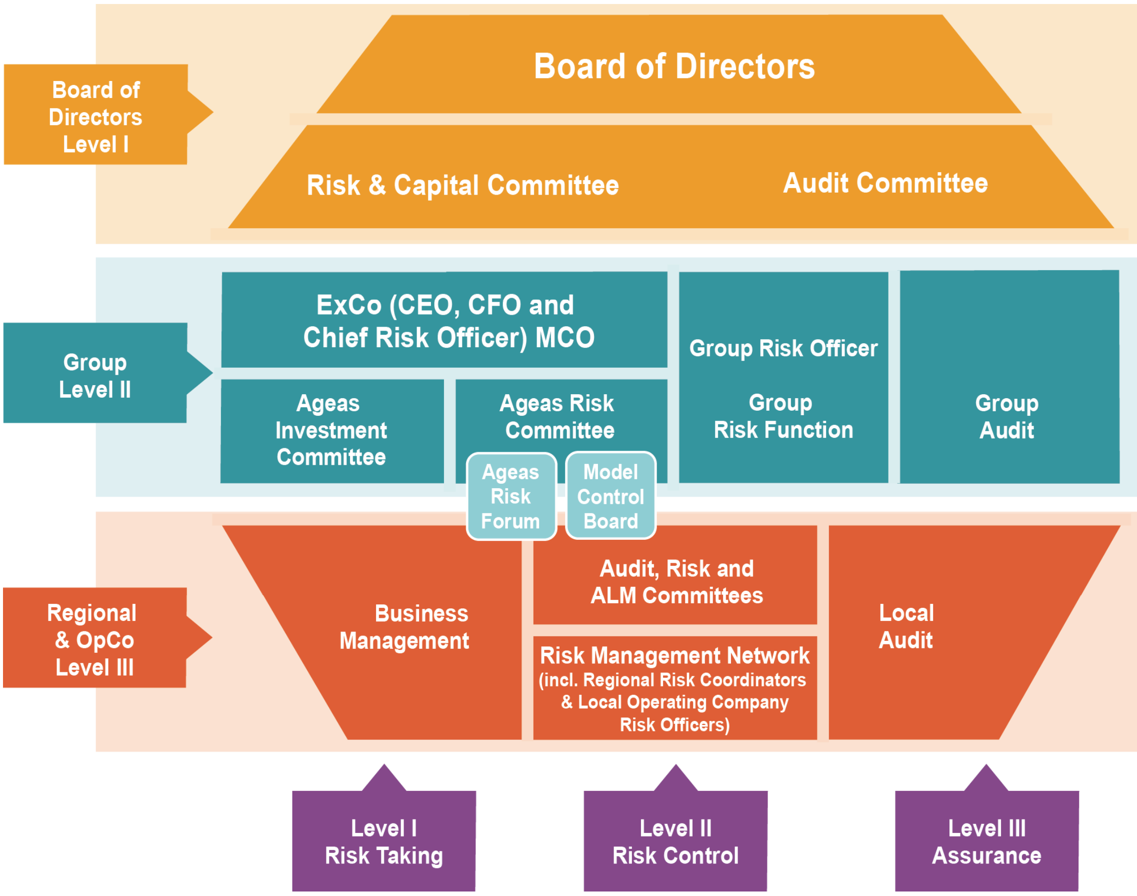
7.3 Risk management organisation and governance

The mission of the Risk Management department at group level and within the operations is to ensure that risks that affect the achievement of our objectives (strategic, operational, financial, etc.) are promptly identified, assessed, managed and monitored.

The Risk Management organisation is designed to ensure:

- clear responsibility and accountability for risk management and a culture of risk awareness;
- independence of the risk management functions;
- transparent and coherent risk-related decision-making, covering all risks in Ageas's risk taxonomy;
- knowledge and best practice sharing, and high standards of risk management;
- consistency to enable aggregate risk reporting and oversight at group level.

Ageas's risk governance and organisation is summarised below.



Ageas's risk framework emphasises the importance of ensuring clear responsibilities for efficient risk management.

To monitor the design of the overall risk and control framework, detect deficiencies and optimise its risk management framework, Ageas has adopted the 'three lines of defence' approach:

- first line of defence: Local businesses have the primary responsibility to ensure that Ageas does not suffer from unexpected events and to manage the full taxonomy of risks arising in their area. They are responsible for the execution of the business strategy ranging from the CEO, line management and business managers to employees at the business lines. They must have in place a robust risk culture and risk awareness all the way down to the deepest levels of their organisation. They are responsible to manage risks in line with local internal requirements which are designed to be consistent with group requirements. They are responsible for ensuring that appropriate processes and controls are in place and duly implemented;

- second line of defence: The Group Risk and Local Risk Functions ensure high standards of risk management throughout the organisation through the development of the risk framework and more specifically through risk type specific guidelines and policies. They coordinate the implementation of risk initiatives and raise senior management's awareness of risk at the consolidated level and assist the Executive Committee (ExCo) or local Management Committee and Board to optimise Ageas's overall risk appetite, risk limits, risk/return profile and utilisation of risk bearing capacity. Moreover, they are responsible for communicating and embedding risk strategy, risk awareness and risk management throughout the entire organisation. Compliance has an overall assurance role in which it makes sure that the company and its employees comply with the laws, regulations, internal rules and ethical standards and checks. Compliance ensures that policies (both risk and compliance related) are in place and that they abide to internal and external rules and requirements. Local risk functions are responsible to make sure that the processes and controls are aligned to the risk-related requirements;

- third line of defence: Internal Audit provides assurance on the proper design and implementation of the risk governance framework and observance of guidelines, policies and processes.

Governance units

Ageas's Risk Governance Policy defines the requirements relating to the nature, roles and organisation of the risk committees, risk function and Risk Officer and risk interactions required between the Ageas Group, Regions and operating companies.

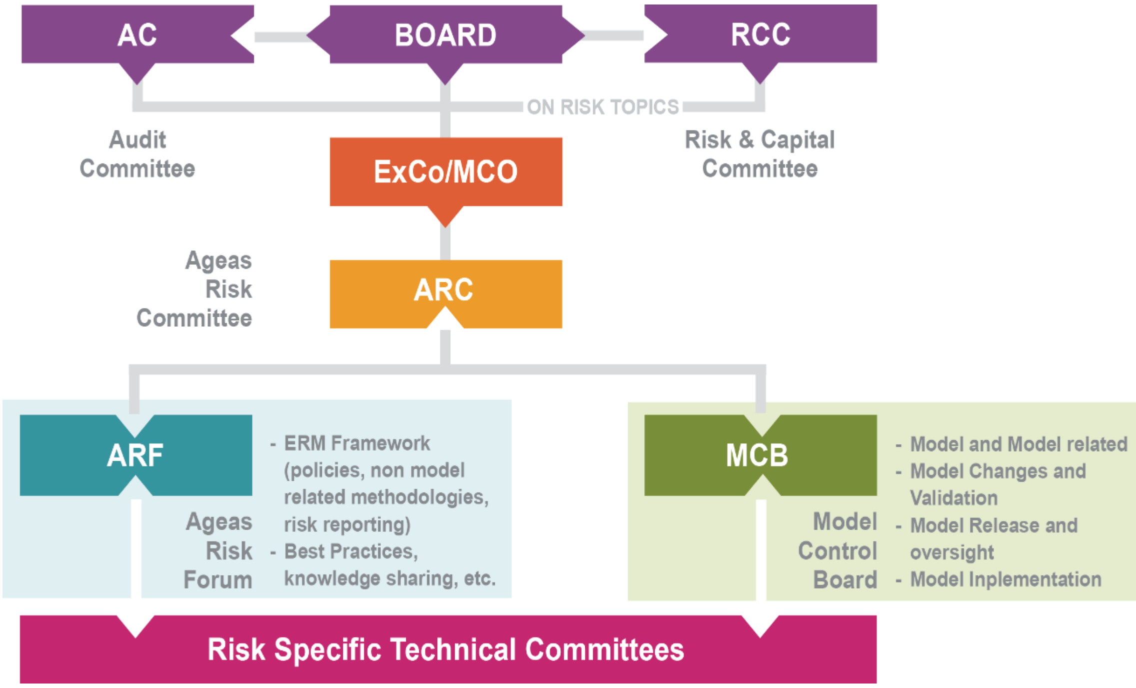
The policy applies to all governance units defined by the Ageas Board. Their risk governance is aligned with the Group governance requirements and allows Group oversight, full reporting and therefore accountability for contribution to group results (Income Statement, Statement of Financial Position and Value).

The following table shows Ageas's governance units.

Group	AGEAS				
Region	Belgium	UK	Asia	Continental Europe	General Account
OpCo	AG Insurance	Tesco Ageas Protect Ageas Insurance Retail	AICA	Millenniumbcp UBI Assicurazioni Ageas France	
Equity associates			China Malaysia India Thailand	Aksigorta Cardif Lux Vie	RPI

A. RISK MANAGEMENT ORGANISATION AT GROUP LEVEL

The Risk management function is built around a number of boards, committees and functions with various responsibilities in the enterprise risk management (ERM) Framework. At Group level, the following boards, committees and functions are in place to govern risks.



- the Board of Directors has the final responsibility for all risk management related activities. The Board is the ultimate decision-making body of Ageas, with the exception of matters reserved for the General Meetings of Shareholders by company law or by the Articles of Association. The Board approves the risk appetite for the group as a whole;

- the role of the Risk and Capital Committee is to assist the Board to understand and make recommendations on all matters relating to risk and capital and in particular on (i) the definition, supervision and monitoring of the risk profile of Ageas, compared to the targeted level of risk appetite as determined from time to time by the Board; (ii) on the adequacy of its capital allocation and (iii) on all financial aspects of legacy issues related to the former Fortis;

- the Audit Committee assists the Board to fulfil its supervision and monitoring responsibilities in respect of internal control in the broadest sense within Ageas, including internal control over financial and risk reporting;

- the ExCo and its CRO in particular have the responsibility towards the Risk & Capital Committee, Board and the markets/shareholders to assure that the relevant (legal) bodies of Ageas and of its local operating companies take adequate decisions regarding structures, risks and execution and to make sure adequate Ageas structures exist and are fully operational. The CRO is supported in his work by the Group Risk Officer, who heads the Group Risk function;

- the Board has created a Group Management Committee to advise the Group Executive Committee. The Group Executive Committee among others extensively discusses and seeks prior advice of the Management Committee on the matters related to Ageas wide policies, to be submitted to the Board for approval, such as: financial management (e.g. funding strategy, solvency matters, but excluding dividend policy) and risk management, (e.g. risk appetite);

- an Ageas Risk Committee (ARC) advises Ageas's ExCo on all risk related topics ensuring that all risks that affect the achievement of strategic, operational and financial objectives are promptly identified, measured, managed, reported and monitored (through adequate risk appetite limits) and that adequate risk management governance and organizations are in place and followed (as stipulated in the context of the ERM Framework). It is itself advised by the Ageas Risk Forum on topics related to the risk management framework and by the Ageas Model Control Board (MCB) that makes sure the models used are appropriate and suited to the task they are used for;

- Ageas Investment Committee advises Ageas's ExCo and monitors overall asset exposures to ensure that they are managed in accordance with the risk framework and within agreed limits. It advises management on decisions regarding investments. Its role also includes making recommendations relating to the Strategic Asset Allocation and Asset & Liability management and aims to optimise the overall investment strategy of the group and ensures that risk mitigation actions are taken when necessary. This committee is split into an Asian and a European part to ensure relevant regional focus;

- risk specific technical committees, such as the Ageas's Financial Risk Technical Committee, Ageas's Life Technical Committee and Ageas's Non-life Technical Committee act as technical expert bodies. They assure consistency across Ageas's local operating companies on methodology and modelling approaches. They facilitate the collection of business requirements and align Ageas Group platforms supporting the relevant risk assessments with business requirements and overall regulatory requirements. They act as advisory bodies to the ARC, ARF and MCB;

- the Group Risk Officer heads the Group Risk Function which is responsible for monitoring and reporting the overall risk profile of the Group including the aggregate risk profile of the insurance companies and the group holding assets and liabilities. It develops, proposes and implements the ERM framework that it documents through regularly updated risk policies and a risk taxonomy and prepares and provides all relevant risk reports and opinions on risks across the Group, seeking the ARC's endorsements on them. It ensures the appropriateness of the overall model governance taking into account remarks made by Ageas's independent Model Validation. It coordinates major risk related projects.

Ageas's Risk Management gives guidance to management, but is not responsible for the management decisions or the execution.

It is considered the second line of defence – its role is primarily one of advising senior management on the setting of high level strategies and aggregate risk appetite and to coordinate, monitor, challenge and provide support for its management.

As the third line of defence: Internal Audit provides an important additional level of control by both systematic and ad hoc assessments of management processes including risk management, ensuring adherence to policies and auditing risk practices.

The above-mentioned structures favour consistency, transparency, sharing of knowledge and make sure that Group-wide developments benefit from the practical experience and expertise of local operating companies and that development changes are accepted and implemented. Regional Risk Officers are members of the ARF which meets regularly to share knowledge and best practice and to jointly develop and improve the Group's enterprise risk framework.

The Chief Risk Officers from the regions are also members of the ARC, which ensures that decisions or recommendations made by the ARC take into account the views and expertise of the operations. The most significant risk issues and methodologies are also reviewed and decided upon by the Management and Executive Committees and by the Board. Once changes to the group risk framework have been agreed by the group level bodies, they are then taken to each local Board for formal adoption by the local operating companies.

B. RISK MANAGEMENT ORGANISATION AT OPERATING COMPANY LEVEL

Each Insurance company:

- is responsible for managing its risks and ensuring that it has a comprehensive risk management framework in place;
- is responsible for managing its risks within the limits, policies and guidelines set by regulators, Ageas Group and its local Board.

Local operating companies are required to have the following in place:

- a Board level Risk Committee and Audit Committee to assist the Board in fulfilling its supervision;
- a Management Risk Committee, which supports its management team in ensuring that key risks are well understood and appropriate risk management procedures are in place;
- an ALM Committee whose role includes the monitoring of market risks to ensure they are managed in accordance with the risk framework and within agreed limits and to make specific decisions or recommendations relating to ALM;
- a local Model Control Board which coordinates with the Ageas MCB;
- a risk function (or risk officer) to support the work of the Risk Committee and to provide risk reporting and opinions to the local CEO, local Board and to Group management;
- an actuarial function setup to meet upcoming Solvency II requirements and namely to provide opinions and recommendations on the calculation of technical provisions, the underwriting policy and reinsurance arrangements;
- a compliance function that advises the administrative or management body on compliance with laws, regulations and administrative requirements and Group and local policies where these set additional requirements. Compliance assesses the possible impact of any changes in the legal environment on the operations of the undertaking concerned and identifies any compliance risk;
- an internal audit function assessing the adequacy and effectiveness of the internal control system and other elements of the risk governance system.

Local management is considered the first level of control as they have primary responsibility for identifying and managing risk within their operations.

For those elements defined as requiring local board level approval, the local board is required to know the opinion of the ARC as part of the local decision making process. Note that this is an opinion which is there to support the local boards in their decision making but responsibility for the final decision remains with the local Board. Ageas representatives on the local board are informed of the ARC opinion through its advice to the ExCo (MCO informed in parallel).

Note that the Ageas Risk Committee’s scope includes the General Account. The General Account is managed separately from the insurance companies.

7.4 Risk taxonomy

Ageas offers a wide range of insurance products across many countries. Ageas is therefore exposed to a wide range of risks. The risk taxonomy has been developed with the objective of ensuring a consistent and comprehensive approach to risk identification, assessment, monitoring and response by highlighting and defining all identified risks within the Group. It should serve therefore as the basis for all risk management efforts.

The taxonomy cannot be considered as exhaustive, and it is the responsibility of business management and risk management to ensure that all risks are identified. While the aim is to keep a high degree of stability and consistency over time in this taxonomy, it will be reviewed on at least an annual basis and adjusted if appropriate.

Total Risk

Financial Risks

Counterparty Default Risks
Risk mitigating contracts
Receivables and loans
Other assets
Concentration

Market Risks
Interest rate
Equity
Spread Risk
Investment default risk
Foreign currency
Property
Other assets
Liquidity
Concentration

Insurance Liability Risk

Life Underwriting Risks
Life Risk
- Mortality
- Longevity
- Disability/Morbidity
- Lapse/Persistency
- Expense
- Revision

P/C Underwriting Risks
P/C Risk
- Premium & Reserve
- Expense
- Lapse/Persistency

Health Underwriting Risks
Health Risk (A/H)
- SLT
- Mortality
- Longevity
- Disability/Morbidity
- Lapse/Persistency
- Expense
- Revision

Non-SLT
Premium and Reserve
Lapse/Persistency
Expense

Catastrophe Risks

Operational Risks

Conduct of Business Risks
Products & Business Practices

Other People Related Risks
Internal Fraud
External Fraud
IT Security
Malicious Damage
Employee Practices & Workplace Safety
Execution, Delivery and Process Management

Event Risks
Business Continuity
Disasters and Public Safety
Technology and Infrastructure Failures

Model Risks

Intangible Asset Risk

Outsourcing Risk

Strategic Risks

Regulatory Risk
Solvency
Conduct of Business
Tax
Accounting

Competitor Risk

Distribution Risk

Reputation Risk

Country Risk

Economic Environment Risk

Other Environment Risk
Other Customer behaviour
Shareholder behaviour
Contagion Risks
Emerging Risks

7.5 Risk Appetite

Ageas has implemented a clear Risk Appetite Framework by means of a formal Risk Appetite Policy approved by its Board and ExCo.

The Risk Appetite Policy is intended to ensure that each local operating company and the Group overall sets clear and formal boundaries for risk taking and, most importantly of all, are both willing and able to afford the risks they take. The risk appetite sets maximum boundaries – it does not determine the optimal exposure, nor does it deal directly with how the detailed limits are implemented. It is not intended to imply that taking risks to the maximum level allowed by the policy is appropriate from a risk/return or any other business point of view, only that it is affordable. It also is not intended to imply that there is automatic permission to increase risks to the maximum allowable level set by the appetite. Controls are set within other policies (Market Risk and ALM Policy, Investment Policy and the Insurance Risk Policy) through additional constraints on risk taking. Capital needed to support risk taking also needs to earn sufficient returns from a value creation point of view.

The Risk Appetite Framework sets out two types of criteria.

The *quantitative* criteria are based primarily on the company's ability and willingness to accept deviations in the following key measures:

- solvency;
- earnings;
- value.

Each local operating company and the Group set clear limits on the acceptable deviation of Solvency, earnings and value following a range of clearly defined stress events. The current implementation of risk appetite covers the following risk factors:

- financial risk: equity risk, spread risk, property risk, interest rate risk and investment default risk;
- insurance Life risk: mortality risk, longevity risk, catastrophe risk, revision risk, lapse risk, expense risk and disability risk.

Qualitative criteria include elements that are not easily quantified but for which boundaries of acceptable activities can be described in a qualitative way.

Risk Appetite Statements can concern either:

- hard limits on solvency: Local operating companies and Group must comply with them because solvency has particular significance: below certain levels, recapitalisation and/or other drastic actions may be needed to avoid potentially huge business and/or regulatory issues. Governance Units cannot opt to accept exposures that would endanger breaching minimum regulatory capital requirements;
- soft limits on earnings and value: It is up to each (local) Board to decide if the risk appetite statement is appropriate or if they wish to define a more appropriate limit. Local Boards can accept greater deviations in earnings or value but they must do so after consultation with Ageas.

Risk Appetite Statement concerning Solvency

Local operating companies and Group are required to define their Target capital and Minimum acceptable capital in line with the Capital Management Policy and to comply with the following risk appetite statement:

- exposures must be limited to ensure that, starting with the Target capital, the available capital remains above the Minimum acceptable capital after applying certain individual predefined stress events;
- the stress events are calibrated to a '1 in 30' years type event which means that the probability that the business will need to seek external capital within a horizon of 1 year due to risk exposures is less than 3.34%.

The above appetite statement concerns a hard limit.

Under currently applicable Solvency I regulations, the Target capital at Group level has been set at 200% of Regulatory Minimum and Minimum acceptable capital at 125%.

Ageas publishes and comments its Solvency I figures and ratios on a quarterly basis. The information may be found on Ageas' website under 'Investors – Reporting Centre'' at this address:
http://www.ageas.com/en/investors/reporting-centre

Risk Appetite Statement concerning Earnings

Local operating companies and Group are required to define their earnings based risk appetite statements. The statement below is a guideline for Ageas and its local operating companies:

- exposures should be limited to ensure that the deviation from year-end budgeted IFRS earnings due to specific single stress events is limited to a set percentage as follows;
- the stress events are calibrated to a '1 in 10' years type event which means that the probability that the loss of business results exceeds the above impact thresholds over the horizon of 1 year due to risk exposure is less than 10%.

The above statement concerns a soft limit.

An early warning limit to trigger discussions at the ARC is also in place. It is based on forecasted earnings (instead of on budgeted earnings). It complements the above soft limit.

Risk Appetite Statement concerning Value

Local operating companies and Group are required to define their value based risk appetite statements. The statement below is a guideline for Ageas and its local operating companies:

- exposures should be limited to ensure that the reduction in the start year market consistent value due to any single specific stress event is limited to a set percentage;
- the stress events are calibrated to a '1 in 30' years type event which means that the probability that the business experiences a loss in value that exceeds the impact thresholds given above due to risk exposure is less than 3.34%.

The above statement concerns a soft limit.

Notes on stress events

The Ageas Risk Appetite Policy divides stress events into three groups:

- stress events defined by Group: the Group Minimum Standards on Risk Appetite define the stress events to be applied by all OpCos when monitoring if the risk appetite is met. These stress events may include standalone stress events (i.e. stress events which consider a shock on one of the risk factors) as well as combined stress events (i.e. stress events which consider a shock on multiple risk factors);
- local stress events: in addition to the standard group wide set of stress events each local operating company can define additional stress tests if additional risks have been identified. The local stress events are provided by the local management (and regional office if applicable). At the same time, an advice is asked from the local independent Risk Officer on the results. Moreover, the results are communicated to the Group (to Group Risk Officer);
- additional reporting requirements: these are additional scenarios (standalone or combined) that are added due to specific concerns arising out of recent events or current market conditions. They are not part of the standard appetite framework and may not require actions but are important to obtain additional information on the risk profile of Group and its OpCos. They can either be defined by Group or by a local operating company (local stress events).

7.6 External Ratings

Ageas and its main local operating companies aim to maintain sound and quality ratings. These ratings are kept up to date on Ageas' website at the following address:
http://www.ageas.com/en/investors/debt-investors

7.7 Details on various risk exposures

7.7.1 Financial Risk

Financial risk encompasses all risks relating to the value and performance of assets and liabilities that may affect Value and Solvency due to changes in financial circumstances. These include:

- market risk which arises from adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments;
- credit risk which encompasses investment default risk, counterparty risk as well as concentration risk.

Financial risk is the most significant risk for many of Ageas's operations. The risk framework in place at all operations combines investment policies, limits, stress tests and regular monitoring in order to control the nature and level of financial risks and to ensure that risks being taken are appropriate for both customer and shareholder and are appropriately rewarded.

The overall asset mix is determined by local businesses based on asset mix studies to identify the appropriate strategic assets, their adequacy from an ALM perspective and on regular monitoring of the market situation and prospects to decide on the tactical allocation. The decision process needs to balance risk appetite, capital requirements, long-term risks and return, policyholder expectations, profit sharing requirements and tax and liquidity issues to arrive at an appropriate target mix. The mission of the Group Risk function includes monitoring aggregate risk appetite covering financial risks and working with the local businesses to develop the policies and best practice, which must be adopted by the local Boards to ensure they become part of the local regular activity.

Financial risk is composed of the following sub-risks:

- Market risk;
- Credit risk;
- Liquidity risk.

Market risk

Market risk means the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets and liabilities. Market risk is composed of the following sub-risks:

a. interest rate risk;
b. equity risk;
c. currency risk;
d. property risk;
e. spread risk.

A. INTEREST RATE RISK

Interest rate risk exists for all assets and liabilities sensitive to changes in the term structure of interest rates or interest rate volatility.

Changes in interest rate risk can also impact the products the insurance companies sell, for example, through guarantees, profit sharing and the value of Ageas' investments. This risk arises as a result of a mismatch between the interest rate sensitivity of assets and liabilities to changes in interest rates.

Ageas measures, monitors and controls its interest rate risk using a number of indicators including cash flow mismatch analysis and stress testing. The investment policies usually require close matching unless specifically approved otherwise. Longer term business can be difficult to match due to lack of availability of suitable assets. The matching strategy will be determined taking into account risk appetite, availability of (long-term) assets, current and prospective market rates and levels of guarantee. Derivatives are sometimes used to hedge interest-rate risk.

The typically long insurance liabilities and lack of long-term assets imply a negative gap in the long maturity buckets and a positive one at the shorter end of the curve.

Sensitivities

The risk appetite for interest rate risk reflects the risk that Ageas tolerates towards a predefined interest rate stress event. This predefined stress event is the worst case impact of an upward or a downward shift of the yield curve in line with the solvency II stress but converted from a 1 in 200 years event to a 1 in 30 years event for solvency and value and a 1 in 10 years event for earnings.

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of stress tests equal to a parallel downward shift & upward shift of the yield curve with 1%.

	Impact on income statement	Impact on IFRS Equity
Interest - rate down (100 bp)	(23.5)	562.8
Interest - rate up + 100 bp	4.7	(1,477.8)

B. EQUITY RISK

Equity risk arises from the sensitivity of assets and liabilities to changes in the level or volatility of market prices for equities or their yield. This risk is controlled through limit setting based on the risk appetite and by investment policies that require a range of controls to be in place including the action that will be taken in the event of significant decreases in value. Earlier pro-active management of this risk has resulted in the rapid reduction in exposure to equity risk through sales and hedging. It helps to limit losses and to ensure that the insurance companies remain solvent throughout the financial crisis. Given the market turmoil, Ageas imposed a ban on any new equity investments back in 2009. During 2012, Ageas relaxed this ban and now allows new investments in equities provided that they are managed such that the indicators remain within the risk appetite limits.

For risk management purposes, Ageas bases its definition of equity exposure on the underlying assets and risks. Taking a risk based approach, the total economic exposure to equities at fair value is given in the table below together with a reconciliation to the IFRS reported figures.

	2013	2012
Type of asset		
Direct equity investments	1,637.3	1,190.8
Equity funds	106.5	102.2
Private equity	46.1	33.9
Alternative investments	8.4	1.5
Asset allocation funds	39.9	30.3
Total Economic equity exposure	**1,838.2**	**1,358.7**
Debt funds	630.3	335.3
Real estate funds (SICAFI/REITS)	735.1	686.0
Total IFRS equity exposure	**3,203.6**	**2,380.0**

Sensitivities

The risk appetite for equity risk reflects the risk that Ageas tolerates towards a predefined stress event for equities. This predefined stress event represents an equity crash in line with the solvency II stresses but converted from a 1 in 200 years event to a 1 in 30 years event for solvency and value and a 1 in 10 years event for earnings.

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of stress tests that are calibrated based on a 1 in 30 years event.

	Impact on income statement	Impact on IFRS Equity
Equity - market risk	(74.9)	(449.2)

C. CURRENCY RISK

Currency risk arises from the sensitivity of assets and liabilities to changes in the level of relevant currency exchange rates when there is a mismatch between the assets and liabilities in a relevant currency. At Group level, this includes situations where Ageas has assets (from participations and investments) other than euro denominated assets.

Ageas's investment policy limits this risk by requiring the currency mismatch between assets and liabilities to be minimised and in most cases it is eliminated entirely.

Ageas's policy is not to hedge the equity investments and permanent funding for subsidiaries and equity associates in foreign currency. Ageas accepts the mismatch arising from ownership of local operating companies in non-euro currencies as a consequence of being an international group.

The risk appetite for currency risk reflects the risk that Ageas tolerates towards a predefined foreign exchange rate stress event. This predefined stress event is the worst case impact of an increasing or decreasing exchange rate in line with the solvency II stresses but converted from a 1 in 200 years event to a 1 in 30 years event for solvency & value and a 1 in 10 years event for earnings.

The main currency risk exposures to foreign currencies as at 31 December are stated in the table below. The exposures shown are net (assets minus liabilities), after any hedging denominated in euro.

At 31 December 2013	HKD	GBP	THB	MYR	CNY	TRY	HUF	USD	JPY	CHF	AUD	PLN	RON	INR
Total assets	1,007.3	5,283.6	219.6	299.6	279.1	166.0	0.9	3,412.5	17.0	2.2	5.9	5.2	19.5	34.0
Total liabilities	831.9	4,060.1			14.4			1,923.5	10.3	1.9	2.9	1.6	1.6	
Total assets minus liabilities	175.4	1,223.5	219.6	299.6	264.7	166.0	0.9	1,489.0	6.7	0.3	3.0	3.6	17.9	34.0
Off balance	345.9	0.3			1.2			(1,142.2)						
Net position	521.3	1,223.8	219.6	299.6	265.9	166.0	0.9	346.8	6.7	0.3	3.0	3.6	17.9	34.0
Of which invested in subsidiaries and equity associates	781.2	1,121.2	219.6	299.6	279.1	152.2		79.4					19.5	12.4

At 31 December 2012	HKD	GBP	THB	MYR	CNY	TRY	HUF	USD	JPY	CHF	AUD	PLN	RON	INR
Total assets	1,044.0	5,420.0	244.2	307.5	260.5	175.5	2.8	3,652.7	1.1	2.5	12.0	16.6		34.0
Total liabilities	814.0	4,137.6			13.0			1,868.7	0.5	1.4	8.4	1.4		
Total assets minus liabilities	230.0	1,282.4	244.2	307.5	247.5	175.5	2.8	1,784.0	0.6	1.1	3.6	15.2		34.0
Off balance	324.5				0.5			(1,374.9)						
Net position	554.5	1,282.4	244.2	307.5	248.0	175.5	2.8	409.1	0.6	1.1	3.6	15.2		34.0
Of which invested in subsidiaries and equity associates	1,011.7	1,183.1	244.2	307.5	260.5	175.5								12.8

D. PROPERTY RISK

Property risk arises as a result of sensitivity of assets and liabilities to the level or volatility of market prices of property or their yield.

For risk management purposes, Ageas defines the exposure to real estate based on the market value of these assets including assets held for own use. This differs from the exposure reported under IFRS definitions, which excludes unrealised gains. The table below identifies what Ageas considers economic exposure to real estate and how this is reconciled to the figures reported under IFRS.

	2013	2012
Type of asset		
Carrying amount		
Investment properties	2,354.5	2,415.5
PP&E: land and buildings for own use	967.4	1,010.0
Property intended for sale	155.1	107.5
Total	**3,477.0**	**3,533.0**
Real estate funds	735.1	686.0
Total IFRS real estate exposure	**4,212.1**	**4,219.0**
Unrealised capital gain (Economic exposure)		
Investment properties	976.0	891.7
PP&E: land and buildings for own use	339.5	421.4
Total Economic real estate exposure	**5,527.6**	**5,532.1**

Sensitivities

The risk appetite for property risk reflects the risk that Ageas tolerates towards a predefined stress on real estate exposure. This predefined stress event represents a drop in value in line with the solvency II stresses but converted from a 1 in 200 years event to a 1 in 30 years event for solvency & value and a 1 in 10 years event for earnings.

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of stress tests that are calibrated based on a 1 in 30 years event.

	Impact on income statement	Impact on IFRS Equity
Real - estate risk	(173.0)	(239.0)

E. SPREAD RISK

Spread risk results from the sensitivity of the value of assets and liabilities to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

A significant portion of Ageas' liabilities are illiquid. Ageas generally aims to hold credit assets to maturity. This helps reduce the impact of spread risk significantly because the liabilities are illiquid which makes that Ageas can hold these assets up to maturity. It is highly unlikely that Ageas is forced to sell at distressed prices, but Ageas can choose to sell if it considers this to be the best course of action.

Sensitivities

The risk appetite for spread risk reflects the risk that Ageas tolerates towards a predefined equities stress event. This predefined stress event is the impact of increasing credit spreads in line with the solvency II stresses but converted from a 1 in 200 years event to a 1 in 30 years event for solvency and value and a 1 in 10 years event for earnings. Next to the basic stress scenario, an additional stress scenario is used to monitor exposures to European government bonds.

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of stress tests that are calibrated based on a 1 in 30 years event.

The impact of spread risk is measured based on a factor times duration. The table below shows the factors for AAA and BBB corporate with a modified duration lower than 5 year.

	Impact on income statement	Impact on IFRS Equity
Stress - AAA (5 year / 10 year)	+ 54 bps / + 43 bps	+ 68 pbs / + 54 bps
Stress - BBB (5 year / 10 year)	+150 bps / +120 bps	+ 188 bps / + 150 bps
Spread - rate risk	(11.8)	(674.3)

7.7.1.2. Credit risk

Credit risk means the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit rating of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed. Credit risk is composed of the following sub-risks:

a. investment default risk;
b. counterparty risk;
c. concentration risk.

The following table provides an overview of the credit risk to which Ageas is exposed.

31 December 2013	Belgium	UK	Continental Europe	Asia	General	Eliminations	Total Ageas
Cash and cash equivalents (see note 15)	**685.9**	**234.7**	**384.6**	**126.1**	**781.3**		**2,212.6**
Derivatives held for trading (assets) (see note 16)	**7.6**	**0.3**	**5.4**		**1.1**		**14.4**
Loans	4,725.3	6.5	78.0	234.3	1,946.8	(1,227.8)	5,763.1
Impairments	(13.3)		(0.4)	(6.0)			(19.7)
Total Loans, net (see note 18)	**4,712.0**	**6.5**	**77.6**	**228.3**	**1,946.8**	**(1,227.8)**	**5,743.4**
Interest bearing investments	46,730.5	3,294.5	7,444.3	1,526.3	357.1		59,352.7
Impairments	(2.3)		(11.9)				(14.2)
Total Interest bearing investments, net (see note 16)	**46,728.2**	**3,294.5**	**7,432.4**	**1,526.3**	**357.1**		**59,338.5**
Reinsurance and other receivables	787.4	1,008.4	242.1	70.3	3.7	(7.1)	2,104.8
Impairments	(4.6)	(3.5)	(8.5)	(1.4)	(0.1)		(18.1)
Total Reinsurance and other receivables, net (see note 20)	**782.8**	**1,004.9**	**233.6**	**68.9**	**3.6**	**(7.1)**	**2,086.7**
Total credit risk exposure, gross	52,936.7	4,544.4	8,154.4	1,957.0	3,090.0	(1,234.9)	69,447.6
Impairments	(20.2)	(3.5)	(20.8)	(7.4)	(0.1)		(52.0)
Total credit risk exposure, net	**52,916.5**	**4,540.9**	**8,133.6**	**1,949.6**	**3,089.9**	**(1,234.9)**	**69,395.6**

31 December 2012	Belgium	UK	Continental Europe	Asia	General	Eliminations	Total Ageas
Cash and cash equivalents (see note 15)	**889.0**	**776.9**	**284.7**	**96.9**	**402.4**		**2,449.9**
Derivatives held for trading (assets) (see note 16)	**23.2**		**6.3**		**6.3**		**35.8**
Loans	3,759.2	56.8	486.0	130.2	3,130.9	(1,258.1)	6,305.0
Impairments	(10.9)		(0.6)	(5.1)			(16.6)
Total Loans, net (see note 18)	**3,748.3**	**56.8**	**485.4**	**125.1**	**3,130.9**	**(1,258.1)**	**6,288.4**
Interest bearing investments	48,306.1	2,965.7	7,228.6	1,563.6	94.3		60,158.3
Impairments	(2.3)						(2.3)
Total Interest bearing investments, net (see note 16)	**48,303.8**	**2,965.7**	**7,228.6**	**1,563.6**	**94.3**		**60,156.0**
Reinsurance and other receivables	741.3	940.7	235.6	69.8	6.3	(4.7)	1,989.0
Impairments	(4.7)	(3.6)	(8.9)	(1.5)	(2.3)		(21.0)
Total Reinsurance and other receivables, net (see note 20)	**736.6**	**937.1**	**226.7**	**68.3**	**4.0**	**(4.7)**	**1,968.0**
Total credit risk exposure, gross	53,718.8	4,740.1	8,241.2	1,860.5	3,640.2	(1,262.8)	70,938.0
Impairments	(17.9)	(3.6)	(9.5)	(6.6)	(2.3)		(39.9)
Total credit risk exposure, net	**53,700.9**	**4,736.5**	**8,231.7**	**1,853.9**	**3,637.9**	**(1,262.8)**	**70,898.1**

The table below provides information on the impaired credit risk exposure as at 31 December.

			2013			2012
	Impaired outstanding	Impairments for specific credit risk	Coverage ratio	Impaired outstanding	Impairments for specific credit risk	Coverage ratio
Interest bearing investments	58.3	(14.2)	24.4%	3.7	(2.3)	62.2%
Loans	135.1	(18.9)	14.0%	135.0	(15.6)	11.6%
Other receivables	23.5	(18.1)	77.0%	30.9	(21.0)	68.0%
Total impaired credit exposure	**216.9**	**(51.2)**	**23.6%**	**169.6**	**(38.9)**	**22.9%**

A. INVESTMENT DEFAULT RISK

Investment default risk is one aspect of credit risk. The investment default risk includes the risk of actual default of Ageas' obligors as well as the potential for indirect losses that may arise from a default event.

This risk is managed through limits which take into account the type of credit exposure, credit quality and, where needed, maturity, and through regular monitoring and early warning systems.

Investment exposures are therefore monitored through a quarterly Limit Breach Report. Limits are monitored on fair values based on asset classification in line with those of Ageas's Consolidated financial statements. The limits are defined by the following categories.

Limits on *Government bonds* are defined by country in multiple ways:

- 'macro limits' defined as percentages of Gross Domestic Product (GDP), government debt and investment assets;
- Total One Obligor (TOO) limits defined as maximum exposure to one obligor based on credit ratings;
- investment restrictions: No new investments in sovereign debt with a rating BBB or below without the approval of the ARC. Increases in exposure to Euro countries rated BBB are only allowed on the condition of having a stable outlook.

Limits on *Corporate bonds* are also defined on multiple criteria:

- total corporate exposure as a percentage of the portfolio;
- Total One Obligor (TOO) limits defined as a maximum percentage of the fixed income portfolio;
- triggers for action when downgraded below BBB;
- limits by sector based on the credit ratings.

Ageas also has a stress scenario for single investment defaults in which as well the largest single sovereign investment default as the largest single corporate investment default should remain within the solvency risk appetite budgets.

Equity investments may require a stop loss protection mechanism assuring that the indicators remain within the risk appetite limits.

The credit rating applied by Ageas is based on the second best of available ratings from Moody's, Fitch and Standard & Poor's on 31 December. In the paragraphs hereafter more detail is provided on the credit quality of:

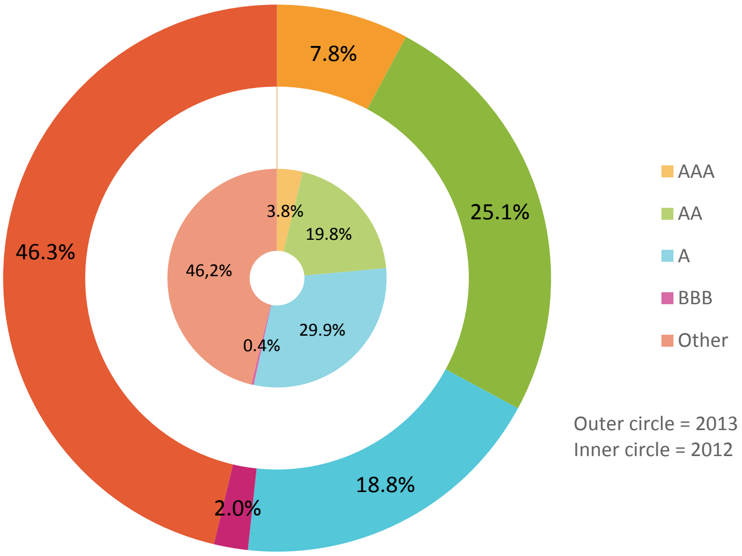
- loans;
- interest bearing investments:
  - government bonds;
  - corporate bonds;
  - banks and other financials.

Loans

The table below provides information on the credit quality of Loans.

	2013 Carrying value	2013 Percentage	2012 Carrying value	2012 Percentage
Investment grade				
AAA	452.2	7.8%	238.0	3.8%
AA	1,444.1	25.1%	1,245.9	19.8%
A	1,083.0	18.8%	1,883.3	29.9%
BBB	113.2	2.0%	25.0	0.4%
Investment grade	3,092.5	53.7%	3,392.2	53.8%
Unrated	2,670.6	46.3%	2,912.8	46.2%
Total investments in loans, net	5,763.1	100.0%	6,305.0	100.0%
Impairments	(19.7)		(16.6)	
Total investments in loans, gross	**5,743.4**		**6,288.4**	

The chart below shows the credit quality of Loans.

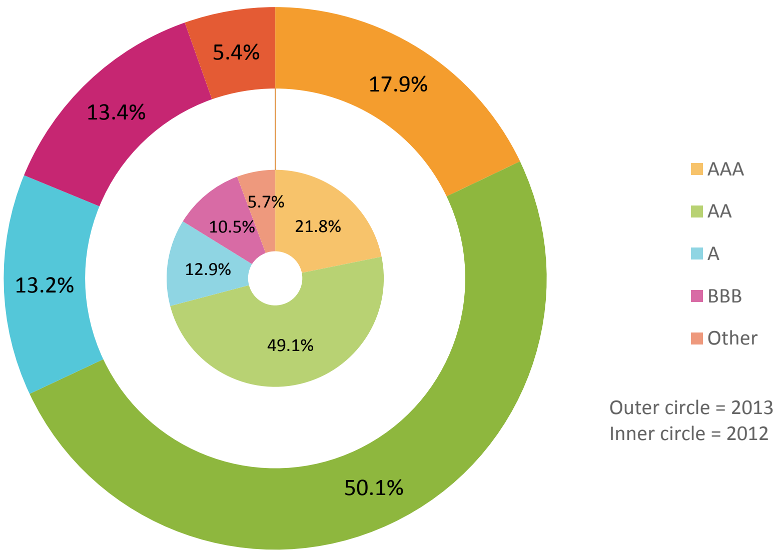


Interest bearing investments

The table below outlines the credit quality of Interest bearing investments.

	2013 Carrying value	2013 Percentage	2012 Carrying value	2012 Percentage
Investment grade				
AAA	10,635.6	17.9%	13,091.0	21.8%
AA	29,713.6	50.1%	29,550.1	49.1%
A	7,848.4	13.2%	7,751.8	12.9%
BBB	7,946.6	13.4%	6,293.9	10.5%
Investment grade	56,144.2	94.6%	56,686.8	94.3%
Below investment grade	2,746.4	4.6%	2,678.8	4.4%
Unrated	447.9	0.8%	790.4	1.3%
Total investments in interest bearing securities, net	59,338.5	100.0%	60,156.0	100.0%
Impairments	14.2		2.3	
Total investments in interest bearing securities, gross	**59,352.7**		**60,158.3**	

The chart below shows the credit quality of Interest bearing investments.



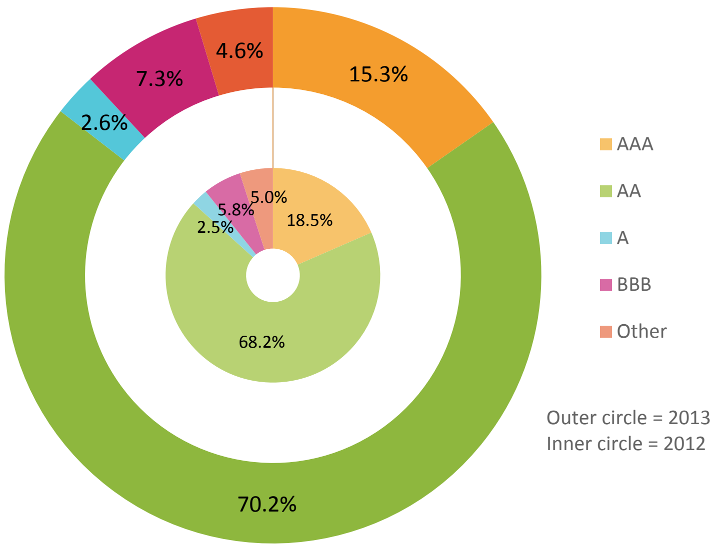
The bond portfolio is highly geared towards investment grade bonds. Investment grade bonds make up 94.6% (2012: 94.3%) of the portfolio with 81.2% (2012: 83.8%) rated A or higher. The percentage below investment grade in 2013 comprises mainly Portuguese government bonds and the bonds of financial and corporate institutions in Portugal.

Government bonds

The table below provides information on the credit quality of Government bonds.

	31 December 2013	31 December 2012
By IFRS classification		
Available for sale	29,630.7	29,843.9
Held to maturity	4,836.9	4,884.4
Total government bonds	**34,467.6**	**34,728.3**
By rating		
AAA	5,281.3	6,419.2
AA	24,180.1	23,695.5
A	897.0	875.9
BBB	2,511.0	2,003.1
Total investment grade	32,869.4	32,993.7
BB or lower	1,563.0	1,323.1
Unrated	35.2	411.5
Total non-investment grade and unrated	1,598.2	1,734.6
Total government bonds	**34,467.6**	**34,728.3**

The chart below shows the credit quality of Government bonds.

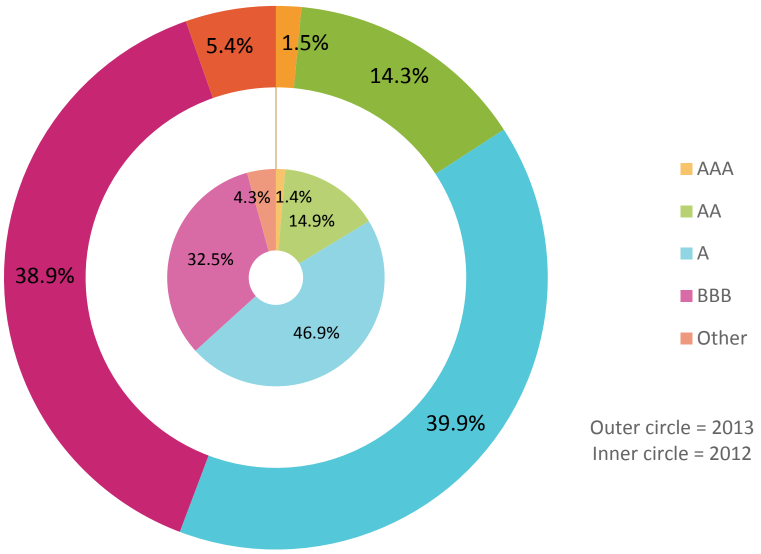


Corporate Bonds

The table below provides information on the credit quality of Corporate bonds.

	31 December 2013	31 December 2012
By IFRS classification		
Available for sale	9,748.2	8,716.2
Total corporate bonds	**9,748.2**	**8,716.2**
By rating		
AAA	146.2	121.7
AA	1,396.8	1,302.2
A	3,892.1	4,089.2
BBB	3,788.8	2,830.2
Total investment grade	9,223.9	8,343.3
BB or lower	281.7	287.7
Unrated	242.6	85.2
Total non-investment grade and unrated	524.3	372.9
Total corporate bonds	**9,748.2**	**8,716.2**

The chart below shows the credit quality of Corporate bonds.



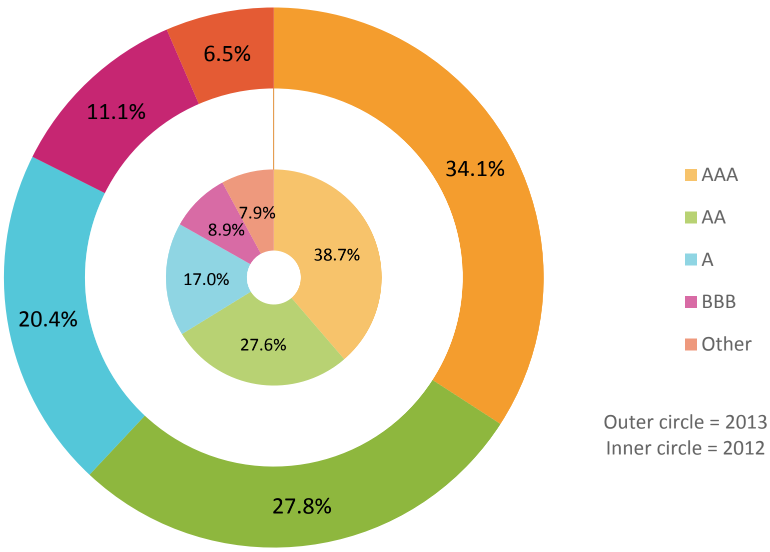
The corporate bond portfolio focuses on investment grade bonds. These bonds comprise 94.6% (2012: 95.7%) of the portfolio with 55.8% (2012: 63.3%) rated A or higher. The percentage below investment grade in 2013 and 2012 concerns mainly corporate institutions in Portugal.

Banks and other financials

The table below provides information on the credit quality of Banks and other financial institutions.

	31 December 2013	31 December 2012
By IFRS classification		
Available for sale	14,422.8	16,035.1
Held at fair value through profit or loss	214.4	191.7
Held to maturity	137.5	169.7
Total banking and other financials	**14,774.7**	**16,396.5**
By rating		
AAA	5,041.5	6,339.8
AA	4,113.0	4,517.3
A	3,015.8	2,784.9
BBB	1,645.1	1,460.5
Total investment grade	13,815.4	15,102.5
BB or lower	901.7	1,061.0
Unrated	57.6	233.0
Total non-investment grade and unrated	959.3	1,294.0
Total banks and other financials	**14,774.7**	**16,396.5**

The chart below shows the credit quality of Banks and other financials.



B. COUNTERPARTY DEFAULT RISK

Counterparty default risk can arise due to the purchase of re-insurance, other risk mitigation and 'Other assets'. Ageas minimises this risk through policies on counterparty selection, collateral requirements and diversification.

Within Ageas, this risk is mitigated through the application of Ageas's Default Policy and close monitoring of outstanding counterparty default credit positions. Diversification and avoidance of low rated exposures are key elements in the mitigation of this risk.

Impairment for specific credit risk is established if there is objective evidence that Ageas will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment is the difference between the carrying amount and the recoverable amount. In the case of market traded securities, the recoverable amount is the fair value.

Impairments are based on Ageas's latest estimate of the recoverable amount and represent the loss that Ageas considers it will incur. Conditions for write-off may be that the obligor's bankruptcy proceedings have been finalised and securities have been exhausted, the obligor and/or guarantors are insolvent, all normal recovery efforts have been exhausted, or the economic loss period (i.e. the period within which all expenses will exceed the recoverable amount) has been reached.

C. CONCENTRATION RISK

Concentration risk refers to risks stemming either from lack of diversification in the asset portfolio compared to representative benchmark or from large exposure to risk of default by a single issuer of securities or a group of related issuers.

Concentration risk can arise due to large aggregate exposures to single counterparties or an aggregate of exposures to a number of positively correlated counterparties (i.e. tendency to default under similar circumstances) with the potential to produce a significant amount of impairments due to a bankruptcy or failure to pay.

Avoidance of concentrations is therefore fundamental to Ageas credit risk strategy of maintaining granular, liquid and diversified portfolios. Each local business is responsible for its own counterparty limits, taking into account its particular situation and any group requirements. Each local business is in charge of continuous monitoring. Periodic reporting allows the group to check these and monitor the overall position.

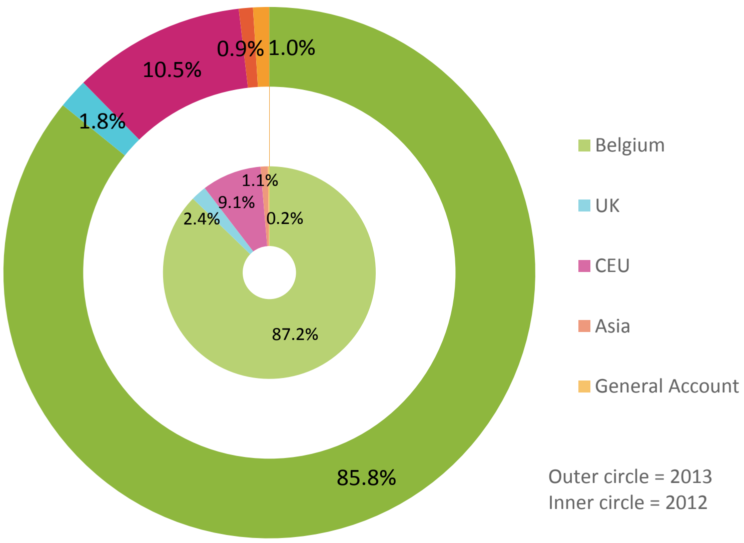
To manage the concentration of credit risk, Ageas's investment limits aims to spread the credit risk across different sectors and countries. Ageas monitors its largest exposures to individual entities, groups and other potential concentrations such as sectors and geographic areas to ensure adequate diversification and identification of significant concentration risk.

The table below provides information on the concentration of credit risk by location of the Ageas entity as at 31 December.

31 December 2013	Government and official institutions	Credit institutions	Corporate customers	Retail customers	Other	Total
Belgium	31,265.2	10,825.0	9,044.9	1,698.0	103.6	52,936.7
UK	666.5	1,373.5	2,355.4		149.0	4,544.4
Continental Europe	3,821.0	3,478.7	674.3	23.6	156.8	8,154.4
Asia	311.8	735.0	862.3	45.9	2.0	1,957.0
General Account	357.1	1,681.2	(180.9)	0.1	(2.4)	1,855.1
Total	**36,421.6**	**18,093.4**	**12,756.0**	**1,767.6**	**409.0**	**69,447.6**

31 December 2012	Government and official institutions	Credit institutions	Corporate customers	Retail customers	Other	Total
Belgium	30,342.9	11,602.8	9,992.9	1,654.0	126.2	53,718.8
UK	825.0	1,649.5	1,664.0		601.6	4,740.1
Continental Europe	3,150.0	4,171.2	707.1	24.7	188.2	8,241.2
Asia	383.9	755.9	671.5	46.9	2.3	1,860.5
General Account	76.7	2,371.5	(75.9)		5.1	2,377.4
Total	**34,778.5**	**20,550.9**	**12,959.6**	**1,725.6**	**923.4**	**70,938.0**

The chart below shows Ageas's credit risk broken down by its operating segments (as described in section 7.3) as at 31 December.

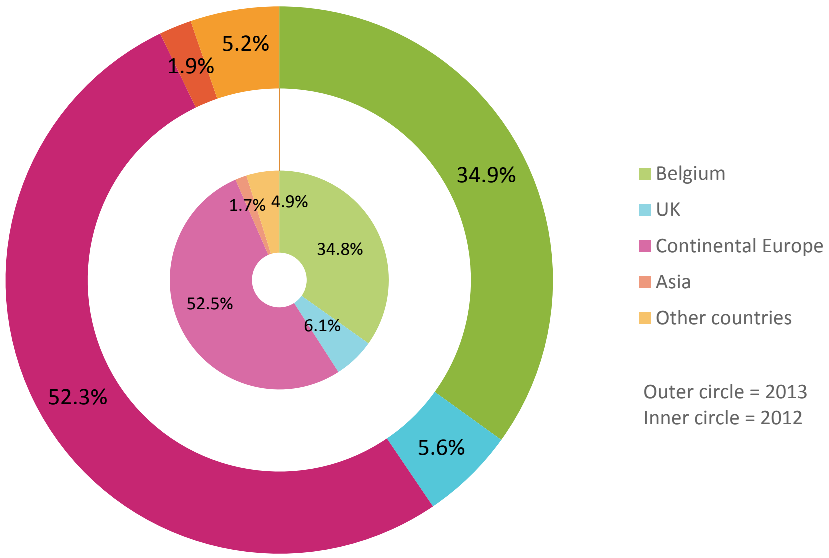


The table below provides information on the concentration of credit risk by type and location of counterparty as at 31 December.

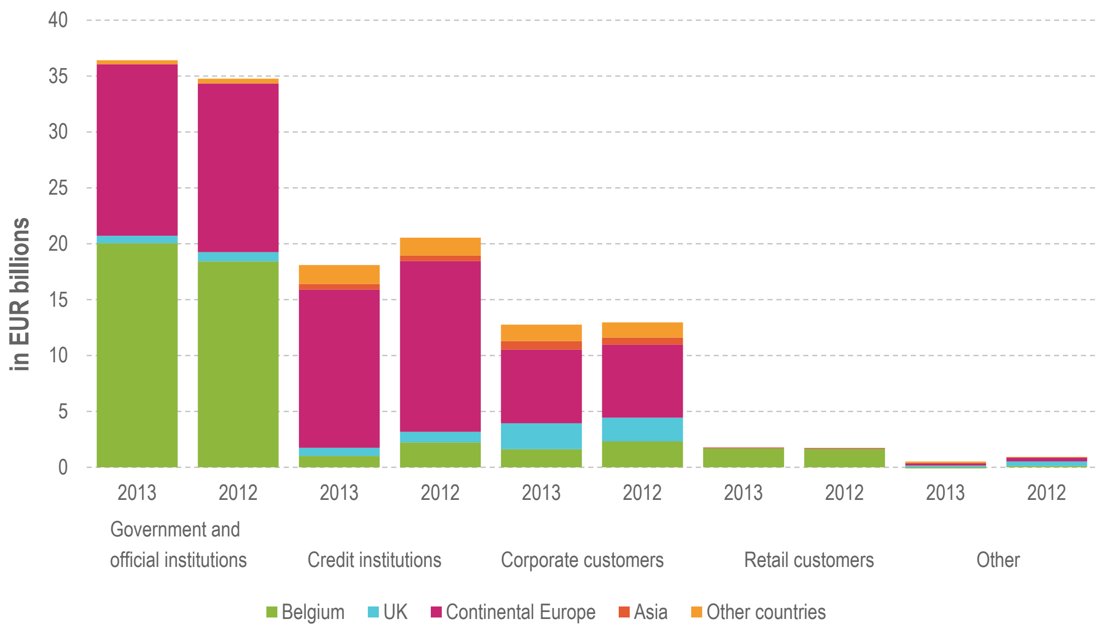
31 December 2013	Government and official institutions	Credit institutions	Corporate customers	Retail customers	Other	Total
Belgium	20,049.1	857.0	1,611.8	1,698.1	44.4	24,260.4
UK	663.4	737.0	2,321.8		149.0	3,871.2
Continental Europe	15,342.5	14,152.9	6,592.2	23.6	222.0	36,333.2
Asia	21.3	510.4	760.9	45.9	2.0	1,340.5
Other countries	345.3	1,836.1	1,469.3		(8.4)	3,642.3
Total	**36,421.6**	**18,093.4**	**12,756.0**	**1,767.6**	**409.0**	**69,447.6**

31 December 2012	Government and official institutions	Credit institutions	Corporate customers	Retail customers	Other	Total
Belgium	18,425.0	2,097.0	2,309.5	1,654.0	222.7	24,708.2
UK	823.0	950.1	2,122.2		419.2	4,314.5
Continental Europe	15,080.8	15,276.5	6,543.0	24.7	352.0	37,277.0
Asia	16.9	494.9	628.5	46.9	2.3	1,189.5
Other countries	432.8	1,732.4	1,356.4		(72.8)	3,448.8
Total	**34,778.5**	**20,550.9**	**12,959.6**	**1,725.6**	**923.4**	**70,938.0**

The chart below shows the concentration of credit risk by location of counterparty as at 31 December.



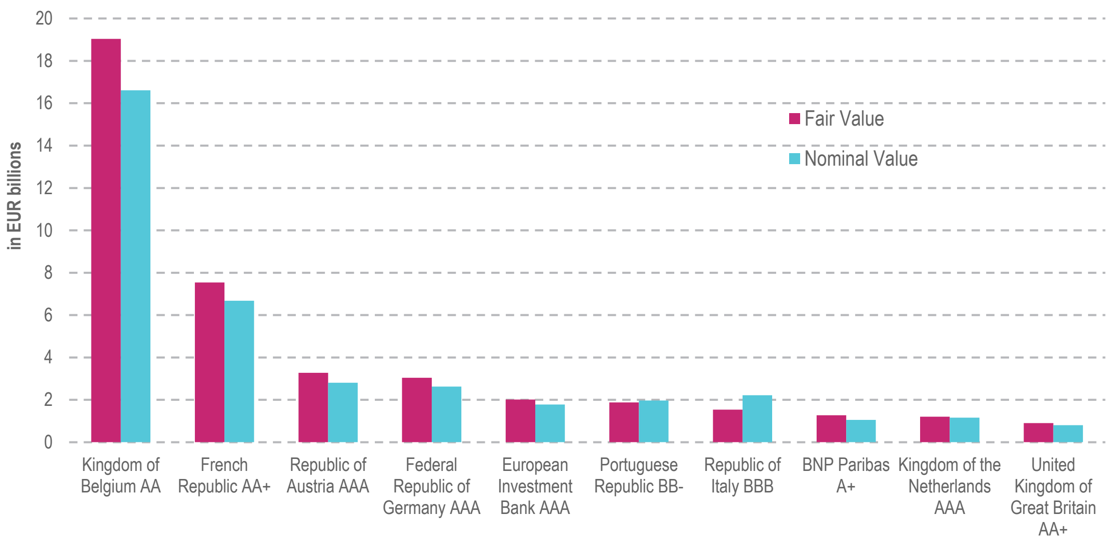
The graph below shows the concentration of credit risk by type of counterparty as at 31 December.



The table below shows the highest exposures on ultimate parents measured at fair value and nominal value with their ratings.

Highest Exposure Top 10	Group Rating	Fair Value	Nominal Value
Kingdom of Belgium	AA	19,040.2	16,609.4
French Republic	AA+	7,543.6	6,680.7
Republic of Austria	AAA	3,274.1	2,810.5
Federal Republic of Germany	AAA	3,046.0	2,623.6
European Investment Bank	AAA	2,011.4	1,780.2
Portuguese Republic	BB-	1,879.0	1,966.0
Republic of Italy	BBB	1,541.2	2,221.8
BNP Paribas	A+	1,274.6	1,051.1
Kingdom of the Netherlands	AAA	1,208.7	1,163.0
United Kingdom of Great Britain	AA+	900.2	806.4
Total		**41,718.9**	**37,712.9**

The highest exposures on ultimate parents can graphically be shown as follows.



7.7.1.3 Liquidity Risk

Liquidity risk arises when Ageas is unable to realise investments and other assets in order to settle their financial obligations when they fall due. For example, this is the risk that expected and unexpected cash demands of policyholders, and other contract holders, cannot be met without suffering losses or without endangering the business franchise due to constraints on liquidating assets. These constraints may be structural or due to market disruption. Liquidity risk also covers the risk that any assumed liquidity premium, used to value illiquid liabilities, will not materialise.

The financial commitments of Ageas and its local businesses are often long-term, and generally assets held to back these would be long-term and may not be liquid. Claims and other outflows can be unpredictable and may differ significantly from expected amounts. If liquid resources are not available to meet a financial commitment as it falls due, liquid funds will need to be borrowed and/or illiquid assets sold (which may trigger a significant loss in value) in order to meet the commitment. Losses would arise from the interest on borrowings and from any discount that would need to be offered to liquidate assets.

As an insurance group, Ageas is normally cash accretive and hence this risk is relatively remote. Recent years have been dominated by the effects of the (European) debt crises. Central Banks applied a very strong liquidity enhancing monetary policy to overcome these crises. Ageas keeps a significant cash position in order to be able to withstand (relatively) adverse conditions if and when arising.

Causes of liquidity risk can be split into elements that can create a sudden increase in the need for cash and elements that can reduce unexpectedly the availability of expected resources to cover cash needs. Types of liquidity risk are the following:

- *funding liquidity risk* is the risk that Ageas or a local business will not be able to obtain sufficient outside funding, as its assets are illiquid, at the time it is needed (for example, to meet an unanticipated large claim);
- *market liquidity risk* is the risk that the process of selling in itself results in losses due to market conditions or high concentrations.

Each business ensures they can meet all liquidity requirements by identifying and monitoring liquidity risk, so that the circumstances under which liquidity issues are possible are known and understood (i.e. expected liability run-off profile, mass lapse event, slowdown in new business, change in rating etc.), as well as the business's ability to respond to such issues (i.e. liquidity of assets in a crisis). In the General Account, the aggregate liquidity is monitored including payments relating to legacy instruments, transfers to/from local businesses, dividend payments to shareholders both under current conditions and stress conditions.

The following table shows Ageas's assets and liabilities classified by relevant maturity grouping based on the remaining period to the contractual maturity date. It covers all Ageas's assets and liabilities and therefore includes both the insurance business and holding activities.

At 31 December 2013	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Fixed rate financial instruments	1,048.9	1,585.4	3,952.0	16,794.4	38,793.9	62,174.6
Variable rate financial instruments	891.5	51.5	212.5	495.3	3,106.0	4,756.8
Non-interest bearing financial instruments	406.7	439.8	567.7	493.9	5,199.2	7,107.3
Non-financial assets	203.4	362.7	2,733.1	2,444.1	15,953.6	21,696.9
Total assets	**2,550.5**	**2,439.4**	**7,465.3**	**20,227.7**	**63,052.7**	**95,735.6**
Liabilities						
Fixed rate financial instruments	325.6	191.1	941.2	75.3	980.5	2,513.7
Variable rate financial instruments	37.6	14.2	35.6	200.0	1,446.2	1,733.6
Non-interest bearing financial instruments	724.0	958.2	5,163.0	16,429.2	39,616.1	62,890.5
Non-financial liabilities	242.9	394.2	1,621.5	3,123.5	13,793.9	19,176.0
Total liabilities	**1,330.1**	**1,557.7**	**7,761.3**	**19,828.0**	**55,836.7**	**86,313.8**
Net liquidity surplus (gap)	**1,220.4**	**881.7**	**(296.0)**	**399.7**	**7,216.0**	**9,421.8**
Liabilities including future interest						
Fixed rate financial instruments	326.8	194.1	952.9	116.1	1,131.2	2,721.1
Variable rate financial instruments	37.8	14.5	36.4	205.6	197.7	492.0
Non-interest bearing financial instruments	724.0	958.2	5,163.0	16,429.2	39,616.1	62,890.5
Non-financial liabilities	242.9	394.2	1,621.5	3,123.5	13,793.9	19,176.0
Total liabilities including future interest	**1,331.5**	**1,561.0**	**7,773.8**	**19,874.4**	**54,738.9**	**85,279.6**

At 31 December 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Total assets	3,570.3	2,290.5	6,458.1	22,796.6	61,997.4	97,112.9
Total liabilities	896.8	1,584.1	6,828.4	20,687.8	56,329.7	86,326.8
Net liquidity surplus (gap)	**2,673.5**	**706.4**	**(370.3)**	**2,108.8**	**5,667.7**	**10,786.1**

Ageas' hybrid instruments NITSH I & II (see note 27 Subordinated liabilities) were, given their perpetual nature, headed as Fixed rate financial instruments over 5 years under liabilities; the on-lending to BNP Paribas Fortis was classified similarly under assets.

However, these instruments and their on-loans embedded options to early redeem at certain call dates. The instruments and their on-loans were called in 2013; because they balance out these calls had no effect on Ageas liquidity position. EUR 163 million of Hybrone securities were tendered in March 2013 financed by newly issued hybrid securities with a tenor of 30 years, so this did not impact Ageas' liquidity position either.

The FRESH are, in accordance with IFRS, excluded from the Liabilities including future interest since the principal amount of EUR 1,250 million can only be redeemed through conversion into Ageas shares.

7.7.2 Insurance Liability risks

Insurance risks refer to all insurance underwriting risks due to changes in claims arising from uncertainty and timing of the claims as well as changes to the underlying assumptions, including expenses and lapses, made at the start of the policy.

Life risk includes mortality risk, longevity risk, disability, morbidity risk (i.e. critical illness risk), lapse and persistency risk, life-expense risk and revision risk.

Non-life risks include reserve risk and premium risk. Reserve risk is related to outstanding claims while premium risk is related to future claims from which catastrophe claims are excluded. Catastrophe risk is related to claims arising from catastrophic events: either natural disasters or man-made events.

Each business manages insurance risks through a combination of underwriting policy, pricing policy, provisioning, and reinsurance. Particular attention is paid to ensuring that the customer segment that buys the product is consistent with the underlying assumptions made about the customers when the product was designed and priced.

Underwriting policies are adopted at local level as part of the overall management of insurance risk and are revised by actuarial staffs, who examine the actual loss experience. A range of indicators and statistical analysis tools are employed to refine underwriting standards in order to improve loss experience and/or ensure pricing is adjusted appropriately.

Insurance companies aim to set premiums at a level that will ensure that premiums received plus the investment income earned on them exceed total claims, costs of handling those claims and the cost of managing the business. The appropriateness of pricing is tested using a range of techniques and key performance indicators appropriate to a particular portfolio, on both a priori basis (e.g. profit testing) and a posteriori basis (e.g. embedded value, combined ratios).

The factors taken into consideration when pricing insurance vary by product according to the cover and benefits offered. In general they include:

- expected claims by policyholders and related expected pay-outs and their timing;
- the level and nature of variability associated with the expected benefits. This includes analysis of claims statistics as well as consideration of the evolution of jurisprudence, the economic climate and demographic trends;
- other costs of producing the relevant product, such as distribution, marketing, policy administration, and claim administration costs;
- financial conditions, reflecting the time value of money;
- solvency capital requirements;
- target levels of profitability;
- insurance market conditions, notably competitor pricing of similar products.

In its exposures to the above-mentioned risks, Ageas benefits from diversification across geographical regions, product lines and even across the different insurance risk factors so that Ageas is not exposed to significant concentrations of insurance risks. Moreover, Ageas's insurance companies have built in specific mitigation measures in order to minimise their risk exposures. Example are, lapse supported products via lapse penalties and/or market value adjustments to the pay-out to the policyholders and reinsurance treaties with a limited exposure to large losses.

7.7.2.1 Life underwriting risks

The life underwriting risk reflects the risk arising from life insurance obligations, in relation to the perils covered and the processes used in the conduct of business.

Life underwriting risks are mainly composed of mortality/longevity, disability/morbidity, lapse and persistency, life expense and revision risks. This section will first describe these risks (sub-sections A to E). It will then provide an overview of their management within Ageas Operating Companies (sub-section F) and the main life risk sensitivities (sub-section G).

Quantified information on premiums may be found in section 7.7.2.3.

A. MORTALITY/LONGEVITY RISK

Mortality risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from 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. The mortality tables used in the pricing include prudential margins. As per industry practice, Ageas's Operating Companies use the population of experience tables with adequate safety loadings. Yearly review of the assumptions is necessary to compare the expected mortality of the portfolio with the experience. This analysis takes a number of criteria into account such as age, policy year, sum assured and other underwriting criteria.

Longevity risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities. This risk is managed through yearly revision of the mortality experience within the portfolio. Where longevity is found to be rising faster than assumed in the mortality tables, additional provisions are set up and pricing of new products is adjusted accordingly.

B. DISABILITY/MORBIDITY RISK

Disability/morbidity risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness and morbidity rates. This can, for example, arise in the disability business, health business, workmen's compensation. Ageas insurance companies mitigate disability risk through medical selection strategies and appropriate reinsurance cover.

C. LAPSE AND PERSISTENCY RISKS

Lapse risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses and persistency, which include renewals, surrenders, premium reductions and other premium reducing factors. Note that persistency risk is another name sometimes used to describe the volatility in the policy premium lapses and reinstatements of lapsed policies, free look cancellations or surrenders.

When designing and pricing insurance policies, assumptions also need to be made relating to the costs of selling and then administering the policies until they lapse or mature and relating to the rate of persistency that will be experienced. The risks that in actual experience may be different from the potential impact are identified during the product development stage and can be mitigated by thorough product design. For example the use of early redemption penalties/loyalty bonuses, initial charges or spreading the commission paid to distributors to align interests or a market value adjustment for certain group contracts where the risks are completely born by the policyholders in case of lapse.

D. LIFE-EXPENSE RISK

Life-expense risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts. Expense risk arises if the expenses anticipated when pricing a guarantee are insufficient to cover the actual costs accruing in the following year.

E. REVISION RISK

Revision risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level, trend, or volatility of the revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

F. MANAGEMENT OF LIFE RISKS IN AGEAS INSURANCE COMPANIES

Risk appetite of Life Underwriting has been introduced in 2013 to monitor these risks under a number of confidence levels. This first insight allows the management of Local operating companies and of Ageas to both better understand their exposure on certain events. Most of the life insurance operating companies are exposed to similar events, such as (mass) lapse event, expenses or mortality/longevity.

G. LIFE RISK SENSITIVITIES

Life sensitivities are as follows.

Life Sensitivities	Impact on value at 31 December 2013	Impact on value at 31 December 2012
Mortality rates (5%)	23.2	30.5
Expenses (10%)	167.8	176.1
Lapse rates (10%)	156.2	40.8

7.7.2.2 Non-life underwriting risks

Non-life underwriting risks are mainly composed of reserve, premium, catastrophe and lapse risks. This section will first describe these risks (sub-sections A to D). It will then provide an overview of their management within Ageas Operating Companies (sub-section E) and loss ratios (sub-section F), Non-life risk sensitivities (sub-section G) and loss reserve tables (sub-section H).

A. RESERVE RISK

Reserve risk is related to outstanding claims and represents the risk of adverse change in the value of insurance liabilities resulting from fluctuations in the timing and amount of claim settlements and claims expenses.

B. PREMIUM RISK

Non-life premium risk is the risk that the premium will not be sufficient to cover all liabilities including claims and expenses resulting from fluctuations in frequency, severity of claims, timing of claim settlements, or adverse changes in expenses.

Claims losses can differ from the expected outcome for a range of reasons. Analysis of claims will generally treat differently short and long-tail claims. Short-tail claims, such as motor damage and property damage claims, are generally reported within a few days or weeks and are settled soon afterwards. The resolution of long-tail claims, such as bodily injury or liability claims, can take years to complete. In the case of long-tail claims, information concerning the event, such as medical treatment required, may, due to its very nature, not be readily obtainable. Analysis of long-tail losses is also more difficult, requires more detailed work and is subject to greater uncertainties than analysis of short-tail losses.

Ageas's insurance companies take into account experience with similar cases and historical trends, such as reserving patterns, exposure growth, loss payments, pending levels of unpaid claims, as well as court decisions and economic conditions.

To mitigate the claims risk, Ageas's insurance companies adopt selection and underwriting policies based on their historical claims experience and modelling. They do this by client segment and class of business based on knowledge or expectations of future movements in claims frequency and severity. Ageas's insurance companies also benefits from diversification effects by engaging in a wide range of Non-life insurance classes and geographies. This does not reduce the average claims, however it does significantly reduce the variation in the total claims book and therefore the risk. The risk of unexpectedly large claims is contained by policy limits, concentration risk management and reinsurance.

C. CATASTROPHE RISK

Catastrophe risk is related to claims generated by catastrophic events, natural disasters such as storms, floods, earthquakes, freezes, tsunamis or man-made events such as terrorist attacks, explosions or train accidents.

D. LAPSE RISK

Lapse risk is related to future premiums included in the premium provision where an expected profit is foreseen. Lapse risk is the risk that more lapses will occur than the expected ones, generating less profit than foreseen.

E. MANAGEMENT OF NON-LIFE RISKS IN AGEAS INSURANCE COMPANIES

The management of Non-life risk in Ageas is in conformity with underwriting and risk taking management instructions and guidance issued at each Non-life entity of the Group. This includes, amongst other things, risk acceptance rules, claims management guidance for cost assessment and for funding allocations, reinsurance taking activity and management.

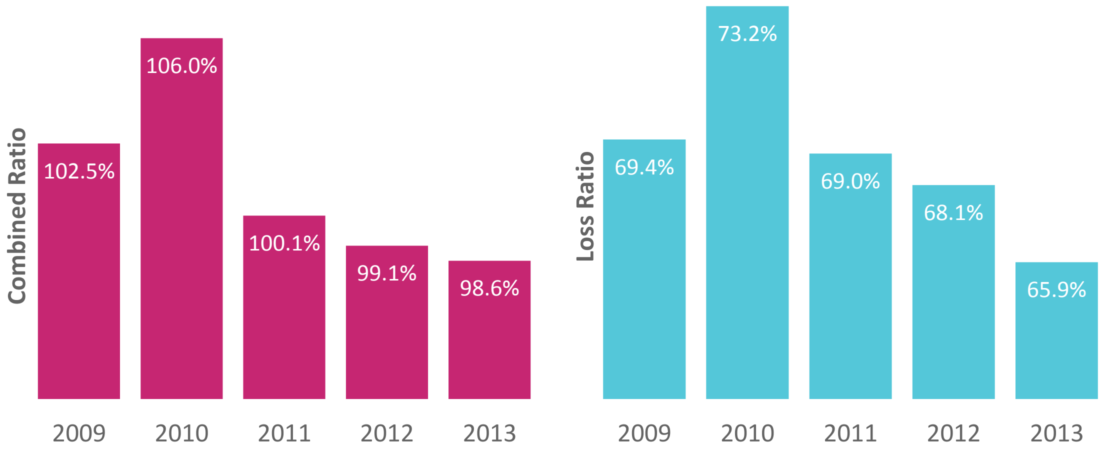
At group level a number of reporting schemes related to the above are put in place e.g. KPI reports and Adequacy testing both on claims- and premium-reserves to date and also historically for claims liabilities.

F. LOSS RATIOS

A loss ratio is the single measure used for assessing the appropriateness of the part of premium rates marketed to cover insurance claims. It is defined as the ratio of total claim cost (estimated) over Premiums Earned. Note that the other parts of the premium rate, management costs and profit, are not considered here. Combined ratio is the sum of loss ratio and expense ratio (including commissions).

Generally speaking one may expect to experience a combined ratio below 100 percent. For reasons of intrinsic variability of the claims process and/or premium inefficiency one might from time to time observe a combined ratio above 100 percent. The latter situation is tackled in the management of the Non-life risks (see point E. above).

The table below gives a history over the last 5 years of the Combined ratios and Loss ratios.



G. SENSITIVITIES

Non-life sensitivities are as follows.

Non-life Sensitivities	Impact on pre-taxation result at 31 December 2013	Impact on pre-taxation profit at 31 December 2012
Expenses (10%)	141.2	129.3
Incurred claims 5%	(142.8)	(143.0)

Value refers to the unaudited embedded value that Ageas calculates for its major Life insurance entities. For further details of the calculation of the embedded value, please refer to the 2013 Embedded Value Report that is available on the Ageas website.

H. LOSS RESERVE TABLES

The reserves for claims and claim expenses that appear in the statement of financial position are analysed by the actuaries and claims management departments by accident year. Payments and loss reserves are therefore represented in a two time-related dimension table: accident year (year of loss occurrence, in the columns) and calendar year (or development year, in the rows). This so-called run-off triangle shows how loss reserve develops over time due to payments made and new estimates of the expected ultimate loss at the respective date of the statement of financial position.

All contracts concerned are insurance contracts as defined by IFRS, including all accident & health and property and casualty contracts whose reserves can be reported in a triangular format. All material figures quoted are undiscounted. Claim reserves that are held on a discounted basis with similar to life techniques (e.g. permanent disability or death annuities deriving from health or workers compensation or other contracts) are included in the reconciliation lines.

All amounts in the table are calculated at the applicable exchange rate at year-end 2013 (the exposure mainly relates to the British pound).

The loss reserve development table per accident year is as follows.

Accident Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Payments at:										
N	713.6	700.2	809.8	1,031.6	1,022.1	1,092.1	1,161.1	1,233.4	1,359.3	1,249.0
N + 1	326.1	345.5	400.2	495.4	468.0	528.2	649.8	664.0	703.6	
N + 2	86.2	85.3	100.7	126.3	123.5	143.2	142.5	190.0		
N + 3	59.8	48.9	64.2	68.8	84.2	87.3	94.0			
N + 4	47.9	41.6	47.2	50.5	59.1	62.1				
N + 5	29.0	28.9	33.2	33.6	35.7					
N + 6	17.7	17.9	22.0	17.4						
N + 7	13.1	15.0	12.4							
N + 8	14.3	12.7								
N + 9	7.1									
Cost of claims: (Cumulative Payments + Outstanding claims reserves)										
N	1,512.4	1,477.8	1,634.0	1,974.5	1,968.5	2,128.2	2,337.7	2,641.7	2,884.8	2,689.1
N + 1	1,527.7	1,454.3	1,613.4	1,966.5	1,928.9	2,078.0	2,298.3	2,537.7	2,846.6	
N + 2	1,431.1	1,424.5	1,606.4	1,961.7	1,948.5	2,099.3	2,303.3	2,503.2		
N + 3	1,395.5	1,411.6	1,593.6	1,955.7	1,940.6	2,115.7	2,299.3			
N + 4	1,377.7	1,395.9	1,581.5	1,931.3	1,933.5	2,097.3				
N + 5	1,368.2	1,380.4	1,569.0	1,932.0	1,917.6					
N + 6	1,367.5	1,379.9	1,561.0	1,917.6						
N + 7	1,368.3	1,385.4	1,565.6							
N + 8	1,374.8	1,383.8								
N + 9	1,370.8									
Ultimate loss, estimated at initial date	1,512.4	1,477.9	1,634.0	1,974.5	1,968.5	2,128.2	2,337.7	2,641.7	2,884.8	2,689.1
Ultimate loss, estimated at prior year	1,374.8	1,385.5	1,561.0	1,932.0	1,933.5	2,115.7	2,303.3	2,537.7	2,884.8	
Ultimate loss, estimated at current year	1,370.8	1,383.9	1,565.6	1,917.6	1,917.6	2,097.3	2,299.3	2,503.2	2,846.6	2,689.1
Surplus (deficiency) current year vs initial accident year	141.6	94.0	68.4	56.9	50.9	30.9	38.4	138.5	38.2	
Surplus (deficiency) current year vs prior year	4.0	1.6	(4.6)	14.4	15.9	18.4	4.0	34.5	38.2	
Outstanding claims reserves prior to 2004										274.6
Outstanding claims reserves from 2004 to 2013										3,514.7
Other claims liabilities (not included in table)										803.6
Claims with regard to workers' compensation and health care										1,215.6
Total claims in the statement of financial position										**5,808.5**

The loss reserve development table per accident year shows the development of the ultimate total loss (as payments made and outstanding claims reserves) for each individual accident year (as indicated in the column), for each development year (as indicated in the row) since the year of occurrence through to the reporting year 2013.

The triangle related to 'Payments' reports the amount of claim payments net of recoveries.

The second triangle, 'Outstanding claims reserves', reports the outstanding loss reserve including IBN(E)R for each accident year, based on the new estimate of ultimate loss on the claims and the payments already made.

The lines 'Ultimate loss', estimated at the initial date of occurrence, at prior reporting year and at current reporting year reflect the fact that the estimate fluctuates with the knowledge and information gained on the claims. The longer the period of development of the claims, the more accurate is the estimate of the ultimate loss.

The loss reserve development table per accounting year is as follows.

Accounting Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross liabilities for unpaid claims and claims expenses developed initially at the booking date	2,166.5	2,240.5	2,352.0	2,504.9	2,610.9	2,709.4	2,951.1	3,242.2	3,624.0	3,789.3
Cumulative payments in:										
2005	606.2									
2006	882.2	621.6								
2007	1,050.9	875.5	654.2							
2008	1,185.9	1,059.5	938.8	780.0						
2009	1,288.5	1,203.7	1,147.2	1,114.7	802.6					
2010	1,351.7	1,296.2	1,286.8	1,323.1	1,134.6	860.1				
2011	1,404.3	1,366.6	1,390.4	1,477.2	1,372.9	1,237.1	1,016.2			
2012	1,454.1	1,431.5	1,477.2	1,597.6	1,552.4	1,503.9	1,425.5	1,073.3		
2013	1,494.6	1,484.6	1,542.8	1,680.6	1,671.1	1,684.7	1,700.3	1,538.0	1,168.3	
Reserves re-estimated for:										
2005	2,069.0									
2006	2,001.3	2,149.4								
2007	1,915.9	2,034.2	2,216.2							
2008	1,883.5	1,988.8	2,163.8	2,444.5						
2009	1,821.5	1,911.1	2,073.3	2,349.2	2,476.0					
2010	1,810.5	1,885.1	2,035.1	2,304.9	2,451.4	2,634.6				
2011	1,785.7	1,858.6	2,000.4	2,255.7	2,386.8	2,588.1	2,865.2			
2012	1,809.2	1,888.8	2,018.3	2,264.5	2,395.9	2,612.2	2,883.8	3,171.8		
2013	1,825.2	1,903.1	2,037.2	2,269.0	2,384.5	2,582.4	2,850.0	3,103.5	3,517.5	
Gross Outstanding Claims Liabilities (including IBNR)	330.6	418.5	494.4	588.4	713.4	897.7	1,149.7	1,565.5	2,349.2	3,789.3
Cumulative redundancy/deficiency of initial claims versus re-estimated reserves										
- Nominal	341.3	337.4	314.8	235.9	226.4	126.9	101.2	138.7	106.5	
- Percentage	15.8%	15.1%	13.4%	9.4%	8.7%	4.7%	3.4%	4.3%	2.9%	
Other claims liabilities (not included in table)										803.6
Claims with regard to workers' compensation and health care										1,215.6
Total claims in the statement of financial position										**5,808.5**

The loss reserve development table per accounting year shows the movements of accounting reserves from 31 December 2004 until 31 December 2013. This table shows cumulative values. The columns report all years of claims occurrence prior to and including the indicated year.

The row 'Gross liabilities for unpaid claims and claim expenses developed initially at the booking date' represents the liabilities reported in the statement of financial position on the reporting date for the year indicated in the column heading. As such, each amount in this row reflects the outstanding claim liabilities for all years of occurrence prior to and including the indicated year.

The first part of the runoff table related to 'Cumulative Payments' reports the cumulative amount of claim payments made per development period since the first of January of the year indicated (in the rows). The payments relate to the years of occurrence prior to and including the year of liability reporting (in the column).

The second part of the runoff table entitled 'Reserves re-estimated at' shows an estimate of the final liabilities carried at 31 December of the year indicated (in the rows) in respect of all years of occurrence prior to and including this year (in the column). The further the claims have developed, the more reliable the valuation of the liabilities becomes.

The row 'Gross outstanding claim liabilities (including IBNR)' represents the amount reported at year end 2013.

The amount Total claims in the statement of financial position is further disclosed in note 25.3 Liabilities arising from Non-life insurance contracts.

7.7.2.3 Reinsurance

Where appropriate, Ageas insurance companies enter into reinsurance contracts to limit their exposure to underwriting losses. This reinsurance may be on a policy-by-policy basis (per risk), or on a portfolio basis (per event), i.e. where individual policyholder exposures are within local limits but an unacceptable risk of accumulation of claims exists at group level (catastrophe risks). The latter events are mostly weather related or man-made. Reinsurance companies are selected based primarily on pricing and counterparty default risk considerations. The management of counterparty default risk is integrated into the overall management of credit risk.

The major uses of external reinsurance include the mitigation of the impact of natural disasters (e.g. hurricanes, earthquakes and floods), large single claims from policies with high limits and multiple claims triggered by a single man-made event.

The table below provides details of risk retention by product line (in nominal amounts).

2013	Highest retention per risk	Highest retention per event
Product		
Motor, Third Party liability	3,000,000	
Motor Hull	42,500,000	
Property	2,500,000	42,500,000
General Third Party Liability	3,000,000	
Workmen's Compensation	2,700,000	
Personal Accident	300,000	

The table represents the highest amount across all entities of the Group for similar covers up to where Ageas Group assumes responsibility for mitigating emerging risks; any amount higher than the one in the table is transferred to third party reinsurers for cover. The measurement depends on the type of event covered by these reinsurance agreements: either per single risk or alternatively per event[1]. Additionally, as the Catastrophe covers for 'Motor Hull' have been integrated in the regular reinsurance treaty, the retention mentioned considers this as the one up to which Ageas Group is responsible for.

This table contrasts the similar one as published in the annual report of 2012, where the retentions retained were taken over higher entry points, depending on the characteristics of the treaty per entity.

The table below provides details by product line on the proportion of premiums ceded to reinsurers in the year ended 31 December (amounts in millions).

2013	Gross written premiums	Ceded premiums	Net premiums

1 The term 'event' is clearly defined in the reinsurance treaty covering it.

Product			
Life	4,868.7	(95.5)	4,773.2
Accident & Health	854.2	(28.8)	825.4
Property & Casualty	3,638.5	(237.5)	3,401.0
General and eliminations	(0.9)		(0.9)
Total	**9,360.5**	**(361.8)**	**8,998.7**

2012	Gross written premiums	Ceded premiums	Net premiums
Product			
Life	5,585.9	(86.6)	5,499.3
Accident & Health	789.8	(22.2)	767.6
Property & Casualty	3,571.9	(209.6)	3,362.3
General and eliminations	(0.5)		(0.5)
Total	**9,947.1**	**(318.4)**	**9,628.7**

7.8 Operational risks

All companies including financial institutions are subject to operational risk understood as the risk of losses arising from inadequate or failed internal processes, personnel or systems, or from external events.

The Group at a central level as well as every local business need to have in place a process to manage operational risk. This process is an integral part of the risk management framework and needs to be approved by the appropriate local bodies. The operational risk management framework consists of company-wide processes embedded at Group level and in all local businesses, which collectively aims at identifying, assessing, managing, monitoring and reporting on operational risks. These company-wide processes are:

- loss data collection;
- internal control assessment;
- key risk identification and assessment process.

Through its Risk Taxonomy, Ageas has classified its potential sources of operational risks:

- clients, products and business practices.

It refers to the risk of losses arising from failures to meet an obligation to specific clients (including fiduciary and suitability requirements) or from the nature or design of products:

- compliance risk;
- execution, Delivery & Process Management.

This risk includes the inability to deliver and execute according to budget and/or strategic plan as well as risk of losses related to inadequately designed or implemented governance bodies, policies, guidance, processes and decision-rights. It also includes the risk that model process and governance are not followed:

- business disruption and system failures;
- employee practices and workplace safety;
- fraud risk;
- damage to assets;
- model adequacy risk: this is the risk of losses resulting from inadequately designed models or models that are not fit for purpose.

Ageas aims to keep these operational risks at appropriate levels by maintaining sound and well-controlled environments in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these control measures mitigate operational risks they can never completely eliminate them.

An Internal Control Assessment process is performed each year and results in the annual management Control Statement issued by all CEO's who express their confidence in their control frameworks.

7.9 Strategic risks

Strategic risks cover external and internal factors that can impact Ageas's ability to meet its current business plan and also to position itself for achieving on-going growth and value creation. This includes changes in the regulatory, economic environment, competitive landscape or the way people (customers or staff) behave. It can also be due to poor internal decision making and management or due to loss of reputation and franchise value. Business strategies need to take such risks into account and Ageas aims to be pro-active in identifying such risks and responding to them.

Ageas's regular risk identification and assessment processes include strategic risks. These were also explicitly considered throughout the strategic review and planning processes and followed up as part of the regular performance dialogues.

7.10 Total risk

Each year Ageas undertakes a group-wide Key Risk Report process to identify key risks that could impact the realisation of Ageas's objectives. It also assesses the control framework in place to ensure that these risks are managed on an on-going basis. Each business follows up on their key risks at least on a quarterly basis and the most significant risks are also monitored at group level. A wide range of internal and external sources is used in the identification of the key risks.

Process

At least once a year, a full bottom-up risk and control self-assessment exercise is conducted, identifying in a bottom-up process all key risks the company is confronted with.

The thus identified risks, categorised in accordance with the Ageas Risk Taxonomy are assessed and reported to Ageas Group by the various entities using a standard likelihood and impact grid which provides an overview on the overall level of concern they represent (i.e. their materiality). The risks are qualitatively described and explained in relation to the objectives they are associated with.

Quarterly, the list with the top risks is communicated to the Risk and Capital Committee and Ageas Board.

Risk Officers from each local business and Regions (including Corporate Function) provide quarterly updates on those risk statements to Ageas's Group Risk with updates on those risk statements. Group Risk consolidates all reports and a consolidated view is then discussed at the level of the ARC and ExCo.

On a monthly basis at each Ageas Group Risk Committee the evolutions of the key risks are discussed.

8 Regulatory supervision and solvency

Ageas is an insurance holding and is subject to supervision by the National Bank of Belgium at consolidated level. The operating companies are subject to local supervision.

8.1 Ageas consolidated supervision

At the Ageas consolidated level, the National Bank of Belgium (NBB) supervises Ageas. The regulators in the countries in which the subsidiaries are located supervise the subsidiaries of Ageas in those countries, using their own solvency measures and based on local accounting principles.

Based on the rules and regulations for Insurance Groups applicable in Belgium, Ageas reports on a quarterly basis to the NBB its available regulatory capital and required solvency. This prudential supervision includes quarterly verification that Ageas, on a consolidated basis, meets the solvency requirements.

The reconciliation of the Shareholders' capital to the available regulatory capital and resulting solvency ratios is as follows.

	2013	2012
Share capital and reserves	6,659.6	7,040.9
Net result attributable to shareholders	569.5	743.0
Unrealised gains and losses	1,296.0	2,015.5
Shareholders' equity	8,525.1	9,799.4
Non-controlling interests	896.7	871.5
Total equity	9,421.8	10,670.9
Subordinated liabilities	2,011.9	2,915.5
Prudential filters		
Local required equalisation reserves for catastrophes	(243.7)	(174.3)
Pension adjustment	(18.0)	
Revaluation of investment property, net of tax (at 90%)	764.1	761.2
Adjustment valuation of available for sale investments	(1,693.0)	(2,341.5)
Cash flow hedge	36.2	29.0
Goodwill	(857.6)	(892.8)
Other intangible assets	(356.5)	(371.0)
Expected dividend	(308.0)	(362.2)
Expected dividend, related to call option BNP Paribas shares		(234.0)
Limitation subordinated debt to 50% of required solvency		(932.3)
Regulatory capital	**8,757.2**	**9,068.5**
Solvency ratio's		
Solvency requirements	4,088.2	3,966.4
Solvency excess	4,669.0	5,102.1
Solvency ratio	214.2%	228.6%

8.2 Ageas capital management

Ageas considers a strong capital base in the individual insurance operations a necessity, on one hand as a competitive advantage and on the other hand as being necessary to fund the planned growth.

The General Account comprises the group functions, financing transactions, as well as the so-called legacy related issues. Ageas uses for the General Account the notion of 'net cash' as the indicator for the freely available capital at group level as long as it is lower then the available capital at group level.

Ageas targets a minimum aggregate solvency ratio of 200% of the minimum regulatory requirements at the total Insurance level. Ageas will review the minimum targets at the latest at the time of the introduction of Solvency II.

Capital position Insurance

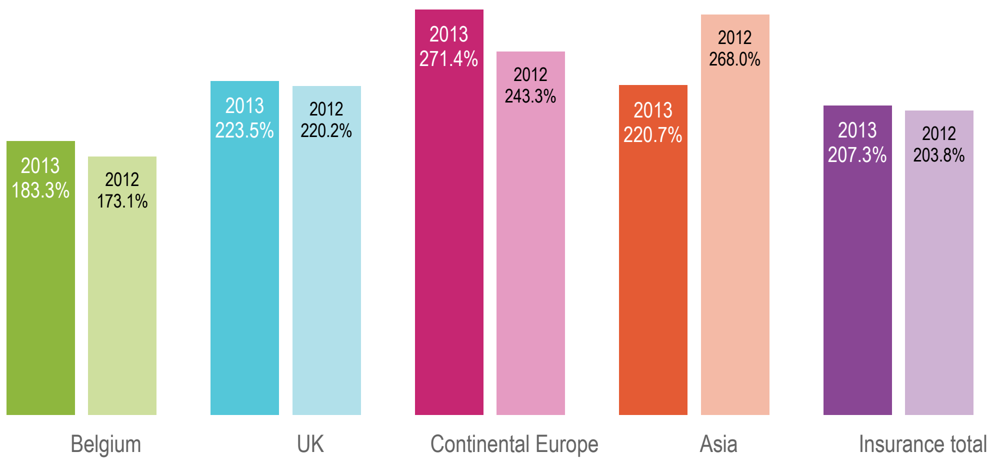
At 31 December 2013, the total available capital of the insurance operations stood at EUR 8.5 billion (31 December 2012: EUR 8.1 billion), 207.3% of the required minimum (31 December 2012: 203.8%).

31 December 2013	Belgium	UK	Continental Europe	Asia	Consolidation Adjustments	Insurance total	General (incl. elim)	Total Ageas
Total available capital	4,493.0	1,034.3	1,552.6	1,330.2	63.1	8,473.2	284.0	8,757.2
Minimum solvency requirements	2,450.7	462.8	572.0	602.7		4,088.2		4,088.2
Amount of total capital above minimum	2,042.3	571.5	980.6	727.5	63.1	4,385.0	284.0	4,669.0
Total solvency ratio	183.3%	223.5%	271.4%	220.7%		207.3%		214.2%

31 December 2012	Belgium	UK	Continental Europe	Asia	Consolidation Adjustments	Insurance total	General (incl. elim)	Total Ageas
Total available capital	4,118.1	1,079.0	1,393.0	1,396.7	90.8	8,077.6	990.9	9,068.5
Minimum solvency requirements	2,379.6	489.9	572.6	521.1		3,963.2	3.2	3,966.4
Amount of total capital above minimum	1,738.5	589.1	820.4	875.6	90.8	4,114.4	987.7	5,102.1
Total solvency ratio	173.1%	220.2%	243.3%	268.0%		203.8%		228.6%

The solvency calculation as at 31 December takes into consideration the dividends approved by the respective Boards prior to the date of the financial statements.

The solvency position per Insurance segment and for Insurance total can graphically be shown as follows.



Net cash position General Account

Based on the rules and regulations of the NBB the available regulatory capital of the General Account (including eliminations) amounted to EUR 0.3 billion at 31 December 2013 (31 December 2012: EUR 1.0 billion).

For a holding not only the available regulatory capital is relevant but also the financial flexibility to use this capital. Ageas therefore also monitors the Net Cash position of the General Account.

The Net cash position consists of the available Cash and cash equivalents as well as short term investments that can be liquidated at short notice and limited cost, currently primarily bank deposits and netted for the debt securities that are due.

The net cash position stood per 31 December 2013 at EUR 1.9 billion and was positively impacted compared to year-end 2012 by:

- the General Account received EUR 1,032 million cash from RPI;
- the General Account received EUR 144 million related to sale of the BNP call option;
- the General Account received EUR 639 million dividend from subsidiaries and equity associates;
- the General Account paid EUR 144 million in relation to the share buyback programmes for 2012 and 2013;
- the General Account paid EUR 205 million for capital increases in and funding of subsidiaries and equity associates;
- the General Account paid EUR 116 million for the redemption of debt certificates;
- the General Account paid EUR 270 million dividend to its shareholders;
- the General Account paid EUR 222 million in cash as a capital pay back to its shareholders related to the settlement of the BNP Option;
- the General Account paid EUR 177 million for capital restructuring of subsidiaries.

	31 December 2013	31 December 2012
Cash and cash equivalents	781.3	402.4
Due from banks	900.0	1,000.0
Treasury Bills	300.0	
Debt certificates	(68.4)	(186.8)
Net cash position	**1,912.7**	**1,215.6**

9 Employee benefits

This note covers post-employment benefits, other long-term employee benefits and termination benefits. Post-employment benefits are employee benefits, such as pensions and post-employment medical care, which are payable after the end of employment. Other long-term employee benefits are employee benefits which do not fall fully due within twelve months of the period in which the employees rendered the related service, including long-service awards and long-term disability benefits. Termination benefits are employee benefits payable as a result of the premature end of the employee's employment contract.

On 16 June 2011, the International Accounting Standards Board published the final version of the IAS19 Amendments (IAS 19 R) coming into effect on 1 January 2013. This has impacted the reporting post-employment benefits as follows:

- the corridor principle is abolished and replaced with recognition in Other comprehensive income as from 2013. The recognition of any actuarial gains and losses for post-employment benefits according to the corridor was applied for the last time in 2012;
- the pension cost now includes net interest expense, calculated by applying the discount rate to the net pension liability. The discount rate remains a high quality corporate bond rate where there is a deep market in such bonds, and a government bond rate in other markets;
- in 2013, in Belgium due to the recognition of future premium taxes and social security contributions, a tax liability has been added to the defined benefit obligation.

All prior year amounts have been restated accordingly. The restatement resulting from applying the revised IAS19 standard has increased the defined benefit liabilities on 31 December 2012 with EUR 162.7 million. The impact on defined benefit expense is regarded not material (less than EUR 3 million), therefore the comparable 2012 figures for defined benefit expenses have not been restated.

	2013	2012 restated	Restatements	2012 as previously reported
Post-employment benefits - defined benefit plans - pensions	358.2	419.1	124.9	294.2
Post-employment benefits - defined benefit plans - other	91.6	93.5	37.8	55.7
Other long-term employee benefits	12.4	13.1		13.1
Termination benefits	10.7	14.7		14.7
Total net defined benefits liabilities (assets)	**472.9**	**540.4**	**162.7**	**377.7**

Liabilities and related service cost are calculated according to the Projected Unit Credit Method. The objective under this method is to expense each participant's benefits as they would accrue taking into account future compensation increases and the plan's benefit allocation principles.

The defined benefit obligation is the net present value of the participant's attributed benefits measured at the reporting date. The current service cost is the net present value of the participant's benefits attributed to service during the year.

9.1 Post-employment benefits

9.1.1 Defined benefit pension plans and other post-employment benefits

Ageas operates defined benefit pension plans covering the majority of its employees. Ageas's preferred approach is to replace defined benefit plans by defined contribution plans, in order to better monitor and control the employer costs, and to facilitate cross-country mobility and the ease of understanding of the benefit. However, respecting earlier commitments, Ageas does operate defined benefit pension plans that cover a large part of its employees.

Under defined benefit pension plans, benefits are calculated based on years of service and level of salary. Pension obligations are determined on the basis of mortality tables, employee turnover, wage drift and economic assumptions such as inflation and discount rate. Discount rates are set per country or region on the basis of the yield (at closing date) of corporate AA-bonds. These defined benefit plans expose the group to actuarial risks, such as longevity, currency, interest rate and market risk.

In addition to pensions, post-employment benefits may also include other expenses such as reimbursement of part of health insurance premiums, which continue to be granted to employees after retirement.

The following table provides details of the amounts shown in the statement of financial position as at 31 December regarding defined-benefit pension obligations and other post-employment benefits.

	Defined benefit pension plans		Other post-employment benefits	
	2013	2012	2013	2012
Present value of funded obligations	211.2	250.9		
Present value of unfunded obligations	367.4	380.0	91.6	93.5
Defined benefit obligation	**578.6**	**630.9**	**91.6**	**93.5**
Fair value of plan assets	(220.4)	(211.8)		
Net defined benefit liabilities (assets)	**358.2**	**419.1**	**91.6**	**93.5**
Amounts in the statement of financial position:				
Defined benefit liabilities	376.2	419.1	91.6	93.5
Defined benefit assets	(18.0)			
Net defined benefit liabilities (assets)	**358.2**	**419.1**	**91.6**	**93.5**

Defined benefit liabilities are classified under Accrued interest and other liabilities (see note 31) and defined benefit assets are classified under Accrued interest and other assets (see note 22).

As Ageas is a financial institution specialising in the management of employee benefits, some of its employees' pension plans are insured by Ageas insurance companies. Under IFRS, the assets backing these pension plans are non-qualifying and consequently may not be considered as plan assets. For this reason, these plans are classified as 'unfunded'.

From an economic point of view, the net defined liability is offset by the non-qualifying plan assets which are held within Ageas (2013: EUR 282.7 million; 2012: EUR 274.2 million), resulting in a net liability of EUR 75.7 million in 2013 (2012: EUR 132.0 million) for defined benefit pension obligations.

The following table reflects the changes in net defined benefit liabilities (assets) as recognised in the statement of financial position.

	Defined benefit pension plans		Other post-employment benefits	
	2013	2012	2013	2012
Balance as at 1 January, as previously reported	294.2	281.5	55.7	53.6
IAS19R restatement as at 1 January	124.9	90.8	37.8	19.3
Net defined benefit liabilities (assets) as at 1 January	**419.1**	**372.3**	**93.5**	**72.9**
Total defined benefit expense	38.5	40.3	6.9	4.7
Employer's contributions	(9.5)	(16.7)		
Benefits directly paid by the employer	(18.5)	(10.3)	(2.2)	(1.9)
Foreign exchange differences	(0.6)	(0.3)		
Other	(14.4)	0.5	(0.5)	(0.7)
Remeasurement	(63.3)	33.3	(6.1)	18.5
Net defined benefit liabilities (assets) as at 31 December	**358.2**	**419.1**	**91.6**	**93.5**
IAS19R restatement as at 31 December		124.9		37.8
Balance as at 31 December, as previously reported		294.2		55.7

Benefits directly paid by the employer relate to defined benefit pension plans that are directly held within an Ageas entity. The line Other in 2013 includes EUR 6.9 million related to the transfer of a part of the defined benefit obligations to another pension plan. These obligations were backed by non-qualifying assets. Ageas realised a capital gain of EUR 0.6 million on this transaction.

The table below shows the changes in the defined benefit obligation.

	Defined benefit pension plans		Other post-employment benefits	
	2013	2012	2013	2012
Balance as at 1 January, as previously reported	617.9	545.2	81.2	63.4
IAS19R restatement as at 1 January	13.0	9.6	12.3	9.5
Defined benefit obligation as at 1 January	**630.9**	**554.8**	**93.5**	**72.9**
Current service cost	28.0	23.6	4.4	2.0
Interest cost	17.8	21.0	2.5	2.4
Past service cost - vested benefits	0.6			
Curtailments		2.4		
Settlements	(17.7)	(0.8)		
Remeasurement	(45.8)	41.6	(6.1)	18.8
Participants' contributions	0.3	0.3		
Benefits paid	(6.3)	(5.3)		
Benefits directly paid by the employer	(18.5)	(10.3)	(2.2)	(1.9)
Foreign exchange differences	(3.7)	3.7		
Other	(7.0)	(0.1)	(0.5)	(0.7)
Defined benefit obligation as at 31 December	**578.6**	**630.9**	**91.6**	**93.5**
IAS19R restatement as at 31 December		13.0		12.3
Balance as at 31 December, as previously reported		617.9		81.2

The following table shows the changes in the fair value of plan assets.

Defined benefit pension plans	2013	2012
Fair value of plan assets as at 1 January	**211.8**	**182.5**
Settlements	(17.0)	
Interest income	7.7	8.8
Remeasurement (return on plan assets, excluding effect of interest rate)	17.5	5.8
Employer's contributions	9.5	16.7
Participants' contributions	0.3	0.3
Benefits paid	(6.3)	(5.3)
Foreign exchange differences	(3.1)	3.0
Fair value of plan assets as at 31 December	**220.4**	**211.8**

The following table shows the components affecting the income statement related to the defined benefit pension plans and other post-employment benefits for the year ended 31 December.

	Defined benefit pension plans		Other post-employment benefits	
	2013	2012	2013	2012
Current service cost	28.0	23.6	4.4	2.0
Net interest cost	10.1	12.2	2.5	2.4
Past service cost - vested benefits	0.6			
Curtailments		2.7		
Settlements	(0.7)	(0.8)		
Other	0.5	2.6		0.3
Total defined benefit expense	**38.5**	**40.3**	**6.9**	**4.7**

Net interest cost is included in Financing costs (see note 45). All other items are included in Staff expenses (see note 48). For the comparable figures 2012, the line Other includes mainly the amortization of unrecognised actuarial losses (gains) as the income statement has not been restated.

The following table shows the composition of remeasurements for the year ended 31 December.

2013	Defined benefit pension plans	Other post-employment benefits
Return on plan assets, excluding effect of interest rate	(17.5)	
Actuarial (gains) losses with regard to:		
change in demographic assumptions	0.6	
change in financial assumptions	(41.5)	(7.4)
experience adjustments	(4.9)	1.3
Remeasurement on net defined liability (asset)	**(63.3)**	**(6.1)**

2012	Defined benefit pension plans	Other post-employment benefits
Remeasurement on net defined liability (asset)	**33.3**	**18.5**

Remeasurement of the net defined benefit liability is recognised in other comprehensive income. Remeasurements on defined benefit obligation reflect the change in actuarial assumptions (i.e. demographic and financial assumptions) and the experience adjustment. Remeasurements on plan assets are mainly the difference between actual return on plan assets and expected discount rate.

Experience adjustments are actuarial gains and losses that arise because of differences between the actuarial assumptions made at the beginning of the year and actual experience during the year.

The following table reflects the weighted average duration of defined benefit obligation.

2013	Defined benefit pension plans	Other post-employment benefits
Weighted average duration of defined benefit obligation	15.63	17.41

The following table shows the principal actuarial assumptions made for the euro-zone countries.

	Defined benefit pension plans				Other post-employment benefits			
	2013		2012		2013		2012	
	Low	High	Low	High	Low	High	Low	High
Discount rate	2.4%	3.3%	2.3%	2.9%	2.4%	3.3%	2.4%	2.8%
Future salary increases (price inflation included)	2.0%	5.0%	2.0%	5.0%				
Future pension increases (price inflation included)	0.0%	2.0%	0.0%	2.0%				
Medical cost trend rates					3.8%	3.8%	3.8%	3.8%

The discount rate on pensions is weighted by the net defined benefit liability (asset) on pensions. The discount rate on other post-employment benefits varies in 2013 from 2.4% in the Netherlands to 3.3% in Belgium. The future salary increases varies in 2013 from 2.0% for older employees group to 5.0% for the younger ones.

The following table shows the principal actuarial assumptions made for other countries.

Defined benefit pension plans	2013	2012
Discount rate	4.5%	3.6%
Future salary increases (price inflation included)	3.5%	5.0%
Future pension increases (price inflation included)	5.0%	2.3% - 5.0%

The euro-zone represents 74% of Ageas's total defined benefit obligations. Other countries include only obligations in the United Kingdom. Other post-employment benefits in countries outside the euro-zone are not regarded as significant.

A one-per-cent change in the actuarial assumptions would have the following effect on the defined benefit obligation for defined benefit pension plans and other post-employment benefits.

2013	Defined benefit pension plans	Other post-employment benefits
Defined benefit obligation	578.6	91.6
Effect of changes in assumed discount rate:		
One-percent increase	(12.4%)	(15.0%)
One-percent decrease	15.6%	19.5%
Effect of changes in assumed future salary increases:		
One-percent increase	16.2%	
One-percent decrease	(9.5%)	
Effect of changes in assumed pension increase:		
One-percent increase	9.0%	
One-percent decrease	(7.4%)	

A one-per-cent change in assumed medical cost trend rates would have the following effect on the defined benefit obligation for medical costs.

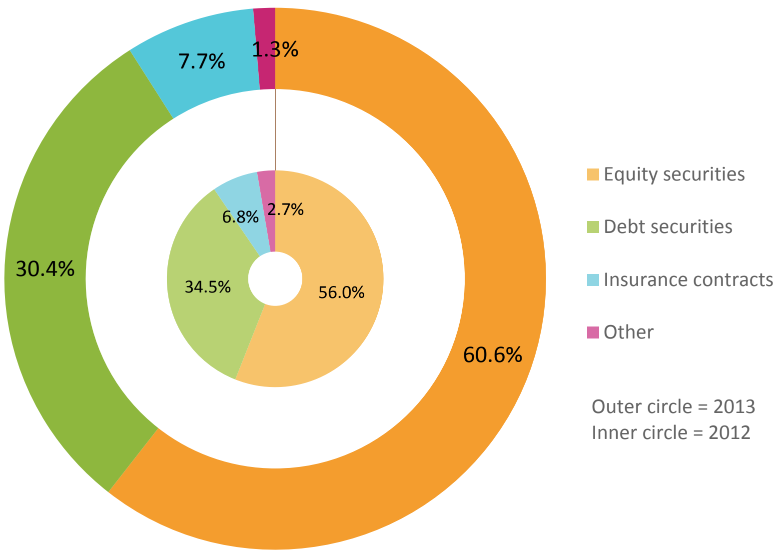
	Medical Care 2013	2012
Defined benefit obligation	89.0	91.8
Effect of changes in assumed medical costs and trend rates:		
One-percent increase	22.0%	19.9%
One-percent decrease	(17.0%)	(15.2%)

The plan assets comprise predominantly equity securities, fixed-income securities and investment contracts with insurance companies. Ageas's internal investment policy stipulates that investment in derivatives and emerging markets for the purpose of funding pension plans is to be avoided. Ageas gradually adjusts its asset allocation policy to ensure a close match between the duration of assets and that of pension liabilities.

The asset mix of the plan assets for pension obligations is as follows.

	31 December 2013	%	31 December 2012	%
Equity securities	133.5	60.6%	118.7	56.0%
Debt securities	67.0	30.4%	73.2	34.5%
Insurance contracts	16.8	7.7%	14.5	6.8%
Real estate	0.3	0.1%	0.6	0.3%
Cash	2.1	0.9%	3.5	1.7%
Other	0.7	0.3%	1.4	0.7%
Total	**220.4**	**100.0%**	**211.9**	**100.0%**

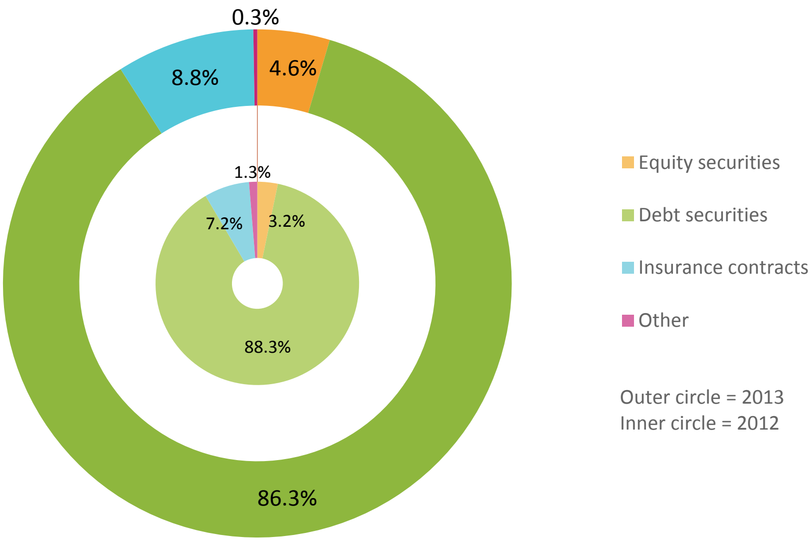
The asset mix of the plan assets can graphically be shown as follows.



The mix of the unqualified assets for pension obligations is as follows.

	31 December 2013	%	31 December 2012	%
Equity securities	13.0	4.6%	8.9	3.2%
Debt securities	244.0	86.3%	242.0	88.3%
Insurance contracts			2.7	1.0%
Real estate	24.8	8.8%	19.7	7.2%
Convertible bonds	1.0	0.3%	0.9	0.3%
Total	**282.8**	**100.0%**	**274.2**	**100.0%**

The mix of the unqualified assets for pension obligations can graphically be shown as follows.



The employer's contributions expected to be paid to post-employment benefit plans for the year ending 31 December 2014 are as follows.

	Defined benefit pension plans
Expected contribution next year to plan assets	6.4
Expected contribution next year to unqualified plan assets	20.3

9.1.2 Defined-contribution plans

Ageas operates a number of defined contribution plans worldwide. The employer's commitment to a defined contribution plan is limited to the payment of contributions calculated in accordance with the plan's regulations. Employer contributions to defined-contribution plans amounted to EUR 22.7 million in 2013 (2012: EUR 18.8 million) and are included in Staff expenses (see note 48).

9.2 Other long-term employee benefits

Other long-term employee benefits include long-service awards. The table below shows net liabilities. The liabilities related to other long-term employee benefits are included in the statement of financial position under Accrued interest and other liabilities (see note 31).

	2013	2012
Defined benefit obligation	12.4	13.1
Net defined benefit liabilities (assets)	**12.4**	**13.1**

The following table shows the changes in liabilities for other long-term employee benefits during the year.

	2013	2012
Net liability as at 1 January	**13.1**	**12.3**
Total expense	1.0	2.0
Benefits directly paid by the employer	(0.9)	(1.2)
Other	(0.8)	
Net liability as at 31 December	**12.4**	**13.1**

The table below provides the range of actuarial assumptions applied when calculating the liabilities for other long-term employee benefits.

		2013		2012
	Low	High	Low	High
Discount rate	2.5%	2.7%	2.2%	5.0%
Future salary increases	2.0%	5.0%	2.0%	5.0%

Expenses related to other long-term employee benefits are shown below. Interest cost is included in Financing costs (see note 45), all other expenses are included in Staff expenses (see note 48).

	2013	2012
Current service cost	0.6	0.5
Interest cost	0.3	0.4
Net actuarial losses (gains) recognised immediately	0.1	1.1
Total expense	**1.0**	**2.0**

9.3 Termination benefits

Termination benefits are employee benefits payable as a result of either an enterprise's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

The table below shows liabilities related to termination benefits included in the statement of financial position under Accrued interest and other liabilities (see note 31).

	2013	2012
Defined benefit obligation	10.7	14.7
Net defined benefit liabilities (assets)	**10.7**	**14.7**

The following table shows the changes in liabilities for termination benefits during the year.

	2013	2012
Net liability as at 1 January	**14.7**	**20.3**
Total expense	0.3	(0.5)
Benefits directly paid by the employer	(4.0)	(5.1)
Other	(0.3)	
Net liability as at 31 December	**10.7**	**14.7**

Expenses related to termination benefits are shown below. Interest cost is included in Financing costs (see note 45). All other expenses are included in Staff expenses (see note 48).

	2013	2012
Current service cost	0.5	0.3
Interest cost		0.2
Net actuarial losses (gains) recognised immediately	(0.2)	(1.0)
Total expense	**0.3**	**(0.5)**

10 Employee share option and share purchase plans

Ageas's remuneration package for its employees and executive committee members may include share-related instruments.

These benefits can take the form of:

- employee share options;
- restricted shares.

10.1 Employee share options

Since 2009, no new options were granted to employees. Ageas has committed itself to fulfilling the existing option obligations towards employees of the discontinued operations. The number of options that is disclosed in this note therefore relates to current employees of Ageas and to former employees of Ageas who were employed by the discontinued operations Fortis Bank, Fortis Insurance Netherlands and Fortis Corporate Insurance.

The following option plans are outstanding as at 31 December 2013 (the exercise prices are expressed in euros).

2013	Outstanding options (in '000)	Weighted average exercise price	Highest exercise price	Lowest exercise price
Lapsing year				
2014	3,257	14.88	16.46	14.18
2015	3,265	18.55	18.65	18.41
2016	4,347	24.61	24.68	24.49
2017	4,944	28.03	28.62	27.23
2018	4,827	15.44	16.46	15.06
Total	**20,640**	**20.79**		

2012	Outstanding options (in '000)	Weighted average exercise price	Highest exercise price	Lowest exercise price
Lapsing year				
2013	3,467	14.24	27.23	12.17
2014	3,257	14.88	16.46	14.18
2015	3,265	18.55	18.65	18.41
2016	4,347	24.61	24.68	24.49
2017	4,944	28.03	28.62	27.23
2018	4,828	15.44	16.46	15.06
Total	**24,108**	**19.85**		

The average duration of the options outstanding at year end 2013 is 2.6 years (2012: 3.1 years). The changes in outstanding options are as follows.

	2013 Number of options (in '000)	2013 Weighted average exercise price	2012 Number of options (in '000)	2012 Weighted average exercise price
Balance as at 1 January	**24,108**	**19.85**	**25,696**	**19.89**
Lapsed	(3,468)		(1,588)	
Balance as at 31 December	**20,640**	**20.79**	**24,108**	**19.85**
On existing ageas shares	208		685	
On new ageas shares	20,432		23,423	
Of which are conditional			2,084	
Of which are unconditional	20,640		22,024	
Exercisable out of the money	20,640		24,108	

In 2013 and 2012, Ageas recorded no expensed with respect to the option plans. As long as the options are not exercised, they have no impact on shareholders' equity, as the expenses recorded in the income statement are offset by a corresponding increase in shareholders' equity. When the options are exercised, shareholders' equity is increased by the exercise price. In 2013 and 2012 no options were exercised.

The options granted by Ageas are ten-year American at-the-money call options with a five-year vesting period, the value is based on the Simple-Cox model. The volatility is based on market information of external parties.

All option plans and restricted share plans (see below) are settled by the delivery of Ageas shares rather than in cash. Some option plans and restricted share plans specifically state that existing shares must be delivered upon exercise. New shares may be issued in other cases.

10.2 Restricted shares

In 2013, 2012 and 2011, Ageas created a restricted share programme for its senior management. Dependent on the relative performance of Ageas shares in relation to a peer group over the next three years and some additional conditions, the senior managers will be awarded, in total:

- between zero and 158,500 existing Ageas shares for free on 1 April 2014 (plan 2011);
- between zero and 119,600 existing Ageas shares for free on 1 April 2015 (plan 2012);
- between zero and 167,000 existing Ageas shares for free on 1 April 2016 (plan 2013).

Ageas has decided to hedge these commitments by purchasing the maximum number of shares to be awarded for these three years. In 2013, Ageas recorded EUR 2.4 million with respect to these commitments as staff expenses (2012: EUR 1.0 million).

The grant of the restricted shares for 2011 was confirmed early 2014 and will amount to 200% of the shares conditionally granted, totalling 146,000 Ageas shares. These shares will be granted in April 2014.

In addition to these plans, the members of the Management Committee have been committed to grant 100,997 shares as a long-term incentive. Ageas decided to hedge these commitments by purchasing the maximum number of shares expected to be awarded under the plans.

The conditions of the commitments to grant and sell restricted shares are described in note 11 Remuneration of Board of Directors Members and Executive Committee Members.

The table below shows the changes in commitments for restricted shares during the year for senior management.

(number of shares in '000)	2013	2012
Number of restricted shares committed to be granted as at 1 January	**272**	**162**
Restricted shares committed to grant and granted	166	126
Restricted shares vested		
Restricted shares cancelled	(27)	(16)
Number of restricted shares committed to be granted as at 31 December	**411**	**272**

The table below shows the changes in commitments for restricted shares during the year for ExCo and MCO Members

(number of shares in '000)	2013	2012
Number of restricted shares committed to be granted as at 1 January	**16**	
Restricted shares committed to grant and granted	85	16
Number of restricted shares committed to be granted as at 31 December	**101**	**16**

11 Remuneration of Board of Directors and Executive Committee members

This note describes the Ageas Remuneration Policy as applied in 2013. It contains detailed information on the remuneration of individual Board Members and Executive Committee Members who held office during 2013.

The remuneration of Board of Directors Members and Group Executive Committee Members has been determined in accordance with the Remuneration Policy, which was approved by the General Meetings of Shareholders of ageas SA/NV and ageas N.V. on, respectively 28 and 29 April 2010, and which is set forth in the Ageas Corporate Governance Charter as may be amended from time to time (see
http://www.ageas.com/en/about-us/corporate-governance).

Paragraph 11.1 describes the remuneration of the non-executive Board of Directors Members. The remuneration of the executive Board Member (the CEO) and the other members of the Group Executive Committee is clarified in paragraph 11.2 entitled Remuneration of Ageas Executive Committee Members.

11.1 Remuneration of the Board of Directors

Changes in the Board of Directors in 2013 – Remuneration 2013

Four new Board Members were appointed during 2013; Steve Broughton, Jane Murphy, Richard Jackson and Lucrezia Reichlin, this in succession of three Members that left the Board during 2013; Frank Arts, Shaoliang Jin and Bridget McIntyre and in succession of Ronny Brückner who unfortunately passed away in August 2013.

The Board is currently composed of ten members: Jozef De Mey (Chairman, non-executive), Bart De Smet (CEO, executive), Guy de Selliers de Moranville (vice-chairman, independent), Lionel Perl, Roel Nieuwdorp, Jan Zegering Hadders, Steve Broughton, Jane Murphy, Richard Jackson and Lucrezia Reichlin (non-executives, independent).

Detailed information on the mandates of Board Members with subsidiaries or equity associates of Ageas are provided in section 3.7. To the extent that these positions are remunerated, the amounts paid out are disclosed in the tables below.

Total remuneration of non-executive Board Members amounted to EUR 1.23 million in the 2013 financial year (2012: EUR 1.22 million). This remuneration includes the basic remuneration for Board membership and the attendance fees for Board meetings and Board Committee meetings both at the level of Ageas and at its subsidiaries.

Implementation of Remuneration Policy

In April 2010, the General Meetings of Shareholders of ageas SA/NV and ageas N.V. approved the Remuneration Policy applicable as of 1 January 2010 in respect of Ageas's non-executive Board Members. In April 2011, the General Meetings of Shareholders of ageas SA/NV and ageas N.V. reconfirmed this Remuneration Policy.

The Ageas Remuneration Policy is in line with the Corporate Governance Act of 6 April 2010.

Please refer to the Report of the Remuneration Committee for further information on the remuneration of non-executive Board Members.

In accordance with the policy, non-executive Board Members did not receive annual incentives or stock options and were not entitled to pension rights. The remuneration of the executive Board Member (the CEO) is related exclusively to his position as CEO and is therefore determined in line with the Remuneration Policy for executive Committee Members (see paragraph 11.2).

Remuneration of the Board of Directors

The remuneration received by Board of Directors Members in 2013, is mentioned in the table below. The number of Ageas shares held by Board Members at 31 December 2013 is reported in the same table. For specific Board mandates we refer to section 3.7 Board of Directors.

	Function	From	Till	Remuneration in 2013 (in EUR) as Board Member of Ageas 1) 3)		Ageas shares directly held at 31 December 2013 by current Board Members	4)
Jozef De Mey	Chairman	1 January 2013	31 December 2013	142,000		9,427	
Guy de Selliers de Moranville	Vice-chairman	1 January 2013	31 December 2013	94,500			
Frank Arts	Non-executive Board member	1 January 2013	30 April 2013	25,500		833	
Shaoliang Jin	Non-executive Board member	1 January 2013	30 April 2013	18,500			
Ronny Brückner	Non-executive Board member	1 January 2013	31 July 2013	40,750		3,100,000	5)
Bridget F. McIntyre	Non-executive Board member	1 January 2013	30 April 2013	23,500			
Roel Nieuwdorp	Non-executive Board member	1 January 2013	31 December 2013	91,000		260	
Lionel Perl	Non-executive Board member	1 January 2013	31 December 2013	85,000			
Jan Zegering Hadders	Non-executive Board member	1 January 2013	31 December 2013	92,000			
Steve Broughton	Non-executive Board member	1 May 2013	31 December 2013	54,500			
Jane Murphy	Non-executive Board member	1 May 2013	31 December 2013	56,500			
Richard Jackson	Non-executive Board member	1 October 2013	31 December 2013	20,250			
Lucrezia Reichlin	Non-executive Board member	1 October 2013	31 December 2013	21,750			
Bart De Smet	Chief Executive Officer (CEO)	1 January 2013	31 December 2013	See infra	2)	3,660	6)
Total				**765,750**		**3,114,180**	

1) *Board Members also receive an attendance fee for committee meetings they attend as invitee.*
2) *Bart De Smet is not remunerated as Board Member but as CEO (see note 11.2 for details of his remuneration).*
3) *Excluding reimbursement of expenses.*
4) *All numbers after reverse stock split.*
5) *Number of shares on 31 July 2013.*
6) *Not including the shares committed to be granted for the LTI.*

The remuneration received by Board of Directors Members in 2013 for their mandates in subsidiaries of Ageas is mentioned in the table below.

	From	Till	Total Remuneration in 2013 (in EUR) as member of the Board of directors of Ageas subsidiaries 2)	
Jozef De Mey	1 January 2013	31 December 2013	122,972	
Guy de Selliers de Moranville	1 January 2013	31 December 2013	45,631	
Frank Arts	1 January 2013	30 April 2013	47,000	
Shaoliang Jin	1 January 2013	30 April 2013		
Ronny Brückner	1 January 2013	31 July 2013		
Bridget F. McIntyre	1 January 2013	30 April 2013	17,571	
Roel Nieuwdorp	1 January 2013	31 December 2013	60,000	
Lionel Perl	1 January 2013	31 December 2013	66,000	
Jan Zegering Hadders	1 January 2013	31 December 2013	48,986	
Steve Broughton	1 May 2013	31 December 2013	62,815	
Jane Murphy	1 May 2013	31 December 2013		
Richard Jackson	1 October 2013	31 December 2013		
Lucrezia Reichlin	1 October 2013	31 December 2013		
Bart De Smet	1 January 2013	31 December 2013	See infra	1)
Total			**470,975**	

1) *Bart De Smet is not remunerated as Board Member but as CEO (see note 11.2 for details of his remuneration).*
2) *Excluding reimbursement of expenses.*

11.2 Remuneration of Ageas Executive Committee Members

The Executive Committee of Ageas is composed of Bart De Smet (CEO), Christophe Boizard (CFO) and Kurt De Schepper (CRO). The CEO is the only executive member of the Board of Directors.

The members of the Executive Committee jointly earned in the course of 2013:

- a base remuneration of EUR 1,425,000 (compared to EUR 1,325,000 in 2012);
- a short-term incentive (STI) of EUR 780,404 in 2013 compared to EUR 774,973 in 2012. In line with the approved Remuneration Policy, only 50% of the short-term incentive earned over 2011 was paid in 2012, 25% of the remainder has been adjusted and paid in 2013, the remainder is to be adjusted and paid in 2014. Additionally only 50% of the short-term incentive earned over 2012 was paid in 2013, the remainder is to be adjusted and paid in 2014 and 2015. The STI for the 2013 financial year will be paid partly in 2014, 2015 and 2016;
- a long-term incentive of 25,033 shares with a value of EUR 801,579 (compared to 2012 when 43,927 shares – with a value of EUR 1,118,010 – were earned), and;
- pension costs of EUR 549,994 (excluding taxes) (compared to EUR 397,417 in 2012);
- an amount of EUR 216,731 (compared to EUR 190,623 in 2012) representing other usual benefits;
- no termination compensation was paid in 2013.

The remuneration of each Executive Committee Member is further detailed below.

Remuneration Policy

The Remuneration Policy for the members of the Executive Management was determined by the Board of Directors, upon proposals by the Remuneration Committee, approved in April 2010 and amended in April 2011 by the General Meetings of Shareholders of ageas SA/NV and ageas N.V. For more detailed information on the remuneration applicable to the Ageas Executive Committee Members, please refer to the Report of the Remuneration Committee.

The remuneration package is part of a contract specifying terms and conditions: a description of the components of the package, termination clauses and various other clauses such as confidentiality and exclusivity. With effect from 1 December 2009 the contracts include a termination indemnity in accordance with the regulations laid down by the Belgian government.

The members of the Executive Committee are self-employed.

Remuneration of the ExCo Members in 2013

CEO

The remuneration of the CEO, who is also a member of the Board of Directors, relates solely to his position as CEO.
The remuneration of Bart De Smet has been determined after consultation with an external firm specialised in executive compensation and benefits, upon recommendation of the Remuneration Committee and in accordance with the Remuneration Policy.

Bart De Smet's remuneration in 2013 comprised:

- a base remuneration of EUR 575,000, well within the range approved by the shareholders in 2013;
- a short-term incentive of EUR 345,576. In line with the remuneration policy, he will be paid EUR 332,736 during 2014 of which:
  - EUR 172,788 is related to the 2013 financial year. In line with the Remuneration Policy, only 50% of the EUR 345,576 of STI related to the 2013 financial year will be paid in 2014. The balance of the STI related to the 2013 financial year will be paid in the next two years, subject to – upward or downward – revision as foreseen in the Remuneration Policy approved by the General Meetings of Shareholders in 2010;
  - the initial amount corresponding to 25% of the STI for the 2012 financial year was EUR 98,563, this amount was revised downwards taking into account the 2013 result to EUR 87,406. The balance of the STI related to the 2012 financial year will be paid next year, subject to – upward or downward – revision, and;
  - the initial amount corresponding to 25% of the STI for the 2011 financial year was EUR 42,063, this amount was revised upwards, taking into account the 2012 and 2013 results, to EUR 72,542.
- a long-term incentive of 10,101 shares (with a counter value of EUR 323,443), based on the volume weighted average price (VWAP) of February 2014. In line with the Remuneration Policy approved by the General Meetings of Shareholders in 2010, the shares related to this long-term incentive will be blocked until 2018 and further adjusted taking into account the evolution over the years 2014, 2015 and 2016. For 2012, 16,576 shares were conditionally granted and blocked until 2017, to be further adjusted taking into account the evolution over the years 2013, 2014 and 2015. All numbers mentioned are after the reverse stock split;
- an amount of EUR 228,938 (excluding taxes) representing the costs of the defined contribution pension plan;
- an amount of EUR 84,421 representing other usual benefits such as health, death and disability cover and company car.

Other members of the Executive Committee

The composition of the Executive Committee remained unchanged in 2013.

In 2013, the remuneration of Christophe Boizard, CFO comprised:

- a base remuneration of EUR 425,000;
- a short-term incentive of EUR 236,300. In line with the remuneration policy, he will be paid EUR 207,203 during 2014 of which :
  - EUR 118,150 is related to the 2013 financial year. In line with the Remuneration Policy, only 50% of the EUR 236,300 of STI related to the 2013 financial year will be paid in 2014. The balance of the STI related to the 2013 financial year will be paid in the next two years, subject to – upward or downward – revision as foreseen in the Remuneration Policy;
  - the initial amount corresponding to 25% of the STI for the 2012 financial year was EUR 79,954, this amount was revised downwards taking into account the 2012 result to EUR 70,472. The remaining 25% of the STI related to the 2012 financial year will be paid next year subject to – upward or downward – revision;
  - the initial amount corresponding to the remaining 25% of the STI for the 2011 financial year was EUR 10,141 this amount was revised upwards, taking into account the 2012 and 2013 result, to EUR 18,581.
- a long-term incentive of 7,466 shares (with a counter value of EUR 239,068) based on the volume weighted average price (VWAP) of February 2014. In line with the Remuneration Policy approved by the General Meetings of Shareholders in 2010, the shares related to this long-term incentive will be blocked until 2018 and further adjusted taking into account the evolution over the years 2014, 2015 and 2016. For 2012, 14,090 shares were conditionally granted and blocked until 2017, to be further adjusted taking into account the evolution over the years 2013, 2014 and 2015. All numbers mentioned are after the reverse stock split.
- an amount of EUR 150,731 (excluding taxes) representing the costs of the defined contribution pension plan;
- an amount of EUR 77,478 representing other usual benefits such as health, death and disability cover and company car.

In 2013, the remuneration of Kurt De Schepper, CRO comprised:

- a base remuneration of EUR 425,000;
- a short-term incentive of EUR 238,215. In line with the remuneration policy, he will be paid EUR 240,465 during 2014 of which:
  - EUR 119,107 is related to the 2013 financial year. In line with the Remuneration Policy only 50% of the EUR 238,213 of STI related to the 2013 financial year will be paid in 2014. The balance of the STI related to the 2013 financial year will be paid in the next two years, subject to – upward or downward – revision as foreseen in the Remuneration Policy;
  - the initial amount corresponding to 25% of the STI for the 2012 financial year was EUR 75,400, this amount was revised downwards, taking into account the 2013 result, to EUR 66,473. The remaining 25% of the STI related to the 2012 financial year will be paid next year subject to – upward or downward – revision;
  - the initial amount corresponding to the remaining 25% of the STI for the 2011 financial year was EUR 30,500 this amount was revised upwards, taking into account the 2012 and 2013 result, to EUR 54,885.
- a long-term incentive of 7,466 shares (with a counter value of EUR 239,068) based on the volume weighted average price (VWAP) of February 2014. In line with the Remuneration Policy approved by the General Meetings of Shareholders in 2010, the shares related to this long-term incentive will be blocked until 2018 and further adjusted taking into account the evolution over the years 2014, 2015 and 2016. For 2012, 13,261 shares were conditionally granted and blocked until 2017, to be further adjusted taking into account the evolution over the years 2013, 2014 and 2015. All numbers mentioned are after the reverse stock split;
- an amount of EUR 170,325 (excluding taxes) representing the costs of the defined contribution pension plan;
- an amount of EUR 54,832 representing other usual benefits such as health, death and disability cover and company car.

Long-term incentive

In 2012, 43,927 shares were committed to be granted to the ExCo. These shares are blocked until 2017 and the number of shares can be adjusted taking into account the evolution over the years 2013, 2014 and 2015.

As mentioned above, in 2013, 25,033 shares were committed to be granted to the ExCo. These shares are blocked until 2018 and the number of shares can be adjusted taking into account the evolution over the years 2014, 2015 and 2016.

	Number of shares committed to be granted for 2011	Number of shares committed to be granted for 2012	Number of shares committed to be granted for 2013
Bart De Smet	3,365	16,576	10,101
Christophe Boizard	932	14,090	7,466
Kurt De Schepper	2,692	13,261	7,466
Total	**6,989**	**43,927**	**25,033**

There are no restricted shares outstanding from previous years.

Before appointment

Details of the share options (granted), relating to the options awarded to the CEO and CRO in the past in relation to their previous positions with the Group are as follows.

	Year	Number of options granted	Exercise price	Expiry date	Exercised before 2013	Options exercised in 2013	Outstanding at 31 December 2013
Bart De Smet	2008	2,530	16.46	2-04-2014			2,530
Kurt De Schepper	2004	8,959	14.78	13-04-2014			8,959
	2005	8,959	18.41	11-04-2015			8,959
	2008	2,040	16.46	2-04-2014			2,040

In the table above, the number of options granted and the exercise price relate to the share units prior to the reverse stock split in August 2012. To express them as current shares and at current share prices, the number of options has to be divided by ten and the exercise price multiplied by ten.

12 Audit fees

Fees paid to Ageas's auditors for 2013 and 2012 can be broken down into the following components:

- audit fees, which include fees for auditing the statutory and Consolidated financial statements, the review of the Interim Financial Statements as well as the review of the embedded value report;
- audit-related fees, which include fees for work performed on prospectuses, non-standard auditing and advisory services not related to statutory auditing;
- fees for tax advice;
- other non-audit fees, which include fees for support and advice.

The breakdown of audit fees for the year ended 31 December is as follows.

		2013		2012
	Ageas Statutory Auditors	Other Ageas Auditors	Ageas Statutory Auditors	Other Ageas Auditors
Audit fees	4.7	0.1	4.7	
Audit-related fees	0.8		0.7	
Tax fees	0.1		0.2	
Other non-audit fees	1.2	0.3	1.5	0.4
Total	**6.8**	**0.4**	**7.1**	**0.4**

13 Related parties

Parties related to Ageas include associates, pension funds, Board Members (i.e. non-executive and executive members of the Ageas Board of Directors), Executive Managers, close family members of any individual referred to above, entities controlled or significantly influenced by any individual referred to above and other related entities. Ageas frequently enters into transactions with related parties in the course of its business operations. Such transactions mainly concern loans, deposits and reinsurance contracts and are entered into under the same commercial and market terms that apply to non-related parties.

Ageas companies may grant credits, loans or guarantees in the normal course of business to Board members and Executive Managers or to close family members of the Board members or close family members of Executive Managers.

As at 31 December 2013, no outstanding loans, credits or bank guarantees have been granted to Board members and Executive Managers or to close family members of the Board members and close family members of Executive Managers.

Transactions entered into with the following related parties during the year ended 31 December are summarised below:
- associates;
- other related parties such as pension funds;
- Board Members.

In April 2013, Ageas closed a transaction comprising the acquisition of a 33% stake in DTH Partners LLC. DTH Partners LLC is a company affiliated with Ronny Brückner, who was until his death in August 2013, a member of the Ageas Board of Directors. Under IFRS rules, transactions and commitments like this are regarded as a related party transaction and need as such to be disclosed.

Details of the transaction

In December 2011, AG Insurance issued DTH Partners LLC and NB 70 Pine LLC (joint and several borrowers), both real estate investment companies in the U.S., a convertible bridge loan of USD 70 million (EUR 53 million) to help finance the acquisition of a landmark building in New York City on 70 Pine Street in Manhattan. The loan matured on 26 April 2013 and consequently the following agreements were finalised and closed:
- a DTH Operating Agreement between Westbridge SARL and AG Real Estate Westinvest SA resulting in a capital contribution of USD 103 million (EUR 79 million) representing a 33% equity stake in DTH Partners LLC. This equity stake is included in the statement of financial position in the caption Investments in associates. At year-end 2013 the purchase accounting was completed resulting in recognising neither goodwill nor badwill;
- a Mezzanine Loan Agreement between DTH Partners LLC and AG Insurance for a nominal amount of USD 117.5 million (EUR 90 million) at initial interest rates between 10.5% and 15%;
- a bridge loan agreement between EBNB 70 Pine Development and AG Real Estate (North Star NV) for USD 23 million (EUR 17.6 million). This amount is part of a total bridge facility of USD 50 million by the shareholders of DTH to pre-finance a tax-credit structure to be executed with Chevron, which has been delayed by the US Internal Revenue Service approval process.

The Mezzanine loan benefits from a security package that featured (i) pledges over all shares of DTH Partners LLC., (ii) guarantee agreements, (iii) pledges over receivables.

In 2013, a transaction took place between ageas SA/NV and one of its independent Board Members, Mr Guy de Selliers de Moranville. The transaction relates to the renting by ageas SA/NV of a property belonging to Mr Guy de Selliers de Moranville. This property is regarded an appropriate venue to host VIP-guests of the Board and Executive Management and is rented against an annual rent of EUR 50,000 (see the Report of the Board of Directors). Although these are unique circumstances, management considers the transactions with DTH Partners and Mr Guy de Selliers de Moranville to be concluded at arm's length.

The tables below show the lines of the income statement and statement of financial position in which amounts for related parties are included.

			2013			2012
	Associates	Other	Total	Associates	Other	Total
Income statement- related parties						
Interest income	5.5	10.5	16.0	3.1	6.7	9.8
Insurance premiums, net of reinsurance (earned)						
Fee and commission income	11.0		11.0	12.6		12.6
Other income	0.7		0.7	0.5		0.5
Operating, administrative and other expenses				(18.0)		(18.0)

			2013			2012
	Associates	Other	Total	Associates	Other	Total
Statement of financial position - related parties						
Financial Investments	137.2		137.2	8.0		8.0
Due from customers	136.1	103.7	239.8	47.4	53.0	100.4
Other assets	5.6	6.4	12.0	57.8	3.7	61.5
Debt certificates, subordinated liabilities and other borrowings	4.7		4.7	4.9		4.9
Other liabilities	2.7	0.1	2.8	6.9		6.9

The changes in Loans to related parties during the year ended 31 December are as follows.

		Loans
	2013	2012
Related party loans as at 1 January	**100.4**	**87.5**
Additions or advances	139.4	12.9
Related party loans as at 31 December	**239.8**	**100.4**

14 Information on operating segments

14.1 General information

Ageas has an organisational structure based on a lean Executive Committee and a Management Committee consisting of the ExCo, the Chief Operating Officer, the Chief Executive Officers of the four geographical regions and the Group Risk Officer.

Operating segments

Ageas is organised into five operating segments (for details see below):

- Belgium;
- United Kingdom (UK);
- Continental Europe;
- Asia;
- General Account.

Ageas decided that the most appropriate way of reporting operating segments under IFRS is per region in which Ageas operates, meaning Belgium, United Kingdom, Continental Europe and Asia. In addition, Ageas reports activities not related to the core insurance business such as group finance and other holding activities within the General Account that is presented as a separate operating segment.

Ageas's segment reporting based on IFRS reflects the full economic contribution of the businesses of Ageas. The aim is direct allocation to the businesses of all statements of financial positions and income statement items for which the businesses have full managerial responsibility.

Transactions between the different businesses are executed under the standard commercial terms and conditions.

Allocation rules

In accordance with Ageas's business model, insurance companies report support activities directly in the business.

When allocating items from the statement of financial position to operating segments, a bottom-up approach is used based on the products sold to external customers.

For the items of the statement of financial position not related to products sold to customers, a tailor-made methodology adapted to the specific business model of each reportable segment is applied.

14.2 Belgium

The Belgian insurance activities, operating since June 2009 under the name of AG Insurance, have a longstanding history. The company serves approximately 3.5 million customers and its premium income amounts to EUR 6.0 billion. Some 69% of this income comes from Life insurance; the remainder from Non-life insurance. AG Insurance is also a 100% owner of AG Real Estate, which manages its real estate activities and has grown into the largest real estate group in Belgium.

AG Insurance targets private individuals as well as small, medium-sized and large companies. It offers its customers a comprehensive range of Life and Non-life insurance through various channels: more than 3,000 independent brokers and via the bank channels of BNP Paribas Fortis SA/NV and its subsidiaries. AG Employee Benefits is the dedicated business unit offering group pension and health care solutions, mainly to larger enterprises. Since May 2009, BNP Paribas Fortis SA/NV owns 25% of AG Insurance.

14.3 United Kingdom (UK)

Ageas's business in the UK is a leading national provider of Non-life insurance solutions and a related Life protection business launched in 2008. The UK business has a strong presence in the Personal lines market and is continuing to expand its Commercial lines proposition. The split is around 82% Personal lines, 16% Commercial lines and 2% Life. The UK business is the affinity partner of a number of very strong brands including Tesco Bank, John Lewis Partnership, Age UK and Toyota (GB) Limited. The UK business adopts a multi-channel distribution strategy across brokers, affinity partners and own distribution. Its 100% owned subsidiaries include Ageas 50 (former RIAS and Castle Cover) which have over a million customers in the growing 50+ age market segment and Ageas Insurance Solutions which provides white label solutions to affinity partners, outsourcing services as well as direct internet promotion of its own brands.

Recent acquisitions over the last years (the successful start-up of Tesco Underwriting, the partnership with Tesco Bank (49%) and the integration of the acquired business of Kwik-Fit Insurance Services) have further strengthened Ageas's respective market positions in the UK. In addition, Ageas acquired in November 2012 Groupama Insurance Company Limited (GICL). The acquisition strengthened further the Non-life market position.

The acquisition propels Ageas to fifth largest UK Non-life insurer (with a 5.2% market share); fourth largest Private Motor insurer (with a 11.7% market share); and fourth largest Personal lines insurer (with a 7.1% market share).

In order to provide transparency in respect of the contribution from its various business segments, Ageas took the decision to break down the UK results in three sub-segments – Life, Non-life and Other Insurance. Other Insurance includes the results of its retail operations and UK head offices costs.

14.4 Continental Europe

Continental Europe currently consists of the insurance activities of Ageas in Europe, excluding Belgium and the United Kingdom. Active in five markets: Portugal, France, Italy and Luxembourg and since 2011 Turkey, the product range includes Life (in Portugal, France and Luxembourg) and Non-life (in Portugal, Italy and Turkey). Access to markets is facilitated through a number of key partnerships with companies enjoying a sizeable position in their respective markets.

In 2013, about 80% of total inflows were Life related and 20% Non-life.

In Luxembourg, Ageas and BNP Paribas merged at the end of 2011 their respective Luxembourg Life operations into Cardif Luxembourg Vie, the second largest Luxembourg provider of Life insurance. Furthermore, since August 2011 Ageas has become the Non-life insurance partner of Sabanci in Turkey, acquiring a 31% stake in Aksigorta. In 2012 both Sabanci and Ageas have further increased their stakes in the company, each owning 36%.

14.5 Asia

Ageas is active in a number of countries in Asia with its regional office based in Hong Kong and the fully-owned subsidiary in Hong Kong. The other activities are organised in the form of joint ventures with leading local partners and financial institutions in China (20-24.9% owned by Ageas), Malaysia (30.95% owned by Ageas), Thailand (15-31% owned by Ageas) and India (26% owned by Ageas). In terms of reporting, Ageas reports on a consolidated basis the Hong Kong subsidiary while the other stakes are accounted for as associates.

14.6 General Account

The General Account comprises activities not related to the core Insurance business, such as group finance and other holding activities. In addition, the General Account also includes the investment in Royal Park Investments, the liabilities related to CASHES/RPN(I) and the written put option on NCI.

14.7 Statement of financial position by operating segment

31 December 2013	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Assets							
Cash and cash equivalents	685.9	234.7	384.6	126.1	781.3		2,212.6
Financial investments	49,268.0	3,295.5	8,045.2	1,575.1	384.3	(11.6)	62,556.5
Investment property	2,332.3		21.8	0.4			2,354.5
Loans	4,712.0	6.5	77.6	228.3	1,946.8	(1,227.8)	5,743.4
Investments related to unit-linked contracts	6,399.9		7,115.0	655.4		(72.8)	14,097.5
Investments in associates	305.8		258.4	810.7	55.6	7.5	1,438.0
Reinsurance and other receivables	782.8	1,004.9	233.6	68.9	3.6	(7.1)	2,086.7
Current tax assets	52.6	21.8	2.4				76.8
Deferred tax assets	17.7	38.7	24.0				80.4
Call option BNP Paribas shares							
Accrued interest and other assets	1,522.3	484.3	245.7	311.5	34.6	(20.0)	2,578.4
Property, plant and equipment	1,001.2	78.6	4.8	3.7	1.0		1,089.3
Goodwill and other intangible assets	351.8	261.5	437.6	370.5	0.1		1,421.5
Total assets	**67,432.3**	**5,426.5**	**16,850.7**	**4,150.6**	**3,207.3**	**(1,331.8)**	**95,735.6**
Liabilities							
Liabilities arising from Life insurance contracts	22,070.8	153.3	2,730.6	1,311.9		(3.9)	26,262.7
Liabilities arising from Life investment contracts	24,696.4		4,095.7	0.7			28,792.8
Liabilities related to unit-linked contracts	6,399.9		7,114.7	655.4			14,170.0
Liabilities arising from Non-life insurance contracts	3,552.7	3,322.2	720.3				7,595.2
Debt certificates					68.4		68.4
Subordinated liabilities	1,177.0	160.3	28.0		1,548.5	(902.0)	2,011.8
Borrowings	1,907.3	191.5	21.2	460.8	181.5	(398.6)	2,363.7
Current tax liabilities	39.3	7.2	16.5	8.2	0.1		71.3
Deferred tax liabilities	1,045.3	25.6	53.1				1,124.0
RPN(I)					370.1		370.1
Accrued interest and other liabilities	1,501.9	347.5	153.6	121.7	84.8	(25.7)	2,183.8
Provisions	16.6	5.9	11.5		11.0		45.0
Liability related to written put option on NCI					1,255.0		1,255.0
Total liabilities	**62,407.2**	**4,213.5**	**14,945.2**	**2,558.7**	**3,519.4**	**(1,330.2)**	**86,313.8**
Shareholders' equity	3,676.1	1,121.2	1,224.1	1,591.9	913.4	(1.6)	8,525.1
Non-controlling interests	1,349.0	91.8	681.4		(1,225.5)		896.7
Total equity	**5,025.1**	**1,213.0**	**1,905.5**	**1,591.9**	**(312.1)**	**(1.6)**	**9,421.8**
Total liabilities and equity	**67,432.3**	**5,426.5**	**16,850.7**	**4,150.6**	**3,207.3**	**(1,331.8)**	**95,735.6**
Number of employees	**6,083**	**5,377**	**1,070**	**418**	**123**		**13,071**

31 December 2012	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Assets							
Cash and cash equivalents	889.0	776.9	284.7	96.9	402.4		2,449.9
Financial investments	50,118.8	2,966.5	7,772.8	1,613.0	112.3	(11.6)	62,571.8
Investment property	2,391.6		23.5	0.4			2,415.5
Loans	3,748.3	56.8	485.4	125.1	3,130.9	(1,258.1)	6,288.4
Investments related to unit-linked contracts	6,035.2		7,166.2	566.7		(84.2)	13,683.9
Investments in associates	127.5		272.9	825.1	890.1	8.0	2,123.6
Reinsurance and other receivables	736.6	937.1	226.7	68.3	4.0	(4.7)	1,968.0
Current tax assets	1.0	8.4					9.4
Deferred tax assets	18.1	39.8	34.2		79.6		171.7
Call option BNP Paribas shares					234.0		234.0
Accrued interest and other assets	1,489.1	495.5	243.9	279.6	81.3	(33.0)	2,556.4
Property, plant and equipment	1,035.8	68.1	5.7	4.0	1.4		1,115.0
Goodwill and other intangible assets	364.9	268.1	465.0	400.0	0.1		1,498.1
Total assets	**66,955.9**	**5,617.2**	**16,981.0**	**3,979.1**	**4,936.1**	**(1,383.6)**	**97,085.7**
Liabilities							
Liabilities arising from Life insurance contracts	21,886.3	93.7	2,654.1	1,282.9		(2.7)	25,914.3
Liabilities arising from Life investment contracts	24,781.0		4,318.8	0.9			29,100.7
Liabilities related to unit-linked contracts	6,035.2		7,165.1	566.7			13,767.0
Liabilities arising from Non-life insurance contracts	3,405.7	3,435.5	695.1				7,536.3
Debt certificates					186.8		186.8
Subordinated liabilities	896.4	173.0	28.0		2,945.8	(1,127.7)	2,915.5
Borrowings	1,657.7	242.7	18.2	187.2	76.8	(214.6)	1,968.0
Current tax liabilities	20.0	18.0	83.5	7.2	0.4		129.1
Deferred tax liabilities	1,249.4	26.5	55.5		79.5		1,410.9
RPN(I)					165.0		165.0
Accrued interest and other liabilities	1,572.1	349.4	137.4	97.5	135.9	(37.2)	2,255.1
Provisions	23.5	15.6	12.6		17.4		69.1
Liability related to written put option on NCI					997.0		997.0
Total liabilities	**61,527.3**	**4,354.4**	**15,168.3**	**2,142.4**	**4,604.6**	**(1,382.2)**	**86,414.8**
Shareholders' equity	3,974.0	1,148.5	1,185.3	1,836.7	1,656.3	(1.4)	9,799.4
Non-controlling interests	1,454.6	114.3	627.4		(1,324.8)		871.5
Total equity	**5,428.6**	**1,262.8**	**1,812.7**	**1,836.7**	**331.5**	**(1.4)**	**10,670.9**
Total liabilities and equity	**66,955.9**	**5,617.2**	**16,981.0**	**3,979.1**	**4,936.1**	**(1,383.6)**	**97,085.7**
Number of employees	**5,970**	**5,782**	**1,085**	**389**	**109**		**13,335**

As of 2013 a revised IAS 19 'Employee Benefits' has become effective. The most significant change in the revised standard is the immediate recognition in equity of 'unrecognised actuarial gains and losses' as of the effective date, instead of using the so called corridor approach. The comparative figures 2012 have been restated accordingly.

14.8 Income statement by operating segment

2013	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Income							
- *Gross premium income*	*5,393.5*	*2,284.2*	*1,385.4*	*298.3*		*(0.9)*	*9,360.5*
- *Change in unearned premiums*	*(3.6)*	*99.4*	*(7.1)*				*88.7*
- *Ceded earned premiums*	*(70.4)*	*(183.5)*	*(79.4)*	*(28.5)*			*(361.8)*
Net earned premiums	5,319.5	2,200.1	1,298.9	269.8		(0.9)	9,087.4
Interest, dividend and other investment income	2,498.1	87.1	277.7	99.3	109.5	(56.3)	3,015.4
Unrealised gain (loss) on call option BNP Paribas shares					(90.0)		(90.0)
Unrealised gain (loss) on RPN(I) (incl. settlement of RPN(I)/CASHES)					(205.1)		(205.1)
Result on sales and revaluations	162.2	18.0	29.5	7.6	(6.0)		211.3
Income related to investments for unit-linked contracts	377.1		584.4	17.2		(0.1)	978.6
Share of result of associates	(1.7)		33.4	120.4	275.6	(0.7)	427.0
Fee and commission income	95.9	101.6	126.2	63.4			*387.1*
Other income	125.9	80.8	3.7	0.4	6.9	(19.4)	198.3
Total income	**8,577.0**	**2,487.6**	**2,353.8**	**578.1**	**90.9**	**(77.4)**	**14,010.0**
Expenses							
- *Insurance claims and benefits, gross*	*(5,718.3)*	*(1,555.2)*	*(1,253.8)*	*(229.6)*		*1.4*	*(8,755.5)*
- *Insurance claims and benefits, ceded*	*26.2*	*94.3*	*25.8*	*9.4*			*155.7*
Insurance claims and benefits, net	(5,692.1)	(1,460.9)	(1,228.0)	(220.2)		1.4	(8,599.8)
Charges related to unit-linked contracts	(388.5)		(585.1)	(23.7)			(997.3)
Financing costs	(97.5)	(15.8)	(1.4)	(37.4)	(112.6)	55.9	(208.8)
Change in impairments	(46.6)		(17.6)	(1.2)	2.1	0.7	(62.6)
Change in provisions	(1.0)	3.5	(0.1)		(0.1)		2.3
- *Impairment claims on ABN AMRO*							
- *Release provision MCS conversion and Dutch State issues*							
Total impact settlement ABN AMRO							
Fee and commission expenses	(624.7)	(430.2)	(138.3)	(109.6)	(0.4)		(1,303.2)
Staff expenses	(474.0)	(236.2)	(72.7)	(31.8)	(19.5)	1.3	(832.9)
Other expenses	(639.1)	(215.4)	(125.1)	(8.3)	(44.9)	18.1	(1,014.7)
Total expenses	**(7,963.5)**	**(2,355.0)**	**(2,168.3)**	**(432.2)**	**(175.4)**	**77.4**	**(13,017.0)**
Result before taxation	**613.5**	**132.6**	**185.5**	**145.9**	**(84.5)**		**993.0**
Tax income (expenses)	(161.4)	(24.1)	(57.1)	(3.6)	(0.2)		(246.4)
Net result for the period	**452.1**	**108.5**	**128.4**	**142.3**	**(84.7)**		**746.6**
Attributable to non-controlling interests	117.2	8.2	51.7				177.1
Net result attributable to shareholders	**334.9**	**100.3**	**76.7**	**142.3**	**(84.7)**		**569.5**
Total income from external customers	8,562.8	2,480.7	2,353.6	571.8	41.1		14,010.0
Total income internal	14.2	6.9	0.2	6.3	49.8	(77.4)	
Total income	**8,577.0**	**2,487.6**	**2,353.8**	**578.1**	**90.9**	**(77.4)**	**14,010.0**
Non-cash expenses (excl. depreciation & amortisation)	(94.5)		(157.1)	(1.2)			(252.8)

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be calculated as follows.

2013	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Gross premium income	5,393.5	2,284.2	1,385.4	298.3		(0.9)	9,360.5
Inflow deposit accounting	562.6		916.3	186.2			1,665.1
Gross inflow	**5,956.1**	**2,284.2**	**2,301.7**	**484.5**		**(0.9)**	**11,025.6**

2012	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Income							
- *Gross premium income*	*6,403.2*	*2,229.0*	*1,026.1*	*289.3*		*(0.5)*	*9,947.1*
- *Change in unearned premiums*	*(7.5)*	*64.2*	*(8.8)*				*47.9*
- *Ceded earned premiums*	*(57.5)*	*(150.3)*	*(80.4)*	*(30.2)*			*(318.4)*
Net earned premiums	6,338.2	2,142.9	936.9	259.1		(0.5)	9,676.6
Interest, dividend and other investment income	2,465.2	75.6	290.3	83.4	211.1	(69.9)	3,055.7
Unrealised gain (loss) on call option BNP Paribas shares					(161.0)		(161.0)
Unrealised gain (loss) on RPN(I)					(273.1)		(273.1)
Result on sales and revaluations	268.6	37.4	12.9	(6.1)	121.5		434.3
Income related to investments for unit-linked contracts	608.5		1,287.2	58.7			1,954.4
Share of result of associates	(0.3)		16.4	116.7	98.4	(0.6)	230.6
Fee and commission income	100.9	132.9	109.5	55.2			398.5
Other income	159.4	167.0	8.0	2.2	3.4	(16.1)	323.9
Total income	**9,940.5**	**2,555.8**	**2,661.2**	**569.2**	**0.3**	**(87.1)**	**15,639.9**
Expenses							
- *Insurance claims and benefits, gross*	*(6,730.1)*	*(1,700.7)*	*(933.2)*	*(242.3)*	*(0.1)*	*0.6*	*(9,605.8)*
- *Insurance claims and benefits, ceded*	*32.2*	*171.0*	*38.5*	*15.5*			*257.2*
Insurance claims and benefits, net	(6,697.9)	(1,529.7)	(894.7)	(226.8)	(0.1)	0.6	(9,348.6)
Charges related to unit-linked contracts	(628.6)		(1,253.0)	(65.2)			(1,946.8)
Financing costs	(100.3)	(14.9)	(3.8)	(23.8)	(183.2)	69.8	(256.2)
Change in impairments	(101.4)	(37.6)	(4.0)	(0.2)		0.6	(142.6)
Change in provisions	(6.8)	(7.8)	(1.3)		(0.7)		(16.6)
- *Impairment claims on ABN AMRO*					*(1,962.5)*		*(1,962.5)*
- *Release provision MCS conversion and Dutch State issues*					*2,362.5*		*2,362.5*
Total impact settlement ABN AMRO					400.0		400.0
Fee and commission expenses	(633.8)	(403.2)	(125.2)	(104.1)	(0.6)		(1,266.9)
Staff expenses	(447.4)	(227.9)	(71.7)	(30.1)	(16.9)		(794.0)
Other expenses	(663.3)	(188.2)	(126.5)	13.0	(51.5)	16.0	(1,000.5)
Total expenses	**(9,279.5)**	**(2,409.3)**	**(2,480.2)**	**(437.2)**	**147.0**	**87.0**	**(14,372.2)**
Result before taxation	**661.0**	**146.5**	**181.0**	**132.0**	**147.3**	**(0.1)**	**1,267.7**
Tax income (expenses)	(223.6)	(25.3)	(57.9)	(3.5)	(28.6)		(338.9)
Net result for the period	**437.4**	**121.2**	**123.1**	**128.5**	**118.7**	**(0.1)**	**928.8**
Attributable to non-controlling interests	113.0	13.2	59.6				185.8
Net result attributable to shareholders	**324.4**	**108.0**	**63.5**	**128.5**	**118.7**	**(0.1)**	**743.0**
Total income from external customers	9,927.1	2,554.7	2,660.9	565.1	(67.9)		15,639.9
Total income internal	13.4	1.1	0.3	4.1	68.2	(87.1)	
Total income	**9,940.5**	**2,555.8**	**2,661.2**	**569.2**	**0.3**	**(87.1)**	**15,639.9**
Non-cash expenses (excl. depreciation & amortisation)	(161.4)		(100.7)	(0.4)			(262.5)

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be calculated as follows.

2012	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Gross premium income	6,403.2	2,229.0	1,026.1	289.3		(0.5)	9,947.1
Inflow deposit accounting	482.5		466.9	157.3			1,106.7
Gross inflow	**6,885.7**	**2,229.0**	**1,493.0**	**446.6**		**(0.5)**	**11,053.8**

14.9 Statement of financial position split into Life, Non-life and Other Insurance

31 December 2013	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Assets						
Cash and cash equivalents	988.1	408.7	34.5	781.3		2,212.6
Financial investments	54,934.9	7,248.1	0.8	384.3	(11.6)	62,556.5
Investment property	2,137.2	217.3				2,354.5
Loans	4,718.2	306.2	120.3	1,946.8	(1,348.1)	5,743.4
Investments related to unit-linked contracts	14,170.3				(72.8)	14,097.5
Investments in associates	1,091.3	283.6		55.6	7.5	1,438.0
Reinsurance and other receivables	740.7	1,186.0	251.9	3.6	(95.5)	2,086.7
Current tax assets	45.3	29.4	2.1			76.8
Deferred tax assets	22.1	52.5	5.8			80.4
Call option BNP Paribas shares						
Accrued interest and other assets	1,918.8	631.7	15.7	34.6	(22.4)	2,578.4
Property, plant and equipment	908.6	163.3	16.4	1.0		1,089.3
Goodwill and other intangible assets	1,016.8	152.4	252.2	0.1		1,421.5
Total assets	**82,692.3**	**10,679.2**	**699.7**	**3,207.3**	**(1,542.9)**	**95,735.6**
Liabilities						
Liabilities arising from Life insurance contracts	26,266.6				(3.9)	26,262.7
Liabilities arising from Life investment contracts	28,792.8					28,792.8
Liabilities related to unit-linked contracts	14,170.0					14,170.0
Liabilities arising from Non-life insurance contracts		7,595.2				7,595.2
Debt certificates				68.4		68.4
Subordinated liabilities	1,094.2	272.0	119.4	1,548.5	(1,022.3)	2,011.8
Borrowings	2,247.6	142.1	191.1	181.5	(398.6)	2,363.7
Current tax liabilities	45.0	24.2	2.0	0.1		71.3
Deferred tax liabilities	1,032.2	91.8				1,124.0
RPN(I)				370.1		370.1
Accrued interest and other liabilities	1,449.8	629.7	136.0	84.8	(116.5)	2,183.8
Provisions	16.7	16.9	0.4	11.0		45.0
Liability related to written put option on NCI				1,255.0		1,255.0
Total liabilities	**75,114.9**	**8,771.9**	**448.9**	**3,519.4**	**(1,541.3)**	**86,313.8**
Shareholders' equity	5,865.4	1,497.1	250.8	913.4	(1.6)	8,525.1
Non-controlling interests	1,712.0	410.2		(1,225.5)		896.7
Total equity	**7,577.4**	**1,907.3**	**250.8**	**(312.1)**	**(1.6)**	**9,421.8**
Total liabilities and equity	**82,692.3**	**10,679.2**	**699.7**	**3,207.3**	**(1,542.9)**	**95,735.6**
Number of employees	**5,017**	**5,402**	**2,529**	**123**		**13,071**

31 December 2012	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Assets						
Cash and cash equivalents	1,170.8	832.5	44.2	402.4		2,449.9
Financial investments	55,222.9	7,247.4	0.8	112.3	(11.6)	62,571.8
Investment property	2,197.6	217.9				2,415.5
Loans	4,101.2	314.4	132.0	3,130.9	(1,390.1)	6,288.4
Investments related to unit-linked contracts	13,768.1				(84.2)	13,683.9
Investments in associates	938.9	286.6		890.1	8.0	2,123.6
Reinsurance and other receivables	630.8	1,149.8	281.3	4.0	(97.9)	1,968.0
Current tax assets	5.5	1.6	2.3			9.4
Deferred tax assets	33.2	55.6	3.3	79.6		171.7
Call option BNP Paribas shares				234.0		234.0
Accrued interest and other assets	1,996.9	479.2	34.8	81.3	(35.8)	2,556.4
Property, plant and equipment	953.0	143.8	16.8	1.4		1,115.0
Goodwill and other intangible assets	1,084.4	155.9	257.7	0.1		1,498.1
Total assets	**82,103.3**	**10,884.7**	**773.2**	**4,936.1**	**(1,611.6)**	**97,085.7**
Liabilities						
Liabilities arising from Life insurance contracts	25,917.0				(2.7)	25,914.3
Liabilities arising from Life investment contracts	29,100.7					29,100.7
Liabilities related to unit-linked contracts	13,767.0					13,767.0
Liabilities arising from Non-life insurance contracts		7,536.3				7,536.3
Debt certificates				186.8		186.8
Subordinated liabilities	854.3	253.1	122.0	2,945.8	(1,259.7)	2,915.5
Borrowings	1,710.2	163.4	232.2	76.8	(214.6)	1,968.0
Current tax liabilities	90.7	32.3	5.7	0.4		129.1
Deferred tax liabilities	1,235.0	96.4		79.5		1,410.9
RPN(I)				165.0		165.0
Accrued interest and other liabilities	1,356.4	733.1	162.9	135.9	(133.2)	2,255.1
Provisions	21.8	29.7	0.2	17.4		69.1
Liability related to written put option on NCI				997.0		997.0
Total liabilities	**74,053.1**	**8,844.3**	**523.0**	**4,604.6**	**(1,610.2)**	**86,414.8**
Shareholders' equity	6,309.5	1,584.8	250.2	1,656.3	(1.4)	9,799.4
Non-controlling interests	1,740.7	455.6		(1,324.8)		871.5
Total equity	**8,050.2**	**2,040.4**	**250.2**	**331.5**	**(1.4)**	**10,670.9**
Total liabilities and equity	**82,103.3**	**10,884.7**	**773.2**	**4,936.1**	**(1,611.6)**	**97,085.7**
Number of employees	**4,964**	**5,516**	**2,746**	**109**		**13,335**

14.10 Income statement split into Life, Non-life and Other Insurance

2013	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Income						
- *Gross premium income*	*4,868.7*	*4,492.7*			*(0.9)*	*9,360.5*
- *Change in unearned premiums*		*88.7*				*88.7*
- *Ceded earned premiums*	*(95.5)*	*(266.3)*				*(361.8)*
Net earned premiums	4,773.2	4,315.1			(0.9)	9,087.4
Interest, dividend and other investment income	2,684.8	295.4	(12.3)	109.5	(62.0)	3,015.4
Unrealised gain (loss) on call option BNP Paribas shares				(90.0)		(90.0)
Unrealised gain (loss) on RPN(I) (incl. settlement of RPN(I)/CASHES)				(205.1)		(205.1)
Result on sales and revaluations	174.1	43.2		(6.0)		211.3
Income related to investments for unit-linked contracts	978.7				(0.1)	978.6
Share of result of associates	108.9	43.2		275.6	(0.7)	427.0
Fee and commission income	265.7	23.7	148.4		(50.7)	387.1
Other income	81.9	64.2	80.6	6.9	(35.3)	198.3
Total income	**9,067.3**	**4,784.8**	**216.7**	**90.9**	**(149.7)**	**14,010.0**
Expenses						
- *Insurance claims and benefits, gross*	*(5,779.5)*	*(2,977.4)*			*1.4*	*(8,755.5)*
- *Insurance claims and benefits, ceded*	*58.2*	*97.5*				*155.7*
Insurance claims and benefits, net	(5,721.3)	(2,879.9)			1.4	(8,599.8)
Charges related to unit-linked contracts	(997.3)					(997.3)
Financing costs	(128.4)	(17.3)	(12.2)	(112.6)	61.7	(208.8)
Change in impairments	(60.5)	(4.9)		2.1	0.7	(62.6)
Change in provisions	(0.4)	2.8		(0.1)		2.3
- *Impairment claims on ABN AMRO*						
- *Release provision MCS conversion and Dutch State issues*						
Total impact settlement ABN AMRO						
Fee and commission expenses	(508.5)	(840.1)	(4.8)	(0.4)	50.6	(1,303.2)
Staff expenses	(385.0)	(334.4)	(95.3)	(19.5)	1.3	(832.9)
Other expenses	(531.7)	(378.7)	(93.4)	(44.9)	34.0	(1,014.7)
Total expenses	**(8,333.1)**	**(4,452.5)**	**(205.7)**	**(175.4)**	**149.7**	**(13,017.0)**
Result before taxation	**734.2**	**332.3**	**11.0**	**(84.5)**		**993.0**
Tax income (expenses)	(165.9)	(81.7)	1.4	(0.2)		(246.4)
Net result for the period	**568.3**	**250.6**	**12.4**	**(84.7)**		**746.6**
Attributable to non-controlling interests	130.6	46.5				177.1
Net result attributable to shareholders	**437.7**	**204.1**	**12.4**	**(84.7)**		**569.5**
Total income from external customers	9,030.5	4,780.6	164.7	34.2		14,010.0
Total income internal	36.8	4.2	52.0	56.7	(149.7)	
Total income	**9,067.3**	**4,784.8**	**216.7**	**90.9**	**(149.7)**	**14,010.0**
Non-cash expenses (excl. depreciation & amortisation)	(241.2)	(11.6)				(252.8)

Gross inflow (sum of gross written premiums and premium inflow of investment contracts without Discretionary Participation Features) can be calculated as follows.

2013	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Gross premium income	4,868.7	4,492.7			(0.9)	9,360.5
Inflow deposit accounting	1,665.1					1,665.1
Gross inflow	**6,533.8**	**4,492.7**			**(0.9)**	**11,025.6**

2012	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Income						
- *Gross premium income*	*5,585.9*	*4,361.7*			*(0.5)*	*9,947.1*
- *Change in unearned premiums*		*47.9*				*47.9*
- *Ceded earned premiums*	*(86.6)*	*(231.8)*				*(318.4)*
Net earned premiums	5,499.3	4,177.8			(0.5)	9,676.6
Interest, dividend and other investment income	2,644.0	287.9	(12.3)	211.1	(75.0)	3,055.7
Unrealised gain (loss) on call option BNP Paribas shares				(161.0)		(161.0)
Unrealised gain (loss) on RPN(I)				(273.1)		(273.1)
Result on sales and revaluations	239.0	73.8		121.5		434.3
Income related to investments for unit-linked contracts	1,954.4					1,954.4
Share of result of associates	116.5	16.3		98.4	(0.6)	230.6
Fee and commission income	245.1	27.5	176.6		(50.7)	398.5
Other income	107.1	155.9	94.5	3.4	(37.0)	323.9
Total income	**10,805.4**	**4,739.2**	**258.8**	**0.3**	**(163.8)**	**15,639.9**
Expenses						
- *Insurance claims and benefits, gross*	*(6,616.8)*	*(2,989.5)*		*(0.1)*	*0.6*	*(9,605.8)*
- *Insurance claims and benefits, ceded*	*150.1*	*107.1*				*257.2*
Insurance claims and benefits, net	(6,466.7)	(2,882.4)		(0.1)	0.6	(9,348.6)
Charges related to unit-linked contracts	(1,946.8)					(1,946.8)
Financing costs	(116.1)	(20.2)	(11.5)	(183.2)	74.8	(256.2)
Change in impairments	(95.9)	(15.6)	(31.7)		0.6	(142.6)
Change in provisions	(3.9)	(12.0)		(0.7)		(16.6)
- *Impairment claims on ABN AMRO*				*(1,962.5)*		*(1,962.5)*
- *Release provision MCS conversion and Dutch State issues*				*2,362.5*		*2,362.5*
Total impact settlement ABN AMRO				400.0		400.0
Fee and commission expenses	(526.7)	(790.1)	(0.3)	(0.6)	50.8	(1,266.9)
Staff expenses	(365.4)	(303.1)	(108.6)	(16.9)		(794.0)
Other expenses	(505.0)	(348.3)	(132.6)	(51.5)	36.9	(1,000.5)
Total expenses	**(10,026.5)**	**(4,371.7)**	**(284.7)**	**147.0**	**163.7**	**(14,372.2)**
Result before taxation	**778.9**	**367.5**	**(25.9)**	**147.3**	**(0.1)**	**1,267.7**
Tax income (expenses)	(217.1)	(90.8)	(2.4)	(28.6)		(338.9)
Net result for the period	**561.8**	**276.7**	**(28.3)**	**118.7**	**(0.1)**	**928.8**
Attributable to non-controlling interests	131.7	54.1				185.8
Net result attributable to shareholders	**430.1**	**222.6**	**(28.3)**	**118.7**	**(0.1)**	**743.0**
Total income from external customers	10,772.0	4,735.1	201.8	(69.0)		15,639.9
Total income internal	33.4	4.1	57.0	69.3	(163.8)	
Total income	**10,805.4**	**4,739.2**	**258.8**	**0.3**	**(163.8)**	**15,639.9**
Non-cash expenses (excl. depreciation & amortisation)	(236.8)	(25.7)				(262.5)

Gross inflow (sum of gross written premiums and premium inflow of investment contracts without Discretionary Participation Features) can be calculated as follows.

2012	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Gross premium income	5,585.9	4,361.7			(0.5)	9,947.1
Inflow deposit accounting	1,106.7					1,106.7
Gross inflow	**6,692.6**	**4,361.7**			**(0.5)**	**11,053.8**

14.11 Operating result insurance

To analyse the insurance results, Ageas uses the concept of operating result.

Operating result includes premiums, fees and allocated financial income minus claims and benefits and operating expenses. Realised gains and losses on investments backing certain insurance liabilities, including separated funds, are part of the allocated financial income and are thus included. Financial income, net of the related investment costs, is allocated to the various Life and Non-life branches based on the investment portfolios backing the insurance liabilities of these branches.

Realised and unrealised gains and losses on investments recognised in the income statement, which back the insurance liabilities of the various branches are included in the operating margin.

The reconciliation of the operating margin and profit before taxation, includes all income and costs, not allocated to the insurance or investment contracts and thus not reported in the operating margin.

Within its insurance operating segments, Ageas manages its Life and Non-life businesses separately. Life business includes insurance contracts covering risks related to the life and death of individuals. Life business also includes investment contracts with and without discretionary participation features (DPF). Non-life comprises four lines of business: Accident & Health, Motor, Fire and Other damage to property (covering the risk of property losses or claims liabilities) and Other.

The operating margin for the different segments and lines of business and the reconciliation with profit before taxation are shown below.

2013	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total Ageas
Gross inflow Life	4,101.4	108.1	1,839.8	484.5		(0.9)	6,532.9
Gross inflow Non-life	1,854.7	2,176.1	461.9				4,492.7
Operating costs	(495.7)	(233.9)	(154.7)	(48.0)			(932.3)
Life operating result	433.0	(4.1)	99.0	37.8			565.7
- *Accident & Health*	*48.6*	*(7.2)*	*37.4*				*78.8*
- *Motor*	*30.2*	*84.3*	*(2.9)*				*111.6*
- *Fire and Other damage to property*	*32.9*	*37.9*	*5.1*				*75.9*
- *Other*	*(3.4)*	*2.5*	*1.8*				*0.9*
Non-life operating result	108.3	117.5	41.4				267.2
Operating result	**541.3**	**113.4**	**140.4**	**37.8**			**832.9**
Share of result of associates non allocated			32.9	120.4	275.6		428.9
Other result, including brokerage	72.2	19.2	12.2	(12.3)	(360.1)		(268.8)
Result before taxation	**613.5**	**132.6**	**185.5**	**145.9**	**(84.5)**		**993.0**
Key performance indicators							
Expense ratio	36.7%	29.9%	29.9%				32.7%
Claims ratio	63.2%	68.5%	63.7%				65.9%
Combined ratio	99.9%	98.4%	93.7%				98.6%
Life cost ratio in % of average Life technical liabilities	0.37%		0.53%	2.47%			0.51%
Technical Insurance liabilities	56,719.8	3,475.5	14,661.3	1,968.0		(3.9)	76,820.7

2012	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total Ageas
Gross inflow Life	5,126.6	85.6	1,033.8	446.6		(0.5)	6,692.1
Gross inflow Non-life	1,759.1	2,143.4	459.2				4,361.7
Operating costs	(471.0)	(214.7)	(153.7)	(47.3)			(886.7)
Life operating result	456.3	(7.2)	106.4	34.3			589.8
- *Accident & Health*	*55.5*	*(1.8)*	*25.7*				*79.4*
- *Motor*	*33.0*	*108.8*	*8.2*				*150.0*
- *Fire and Other damage to property*	*34.7*	*15.2*	*7.6*				*57.5*
- *Other*	*(1.4)*	*(8.7)*	*1.3*				*(8.8)*
Non-life operating result	121.8	113.5	42.8				278.1
Operating result	**578.1**	**106.3**	**149.2**	**34.3**			**867.9**
Share of result of associates non allocated			16.0	116.7	98.4		231.1
Other result, including brokerage	82.9	40.2	15.8	(19.0)	48.9	(0.1)	168.7
Result before taxation	**661.0**	**146.5**	**181.0**	**132.0**	**147.3**	**(0.1)**	**1,267.7**
Key performance indicators							
Expense ratio	36.8%	26.4%	29.8%				31.0%
Claims ratio	62.7%	73.3%	63.6%				68.1%
Combined ratio	99.5%	99.8%	93.4%				99.1%
Life cost ratio in % of average Life technical liabilities	0.36%		0.54%	2.72%			0.51%
Technical Insurance liabilities	56,108.2	3,529.2	14,833.1	1,850.5		(2.7)	76,318.3

Claims ratio : the cost of claims, net of reinsurance, as a percentage of net earned premiums, excluding the internal costs of handling claims.

Expense ratio : expenses as a percentage of net earned premiums, net of reinsurance. Expenses include internal costs of handling claims, plus net commissions charged to the year, less internal investment costs.

Combined ratio : the sum of the claims ratio and the expense ratio.

Notes to the Consolidated statement of financial position

15 Cash and cash equivalents

Cash includes cash on hand, current accounts and other financial instruments with a term of less than three months from the date on which they were acquired.

The composition of cash and cash equivalents as at 31 December is as follows.

	31 December 2013	31 December 2012
Cash on hand	2.6	2.1
Due from banks	1,926.7	1,706.5
Other	283.3	741.3
Total cash and cash equivalents	**2,212.6**	**2,449.9**

16 Financial investments

The composition of Financial investments is as follows.

	31 December 2013	31 December 2012
Financial investments		
- Held to maturity	4,986.2	5,054.1
- Available for sale	57,453.4	57,409.9
- Held at fair value through profit or loss	296.6	262.5
- Derivatives held for trading	14.4	35.8
Total gross	**62,750.6**	**62,762.3**
Impairments:		
- of investments held to maturity	(11.8)	
- of investments available for sale	(182.3)	(190.5)
Total impairments	**(194.1)**	**(190.5)**
Total	**62,556.5**	**62,571.8**

16.1 Investments held to maturity

	Government bonds	Corporate debt securities	Total
Historical cost at recognition	4,729.4	163.9	4,893.3
Acquisition	125.7		125.7
Historical / amortised costs	**4,855.1**	**163.9**	**5,019.0**
Amortisation	29.3	5.8	35.1
Investments held to maturity at 31 December 2012	**4,884.4**	**169.7**	**5,054.1**
Maturities	(65.9)	(29.5)	(95.4)
Amortisation	18.4	9.1	27.5
Impairments		(11.8)	(11.8)
Investments held to maturity at 31 December 2013	**4,836.9**	**137.5**	**4,974.4**
Fair value at 31 December 2012	**6,117.3**	**172.9**	**6,290.2**
Fair value at 31 December 2013	**5,720.9**	**144.5**	**5,865.4**

In the following table the government bonds that are classified as Held to maturity are detailed by country of origin as at 31 December.

31 December 2013	Historical/ amortised cost	Fair value
Belgian national government	4,361.9	5,159.4
Portuguese national government	475.0	561.5
Total	**4,836.9**	**5,720.9**

31 December 2012	Historical/amortised cost	Fair value
Belgian national government	4,367.8	5,510.6
Portuguese national government	516.6	606.7
Total	**4,884.4**	**6,117.3**

The Investments held to maturity (Government bonds) are valued based on quoted prices in active markets (level 1) as well as (corporate debt securities) on unobservable market data (counterparty quotes) (level 3).

16.2 Investments available for sale

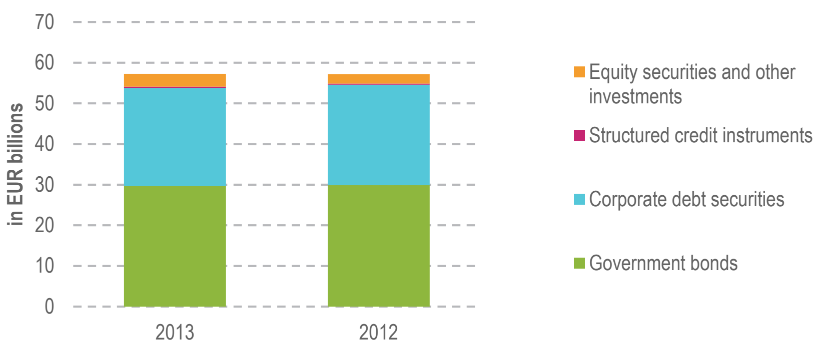
The fair value and amortised cost of Investments available for sale including gross unrealised gains, gross unrealised losses, and impairments are as follows.

31 December 2013	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	27,332.9	2,345.9	(48.1)	29,630.7		29,630.7
Corporate debt securities	23,004.0	1,304.2	(137.1)	24,171.1	(0.1)	24,171.0
Structured credit instruments	289.5	13.5	(3.0)	300.0	(2.3)	297.7
Available for sale investments in debt securities	50,626.4	3,663.6	(188.2)	54,101.8	(2.4)	54,099.4
Private equities and venture capital	50.6	0.3		50.9		50.9
Equity securities	2,822.4	497.8	(24.8)	3,295.4	(179.9)	3,115.5
Other investments	5.3			5.3		5.3
Available for sale investments in equity securities and other investments	2,878.3	498.1	(24.8)	3,351.6	(179.9)	3,171.7
Total investments available for sale	**53,504.7**	**4,161.7**	**(213.0)**	**57,453.4**	**(182.3)**	**57,271.1**

31 December 2012	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Impairments	Fair value
Government bonds	26,530.9	3,412.0	(99.0)	29,843.9		29,843.9
Corporate debt securities	22,911.6	1,911.8	(72.1)	24,751.3		24,751.3
Structured credit instruments	259.0	15.7	(6.4)	268.3	(2.3)	266.0
Available for sale investments in debt securities	49,701.5	5,339.5	(177.5)	54,863.5	(2.3)	54,861.2
Private equities and venture capital	34.3	0.6		34.9		34.9
Equity securities	2,301.4	229.6	(23.6)	2,507.4	(188.2)	2,319.2
Other investments	4.1			4.1		4.1
Available for sale investments in equity securities and other investments	2,339.8	230.2	(23.6)	2,546.4	(188.2)	2,358.2
Total investments available for sale	**52,041.3**	**5,569.7**	**(201.1)**	**57,409.9**	**(190.5)**	**57,219.4**

An amount of EUR 1,180.7 million of the Investments available for sale has been pledged as collateral (2012: EUR 965.5 million).

The portfolio of the Investments available for sale can graphically be shown as follows at year-end.



The valuation of Investments available for sale is based on:

- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: unobservable market data (counterparty quotes).

The valuation at year-end is as follows.

2013	Level 1	Level 2	Level 3	Total
Government bonds	29,630.7			29,630.7
Corporate debt securities	23,456.7	713.1	1.2	24,171.0
Structured credit instruments	156.2	44.5	97.0	297.7
Equity securities, private equities and other investments	2,264.9	767.8	139.0	3,171.7
Total Investments AFS	**55,508.5**	**1,525.4**	**237.2**	**57,271.1**

2012	Level 1	Level 2	Level 3	Total
Government bonds	29,836.8	7.1		29,843.9
Corporate debt securities	23,994.9	756.4		24,751.3
Structured credit instruments	152.3	45.9	67.8	266.0
Equity securities, private equities and other investments	1,853.6	463.9	40.7	2,358.2
Total Investments AFS	**55,837.6**	**1,273.3**	**108.5**	**57,219.4**

The changes in level 3 valuation are as follows.

	2013	2012
Balance as at 1 January	**108.5**	**94.1**
Acquired	87.0	23.2
Proceeds from sales	(22.2)	(5.2)
Impairments	(0.5)	
Unrealised gains (losses)	2.6	(3.0)
Transfers between valuation categories	61.8	
Foreign exchange differences and other adjustments		(0.6)
Balance as at 31 December	**237.2**	**108.5**

Level 3 valuations for valuing asset-backed securities use a discounted cash flow methodology. Expected cash-flows take into account original underwriting criteria, borrower attributes (such as age and credit scores), loan-to-value ratios, expected house price movements and expected prepayment rates, among other. Next, we discount expected cash flows at risk-adjusted rates. Market participants often use such discounted cash flow technique to price asset-backed securities on which quotes we also rely to a certain extent when valuing these instruments. These techniques are subject to inherent limitations, such as estimation of the appropriate risk-adjusted discount rate, and different assumptions and inputs would yield different results.

The level 3 positions are mainly sensitive to a change in the level of credit spreads. If the general level of credit spreads increases by 1 basis point, it is estimated that the market value of these positions drops by 3 basis points. This would translate into a loss of value by approximately EUR 0.7 million. The changes in value of the level 3 instruments are accounted for within Other Comprehensive Income.

Transfers between valuation categories relate to unlisted Dutch real estate funds. We have transferred these investments to level 3 as the number of observed transactions in the Netherlands declined significantly and that valuations significantly depend on management judgment.

Government bonds detailed by country of origin

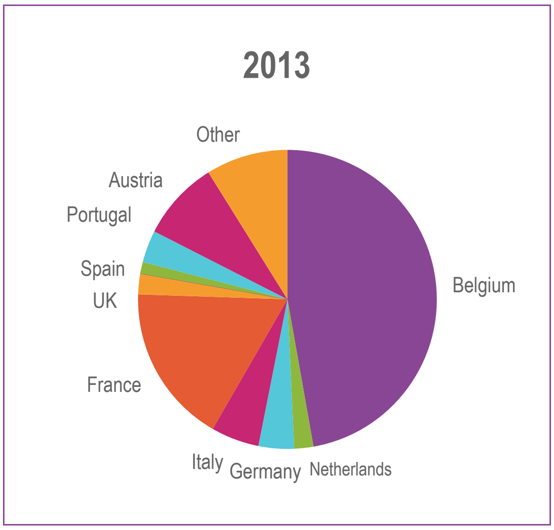
Government bonds detailed by country of origin as at 31 December are as follows.

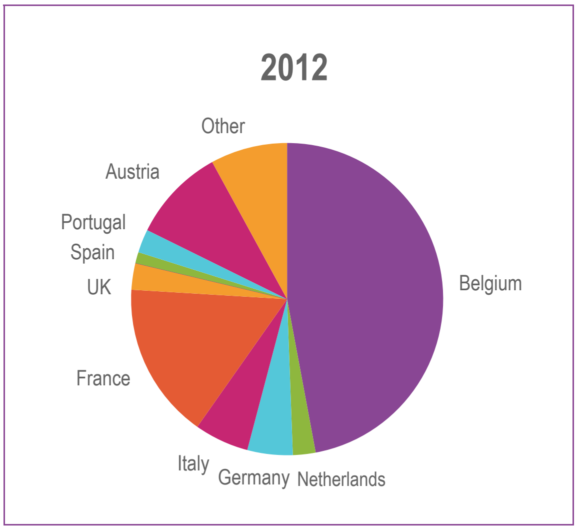
31 December 2013	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value
Belgian national government	12,813.9	1,175.9	13,989.8
Dutch national government	682.4	40.8	723.2
German national government	965.6	174.9	1,140.5
Italian national government	1,473.8	67.4	1,541.2
French national government	4,751.1	369.7	5,120.8
British national government	662.0	1.4	663.4
Spanish national government	357.3	11.9	369.2
Portuguese national government	1,041.4	(6.6)	1,034.8
Austrian national government	2,328.2	232.6	2,560.8
Finnish national government	201.1	18.7	219.8
Irish national government	552.3	51.7	604.0
Slovenian national government	49.1	0.9	50.0
Czech Republic national government	243.4	29.7	273.1
Slovakian national government	333.4	34.0	367.4
US national government	276.5	28.0	304.5
Other national governments	601.4	66.8	668.2
Total	**27,332.9**	**2,297.8**	**29,630.7**

31 December 2012	Historical/ amortised cost	Gross unrealised gains (losses)	Fair value
Belgian national government	12,274.3	1,773.4	14,047.7
Dutch national government	642.8	60.0	702.8
German national government	1,133.7	264.6	1,398.3
Italian national government	1,686.5	2.0	1,688.5
French national government	4,228.5	600.6	4,829.1
British national government	794.7	28.3	823.0
Spanish national government	366.6	(22.9)	343.7
Portuguese national government	753.0	(28.1)	724.9
Austrian national government	2,541.6	366.7	2,908.3
Finnish national government	224.9	33.4	258.3
Irish national government	408.8	22.4	431.2
Slovenian national government	69.8		69.8
Czech Republic national government	243.8	34.5	278.3
Slovakian national government	231.0	32.9	263.9
US national government	297.1	83.0	380.1
Other national governments	633.8	62.2	696.0
Total	**26,530.9**	**3,313.0**	**29,843.9**

In 2013 and 2012, there were no impairments on government bonds.

The share per country in the investment portfolio of government bonds based on fair value can graphically be shown as follows at year-end.





The table below provides the Net unrealised gains and losses on Investments available for sale included in equity (which includes debt securities, equity securities and other investments). Equity securities and other investments also includes private equities and venture capital.

	31 December 2013	31 December 2012
Available for sale investments in debt securities:		
Carrying amount	54,099.4	54,861.2
Gross unrealised gains and losses	3,475.4	5,162.0
- Related tax	(1,155.0)	(1,635.5)
Shadow accounting	(808.6)	(1,594.0)
- Related tax	247.6	510.9
Net unrealised gains and losses	**1,759.4**	**2,443.4**

	31 December 2013	31 December 2012
Available for sale investments in equity securities and other investments:		
Carrying amount	3,171.7	2,358.2
Gross unrealised gains and losses	473.3	206.6
- Related tax	(65.5)	(67.8)
Shadow accounting	(100.5)	(62.1)
- Related tax	32.6	20.2
Net unrealised gains and losses	**339.9**	**96.9**

Impairments of Investments available for sale

The following table shows the breakdown of impairments of Investments available for sale.

	31 December 2013	31 December 2012
Impairments of investments available for sale:		
- debt securities	(2.4)	(2.3)
- equity securities and other investments	(179.9)	(188.2)
Total impairments of investments available for sale	**(182.3)**	**(190.5)**

The changes in impairments of Investments available for sale are as follows.

	2013	2012
Balance as at 1 January	**190.5**	**1,436.8**
Increase in impairments	22.7	97.6
Reversal on sale/disposal	(26.9)	(1,343.6)
Foreign exchange differences and other adjustments	(4.0)	(0.3)
Balance as at 31 December	**182.3**	**190.5**

The reversal on sale/disposal in 2012 mainly relates to the conversion of the Greek bond portfolio (EUR 1,278.9 million).

16.3 Investments held at fair value through profit or loss

The following table provides information as at 31 December about the Investments held at fair value, for which unrealised gains or losses are recorded through profit or loss.

	31 December 2013	31 December 2012
Corporate debt securities	214.4	191.7
Structured credit instruments	50.3	49.0
Debt securities	264.7	240.7
Equity securities	31.9	21.8
Equity securities and other investments	31.9	21.8
Total investments held at fair value through profit or loss	**296.6**	**262.5**

Investments held at fair value through profit or loss include primarily investments related to insurance liabilities where cash flows are linked to the performance of these assets, either contractually or on the basis of discretionary participation and whose measurement incorporates current information. This measurement significantly reduces an accounting mismatch that would otherwise arise from measuring assets and liabilities and the related gains and losses on different bases.

The amortised cost of the debt securities held at fair value through profit or loss as at 31 December 2013 is EUR 263.4 million (2012: EUR 301.9 million).

The valuation of Investments held at fair value through profit or loss is based on:

- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: unobservable market data (counterparty quotes).

The valuation at year-end can be shown as follows.

2013	Level 1	Level 2	Level 3	Total
Corporate debt securities	31.7	182.7		214.4
Structured credit instruments			50.3	50.3
Equity securities		31.9		31.9
Total Investments held at fair value through profit or loss	**31.7**	**214.6**	**50.3**	**296.6**

2012	Level 1	Level 2	Level 3	Total
Corporate debt securities	21.0	170.7		191.7
Structured credit instruments			49.0	49.0
Equity securities		21.8		21.8
Total Investments held at fair value through profit or loss	**21.0**	**192.5**	**49.0**	**262.5**

The changes in level 3 valuation are as follows.

	2013	2012
Balance as at 1 January	**49.0**	**85.7**
Maturity/redemption or repayment of the period		(50.0)
Realised gains (losses)		0.6
Unrealised gains (losses)	1.3	12.7
Balance as at 31 December	**50.3**	**49.0**

The level 3 positions are mainly sensitive to a change in the general level of credit spreads. If the general level of credit spreads increases by 1 basis point, it is estimated that the market value of these positions decreases by 3 basis points. This would translate into a loss of value by approximately EUR 0.2 million.

16.4 Derivatives held for trading (assets)

The following table provides a specification of the derivatives held for trading (assets).

	31 December 2013	31 December 2012
Over the counter (OTC)	14.4	35.8
Total derivatives held for trading (assets)	**14.4**	**35.8**

The Derivatives held for trading mainly relate to interest rate and equity options and interest rate swaps. Derivatives held for trading are in 2013 and 2012 based on a level 2 valuation (observable market data in active markets) (see also note 34 Derivatives for further details).

17 Investment property

Investment property mainly comprises office buildings and retail space.

	31 December 2013	31 December 2012
Investment property	2,403.2	2,451.6
Impairments of investment property	(48.7)	(36.1)
Total investment property	**2,354.5**	**2,415.5**

The following table shows the changes in Investment property for the year ended 31 December.

	2013	2012
Acquisition cost as at 1 January	**3,034.1**	**2,631.2**
Acquisitions/divestments of subsidiaries	(159.8)	48.3
Additions/purchases	167.7	269.5
Capital improvements	44.3	
Disposals	(93.9)	(79.1)
Transfer from (to) property, plant and equipment	130.4	
Other	14.2	164.2
Acquisition cost as at 31 December	**3,137.0**	**3,034.1**
Accumulated depreciation as at 1 January	**(582.5)**	**(547.6)**
Acquisitions/divestments of subsidiaries	4.7	
Depreciation expense	(82.8)	(73.1)
Reversal of depreciation due to disposals	10.5	20.8
Transfer from (to) property, plant and equipment	(83.7)	
Other		17.4
Accumulated depreciation as at 31 December	**(733.8)**	**(582.5)**
Impairments as at 1 January	**(36.1)**	**(37.9)**
Increase in impairments charged to income statement	(12.7)	(0.5)
Reversal of impairments credited to income statement	0.1	1.1
Reversal of impairments due to disposals		1.2
Impairments as at 31 December	**(48.7)**	**(36.1)**
Net investment property as at 31 December	**2,354.5**	**2,415.5**
Cost of investment property under construction	40.5	106.9

An amount of EUR 14.2 million in 2013 reported in the line Other under acquisition cost relates to the reclass of Property intended for sale to Investment property (2012: EUR 178.4 million).

An amount of EUR 255.6 million of the Investment property has been pledged as collateral as at 31 December 2013 (31 December 2012: EUR 290.6 million).

Until 2012, Ageas conducted independent external appraisals every five years, on a rotating basis, to assess the fair value of investment property, covering about 20% of the property portfolio every year. From 2013 onwards, annual appraisals cover about half of our investment property.

Between successive appraisals, Ageas uses in-house models to regularly adjust the fair value, of investment property, based on available market data and/or transactions reported annually. Ageas level 3 valuation techniques is based primarily on discounted cash-flows. Expected property cash flows take into account expected rental income growth rates, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. Ageas then discounts the expected net cash flows using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary, tenant credit quality and lease terms).

The fair value of Investment property is set out below.

	31 December 2013	31 December 2012
Fair values supported by market evidence	795.4	2,634.4
Fair value subject to an independent valuation	2,535.1	672.8
Total fair value of investment property	**3,330.5**	**3,307.2**
Total carrying amount	2,354.5	2,415.5
Gross unrealised gain/loss	976.0	891.7
Taxation	(321.8)	(293.2)
Net unrealised gain/loss (not recognised in equity)	**654.2**	**598.5**

The depreciation of buildings is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. Real estate is split into the following components: structure, closing, techniques and equipment, heavy finishing and light finishing.

The maximum useful life of the components is as follows:

- Structure ....50 years for offices and retail; 70 years for residential;
- Closing...30 years for offices and retail; 40 years for residential;
- Techniques and equipment......................20 years for offices; 25 years for retail and 40 years for residential;
- Heavy finishing ....20 years for offices; 25 years for retail and 40 years for residential;
- Light finishing..10 years for offices, retail and residential.

Land has an unlimited useful life and is therefore not depreciated. IT, office and equipment are depreciated over their respective useful lives, which are determined individually. As a general rule, residual values are considered to be zero.

Property rented out under operating lease

Ageas rents certain assets – mainly property held for investment purposes – to external parties based on operating lease agreements. As at 31 December the minimum payments to be received from irrevocable lease agreements amounted to:

	2013	2012
Less than 3 months	57.1	52.5
3 months to 1 year	161.6	148.7
1 year to 5 years	690.4	644.2
More than 5 years	951.9	952.0
Total	**1,861.0**	**1,797.4**

18 Loans

The composition of Loans is as follows.

	31 December 2013	31 December 2012
Government and official institutions	1,875.2	1,309.4
Residential mortgages	1,547.4	1,528.6
Commercial loans	506.2	290.7
Interest bearing deposits	957.9	1,513.0
Loans to banks	624.1	1,473.7
Policyholder loans	210.9	189.3
Corporate loans	41.4	0.3
Total	**5,763.1**	**6,305.0**
Less impairments	(19.7)	(16.6)
Total Loans	**5,743.4**	**6,288.4**

18.1 Commercial loans

The composition of Commercial loans is as follows.

	31 December 2013	31 December 2012
Consumer Loans	9.3	7.7
Real Estate	199.8	76.7
Infrastructure	101.6	63.9
Other	195.5	142.4
Total Commercial Loans	**506.2**	**290.7**

The line Real Estate under Commercial loans includes the Mezzanine loan of USD 117.5 million to DTH partners LLC (see also notes 13 and 19) whereas the bridge loan (USD 23 million) between EBNB 70 Pine Development and AG Real Estate (North Star NV) is included in the line Other under Commercial loans.

Ageas has granted credit lines for a total amount of EUR 321 million (31 December 2012: EUR 273 million).

During the third quarter 2012, Ageas announced a program to increase the diversification of its investment portfolio by investing in commercial loans, allocating up to 5% of its total invested assets into this category. Ageas believes commercial loans offer an interesting alternative investment opportunity in the current low-interest environment with the benefit of greater portfolio diversification and attractive risk-return profile.

The main part of this investment is to be realised through a partnership on Infrastructure loans with Natixis. The objective is to benefit from:

- an attractive risk adjusted return: infrastructure loans provide yield enhancement and diversification benefits compared to sovereign debt (an important part of Ageas' investment portfolio);
- a collateral based on pledges linked to underlying projects (e.g. buildings, motorways);
- an improved duration match: infrastructure loans have, by the nature of the projects they finance, long maturities, creating opportunities for the funding of long term liabilities traditionally associated with the insurers.

The agreement with Natixis has the following main characteristics:

- Natixis will be in charge of originating the loans and will retain a pre-agreed substantial percentage of each deal. Ageas will assume the remaining part;
- only new or very recently closed deals in selected sectors and countries will be eligible within the partnership;
- the scope of the partnership excludes Benelux where Ageas has direct access to infrastructure projects;
- the target amount of this loan portfolio is EUR 2 billion for Ageas;
- a period of two to three years is foreseen to reach the targeted investment amount;
- Natixis will ensure the administration of all loans in this portfolio.

18.2 Loans to banks

Loans to banks consists of the following.

	31 December 2013	31 December 2012
Loans and advances	457.0	349.2
Subordinated loans		949.3
Other	167.1	175.2
Loans to Banks	**624.1**	**1,473.7**

The subordinated loans can be split in:

	2013	2012
Nitsh I (USD 750 million)		575.9
Nitsh II		373.4
Total subordinated loans		**949.3**

Nitsh I and II

In 2008, Ageas Hybrid Financing SA/NV (AHF) issued USD 750 million of securities called 'Nitsh I' at an interest rate of 8.25%.The proceeds from these securities were on-lent to BNP Paribas Fortis SA/NV. BNP Paribas Fortis SA/NV called the loan on its first call date on 27 August 2013.

The 8% Nitsh II securities, amounting to EUR 625 million, were also issued in 2008. The proceeds of these securities were partly on-lent to AG Insurance and partly to BNP Paribas Fortis SA/NV. Both parties called these on-loans at their first call date on 3 June 2013.

AHF in turn called the outstanding securities. The securities (see also note 27 Subordinated Liabilities) and on-loans therefore ceased to exit.

Settlement subordinated loan BNP Paribas Fortis SA/NV (Tier 1 instrument)

The BNP Paribas Fortis SA/NV Tier 1 loan consists of bonds issued in 2001, which Ageas was obliged to exchange in the third quarter of 2011 due to a support agreement entered into by the former Fortis parent companies, now ageas SA/NV.

On 26 September 2011, Ageas was obliged to exchange EUR 952.9 million redeemable perpetual cumulative coupon debt securities of BNP Paribas Fortis at par, after a non-call of these securities by BNP Paribas Fortis SA/NV and consent granted by the NBB for this exchange.

Ageas decided to determine the fair value of the securities by using valuation techniques based on a net present value calculation. With EUR 952.9 million par value of securities exchanged, the fair value of these securities was set at EUR 762.3 million.

The difference between the acquisition price and the amount of first recognition was recorded as a loss in the income statement in the line 'Result on sales and revaluations' (see note 39 Result on sales and revaluations) in 2011. This difference is reversed until the settlement (see below) in the income statement over the applicable quarters, via the effective interest method. In 2012 an amount of EUR 30.4 million has been reversed according to this method (2011: EUR 31.8 million).

Settlement with BNP Paribas Fortis SA/NV and BNP Paribas

On 7 February 2012, Ageas and BNP Paribas reached an agreement on a partial settlement of the RPN/RPN(I) (see note 30 RPN(I)) and the full call of the Tier 1 instrument, issued by BNP Paribas Fortis SA/NV and for 95% held by Ageas. BNP Paribas Fortis SA/NV called the Tier 1 for an amount of EUR 952.9 million in the first three months of 2012. The call resulted in a capital gain of EUR 128.5 million (see note 39 Result on sales and revaluations).

18.3 Collateral on Loans

The following table provides details on collateral and guarantees received as security for Loans.

Total credit exposure loans	2013	2012
Carrying amount	5,743.4	6,288.4
Collateral received		
Financial instruments	539.9	430.0
Property, plant & equipment	2,397.7	2,382.8
Other collateral and guarantees	39.3	34.4
Collateral amounts in excess of credit exposure [1)]	1,237.0	856.0
Unsecured exposure	4,003.5	4,297.2

1) *Collateral amounts in excess of credit exposure' related to loans for which the collateral is higher than the underlying individual loan. As this additional collateral cannot be off set with loans for which the collateral is lower than the underlying individual loan, an excess position is shown.*

18.4 Impairments on Loans

Changes in the impairments of Loans are as follows.

		2013		2012
	Specific Credit risk	IBNR	Specific Credit risk	IBNR
Balance as at 1 January	**15.6**	**1.0**	**13.3**	**0.7**
Increase in impairments	7.5	0.1	6.1	0.3
Release of impairments	(4.4)	(0.3)	(1.2)	
Write-offs of uncollectible loans	0.5		(2.6)	
Foreign exchange differences and other adjustments	(0.3)			
Balance as at 31 December	**18.9**	**0.8**	**15.6**	**1.0**

The following table provides details on collateral and guarantees received as security for impaired Loans.

Total impaired credit exposure on loans	2013	2012
Impaired outstanding	135.1	135.0
Collateral received		
Financial instruments	0.8	1.5
Property, plant & equipment	146.1	157.0
Collateral and guarantees in excess of impaired credit exposure [1)]	24.0	33.8
Unsecured exposure	12.2	10.3

1) *Collateral amounts in excess of credit exposure related to loans for which the collateral is higher than the underlying individual loan. As this additional collateral cannot be off set with loans for which the collateral is lower than the underlying individual loan, an excess position is shown.*

19 Investments in associates

The following table provides an overview of the most significant Investments in associates as at 31 December. The percentage of interest may include more than one percentage if interests held in more than one entity of the associate group and these percentages are not the same.

		% interest	2013 Carrying amount	2012 Carrying amount
Associates				
Mayban Ageas Holding Berhad	Malaysia	31.0%	299.6	307.5
Muang Thai Group Holding	Thailand	7.8% - 30.9%	219.6	244.2
Taiping Holdings	China	20.0% - 24.9%	279.1	260.5
Royal Park Investments	Belgium	44.7%	37.5	872.0
IDBI Federal Life Insurance	India	26.0%	12.4	12.8
Aksigorta	Turkey	36.0%	152.2	175.5
Cardif Lux Vie	Luxembourg	33.3%	95.4	91.6
DTHP	Belgium	33.0%	79.4	
Predirec	Belgium	29.5%	39.0	0.9
Aviabel	Belgium	24.7%	26.5	25.3
North Light	Belgium	40.0%	22.5	
Pole Star	Belgium	40.0%	22.3	
BITM	Belgium	50.0%	20.4	27.4
Credimo	Belgium	34.4%	20.2	18.9
Frey SA	Belgium	20.0%	19.5	
Other			92.4	87.0
Total			**1,438.0**	**2,123.6**

North Light and Pole Star are two former 100% subsidiaries. Ageas has decreased its interest in those entities in 2013 to 40% and they are therefore at year-end 2013 consolidated as equity associates (see also note 3 Acquisitions and disposals).

The details of the associates are as follows.

2013	Total assets	Total liabilities	Total income	Total expenses
Mayban Ageas Holding Berhad	6,110.1	5,142.2	1,311.9	(1,170.6)
Muang Thai Group Holding	4,542.3	3,871.0	1,759.1	(1,591.6)
Taiping Holdings	23,926.4	22,808.0	7,263.0	(7,135.4)
Royal Park Investments	83.8		764.8	(146.5)
IDBI Federal Life Insurance	382.6	334.9	121.3	(114.2)
Aksigorta	526.1	357.9	470.4	(407.0)
Cardif Lux Vie	15,818.5	15,532.4	5,207.3	(5,177.0)
DTHP	977.1	652.3	34.3	(38.2)
Predirec	132.8	0.5	1.6	(1.7)
Aviabel	215.0	107.7	41.9	(36.6)
North Light	147.8	91.5	0.4	(0.4)
Pole Star	169.9	114.1	0.5	(0.3)
BITM	96.4	55.6	17.2	(29.2)
Credimo	1,017.8	958.6	129.5	(127.4)
Frey SA	329.2	220.1	5.7	(11.0)

2012	Total assets	Total liabilities	Total income	Total expenses
Mayban Ageas Holding Berhad	6,612.1	5,618.5	1,560.1	(1,443.7)
Muang Thai Group Holding	4,165.1	3,429.8	1,475.6	(1,371.8)
Taiping Holdings	20,341.4	19,307.3	5,103.9	(4,896.9)
Royal Park Investments	6,670.9	4,720.4	1,556.8	(1,323.5)
IDBI Federal Life Insurance	395.7	346.3	145.1	(157.5)
Aksigorta	567.1	383.8	643.2	(619.8)
Cardif Lux Vie	14,717.5	14,442.8	6,119.2	(6,096.2)
Association Westland Shopping center	6.9	0.7	3.9	(6.2)
BITM	111.0	33.1	16.8	(26.8)
Aviabel	213.8	111.2	10.9	
Credimo	977.9	922.4	127.0	(126.0)

Equity associates are subject to dividend restrictions arising from minimum capital and solvency requirements imposed by regulators in the countries in which those equity associates operate. Dividend payments of associates are sometimes subject to shareholder agreements with the partners in the company. In certain situations consensus is required before dividend is declared.

In addition, shareholder agreements (related to parties having an interest in a company in which Ageas has a non-controlling interest) may include:

- specific articles on voting rights or dividend distribution;
- lock-up periods during which all parties having shares are not allowed to sell shares before a certain period or without preliminary approval of the other parties involved;
- options to sell or resell shares to the other party (ies) involved in the shareholders agreement including the underlying calculation methodology to value the shares;
- earn out mechanisms which allow the party originally selling the shares to additional revenues when certain objectives are realized;
- exclusivity clauses or non-compete clauses related to the sales of insurance products.

Royal Park Investments

As a result of the transactions closed on 12 May 2009, Ageas acquired, for the total sum of EUR 760 million, a 44.7% stake in Royal Park Investments (RPI), a special purpose vehicle that acquired part of the structured credit portfolio of Fortis Bank. This stake has been accounted for using the equity method.

RPI acquired from BNP Paribas Fortis SA/NV on the closing date a portfolio of structured credits for an agreed purchase price of EUR 11.7 billion. The corresponding face value of the portfolio amounted to EUR 20.5 billion at 12 May 2009. This purchase was funded by EUR 1.7 billion equity, EUR 5 billion super senior debt and EUR 5 billion senior debt; the senior debt includes a loss absorption mechanism. The senior debt was provided by BNP Paribas and by BNP Paribas Fortis SA/NV. The funding provided by BNP Paribas Fortis SA/NV is guaranteed by the Belgian government. Any cash generated by RPI will first be used to repay the super senior debt.

In April 2013, RPI sold its complete portfolio of structured credit instruments and realized a profit of some EUR 615 million on this transaction (EUR 275 million Ageas share). In the second quarter, the transaction was almost completely settled and the shareholders were paid EUR 1,650 million of their initial investment of EUR 1,700 million and a dividend of EUR 200 million. Ageas received in total EUR 827 million.

The net profit of RPI for 2013 amounted to EUR 618 million (Ageas's share EUR 276 million).
The net asset value of RPI at 31 December 2013 amounts to some EUR 84 million (EUR 37 million Ageas share). The main assets comprise EUR 66 million of tax receivables, some EUR 5 million in cash and EUR 13 million other, more or less liquid, assets.

After the disposal of the assets, and settlement of the liabilities the remaining activity of RPI will essentially be limited to the management of the litigations initiated on a number of US assets.

20 Reinsurance and other receivables

The table below shows the components of reinsurance and other receivables as at 31 December.

	31 December 2013	31 December 2012
Reinsurers' share of liabilities arising from insurance and investment contracts	755.2	668.0
Receivables from policyholders	488.5	477.2
Fees and commissions receivable	62.2	63.7
Receivables from intermediaries	347.6	358.7
Reinsurance receivables	42.0	48.9
Factoring receivables	105.9	139.0
Other	303.4	233.5
Total gross	**2,104.8**	**1,989.0**
Impairments	(18.1)	(21.0)
Net total	**2,086.7**	**1,968.0**

The line Other includes receivables related to VAT and other indirect taxes.

Changes in impairments of Reinsurance and other receivables

The following table shows the changes in the impairments of Reinsurance and other receivables.

	2013	2012
Balance as at 1 January	**21.0**	**21.1**
Increase in impairments	0.6	3.0
Release of impairments	(2.6)	(0.7)
Write-offs of uncollectible amounts	(0.4)	(2.1)
Foreign exchange differences and other adjustments	(0.5)	(0.3)
Balance as at 31 December	**18.1**	**21.0**

Changes in the reinsurer’s share of Liabilities arising from insurance and investment contracts

Changes in the reinsurer’s share of Liabilities arising from insurance and investment contracts are shown below.

	2013	2012
Balance as at 1 January	**668.0**	**468.4**
Acquisitions/divestments of subsidiaries		70.1
Change in liabilities current year	55.1	86.5
Change in liabilities prior years	(36.3)	(49.2)
Claims paid current year	17.0	9.7
Claims paid prior years	2.1	(2.0)
Other net additions through income statement	56.6	82.6
Foreign exchange differences and other adjustments	(7.3)	1.9
Balance as at 31 December	**755.2**	**668.0**

21 Call option BNP Paribas shares

Under the agreement signed on 12 May 2009, Ageas was granted a cash-settled call option by the Federal Holding and Investment Corporation (Société Fédérale de Participations et d'Investissement/Federale Participatie- en Investeringsmaatschappij – SFPI/FPIM) that allows Ageas to benefit from any appreciation in the value of 121,218,054 BNP Paribas shares held by the SFPI/FPIM. These shares were acquired by the SFPI/FPIM in return for selling 75% + 1 share of Fortis Bank. This option entitles Ageas to the difference between the strike price of EUR 66.672 and the market price of the BNP Paribas shares at the time of exercise, or the selling price of the underlying BNP Paribas shares, at the discretion of SFPI/FPIM.

The options are recorded at fair value, with subsequent revaluations recorded in the income statement under unrealised gain (loss) on Call option BNP Paribas shares.

On 27 April 2013, Ageas agreed to sell back to the SFPI/FPIM the option granted for EUR 144 million (representing EUR 0.64 per Ageas share). The sale was settled before the end of the first half year of 2013.

22 Accrued interest and other assets

The table below shows the components of Accrued interest and other assets as at 31 December.

	31 December 2013	31 December 2012
Deferred acquisition cost	884.5	872.4
Deferred other charges	123.0	129.5
Accrued income	1,344.1	1,367.1
Derivatives held for hedging purposes	1.5	1.6
Property intended for sale	155.1	107.5
Defined benefit assets	18.0	
Other	58.1	78.3
Total gross	**2,584.3**	**2,556.4**
Impairments	(5.9)	
Accrued interest and other assets	**2,578.4**	**2,556.4**

Accrued income consists mainly of accrued interest income on Government bonds (2013: EUR 705 million; 2012: EUR 674 million) and other bonds (2013: EUR 240 million; 2012: EUR 289 million), debt securities from credit and non-credit financial institutions (2013: EUR 104 million; 2012: EUR 211 million) and other debt securities (2013: EUR 72 million; 2012: EUR 145 million).

For details of defined benefit pension plans and related pension assets see note 9 Employee benefits.

Deferred acquisition costs

Changes in deferred acquisition costs related to insurance and investment contracts are shown below.

	2013	2012
Balance as at 1 January	**872.4**	**703.3**
Acquisitions/divestments of subsidiaries		63.4
Capitalised deferred acquisition costs	531.0	544.9
Depreciation expense	(499.6)	(446.1)
Other adjustments including exchange rate differences	(19.3)	6.9
Balance as at 31 December	**884.5**	**872.4**

23 Property, plant and equipment

Property, plant and equipment includes owner-occupied office buildings and owner-managed public car parks.

The table below shows the carrying amount for each category of Property, plant and equipment as at 31 December.

	31 December 2013	31 December 2012
Land and buildings held for own use	967.4	1,010.0
Leasehold improvements	24.1	22.4
Equipment	97.8	82.6
Total	**1,089.3**	**1,115.0**

Changes in Property, plant and equipment

Changes in Property, plant and equipment are shown below.

2012	Land and buildings held for own use	Leasehold improve-ments	Equipment	Total
Acquisition cost as at 1 January	**1,473.6**	**51.5**	**238.9**	**1,764.0**
Acquisitions/divestments of subsidiaries			5.8	5.8
Additions	48.2	6.1	30.1	84.4
Reversal of cost due to disposals	(0.1)		(7.2)	(7.3)
Foreign exchange differences	0.6	(0.1)	1.3	1.8
Other		0.1	(3.7)	(3.6)
Acquisition cost as at 31 December	**1,522.3**	**57.6**	**265.2**	**1,845.1**
Accumulated depreciation as at 1 January	**(466.9)**	**(30.7)**	**(161.6)**	**(659.2)**
Depreciation expense	(34.1)	(4.4)	(32.2)	(70.7)
Reversal of depreciation due to disposals	0.1		6.8	6.9
Foreign exchange differences			(0.8)	(0.8)
Other	0.1		5.2	5.3
Accumulated depreciation as at 31 December	**(500.8)**	**(35.1)**	**(182.6)**	**(718.5)**
Impairments as at 1 January	**(6.0)**	**(0.5)**		**(6.5)**
Increase in impairments charged to the income statement	(5.9)			(5.9)
Reversal of impairments credited to the income statement	0.4	0.4		0.8
Impairments as at 31 December	**(11.5)**	**(0.1)**		**(11.6)**
Property, plant and equipment as at 31 December	**1,010.0**	**22.4**	**82.6**	**1,115.0**

2013	Land and buildings held for own use	Leasehold improve-ments	Equipment	Total
Acquisition cost as at 1 January	**1,522.3**	**57.6**	**265.2**	**1,845.1**
Additions	51.4	7.8	46.9	106.1
Reversal of cost due to disposals	(17.5)	(2.3)	(16.6)	(36.4)
Transfer from (to) investment property	(116.5)	(0.1)	(6.7)	(123.3)
Foreign exchange differences	(0.9)	(0.7)	(1.6)	(3.2)
Other	0.1	(0.6)	8.3	7.8
Acquisition cost as at 31 December	**1,438.9**	**61.7**	**295.5**	**1,796.1**
Accumulated depreciation as at 1 January	**(500.8)**	**(35.1)**	**(182.6)**	**(718.5)**
Depreciation expense	(33.2)	(5.4)	(31.1)	(69.7)
Reversal of depreciation due to disposals	3.4	1.1	12.8	17.3
Transfer from (to) investment property	66.9	0.1	9.6	76.6
Foreign exchange differences	0.2	0.4	1.0	1.6
Other	0.1	1.3	(7.4)	(6.0)
Accumulated depreciation as at 31 December	**(463.4)**	**(37.6)**	**(197.7)**	**(698.7)**
Impairments as at 1 January	**(11.5)**	**(0.1)**		**(11.6)**
Increase in impairments charged to the income statement	(1.9)			(1.9)
Reversal of impairments due to disposals	5.9			5.9
Other	(0.6)	0.1		(0.5)
Impairments as at 31 December	**(8.1)**			**(8.1)**
Property, plant and equipment as at 31 December	**967.4**	**24.1**	**97.8**	**1,089.3**

An amount of EUR 215.5 million of Property, plant and equipment has been pledged as collateral (31 December 2012: EUR 220.5 million). The amount in Other in Land and Buildings held for own use is mainly due to a reclassification of property to investment property.

Until 2012, Ageas conducted independent external appraisal every five years, on a rotating basis, to determine the fair values of properties other than car parks (included under Land and buildings held for own use). Since 2013, the appraisal frequency has increased to once every two years. Accordingly, about half of the properties other than car parks are externally appraised each year. Between successive appraisals, we update the fair value of properties other than car parks using in-house models that we regularly calibrate to reflect available market data and/or transactions (level 2).

We determine car park fair values using in-house models that also use unobservable market data (level 3). We nevertheless regularly calibrate the resulting fair values to reflect available market data and/or transactions. We base level 3 valuation techniques for measuring car parks primarily on discounted cash-flows. Expected car park cash flows take into account expected inflation, and economic growth in individual car park areas, among other factors. We next discount the expected net cash flows using risk-adjusted discount rates. The discount rate estimation considers the quality of the car park and its location, among other factors.

Fair value of land and buildings held for own use

The fair value of owner-occupied property is set out below.

	31 December 2013	31 December 2012
Total fair value of Land and buildings held for own use	**1,306.9**	**1,431.4**
Total carrying amount	967.4	1,010.0
Gross unrealised gain/loss	**339.5**	**421.4**
Taxation	(108.4)	(135.2)
Net unrealised gain/loss (not recognised in equity)	**231.1**	**286.2**

The depreciation methods for Property, plant and equipment are the same as set out in note 17 Investment property.

24 Goodwill and other intangible assets

Goodwill and other intangible assets as at 31 December are as follows.

	31 December 2013	31 December 2012
Goodwill	726.5	744.5
VOBA	338.5	382.6
Purchased software	14.2	12.5
Internally developed software	6.2	11.3
Other intangible assets	336.1	347.2
Total	**1,421.5**	**1,498.1**

Value of business acquired (VOBA) is the difference between the fair value at acquisition date and the subsequent book value of a portfolio of contracts acquired separately or in a business combination. VOBA is recognised as an intangible asset and amortised over the income recognition period of the portfolio of contracts. The main contributors to VOBA are Ageas Insurance Company Asia and Millenniumbcp Ageas. The decrease in VOBA is due to amortisation and exchange differences.

Other intangible assets include intangible assets with a finite useful life, such as concessions, patents, licences, trademarks and other similar rights, this mainly relates to AG Real Estate. In general, software is amortised over a maximum of five years and other intangible assets have an expected useful life of 10 years at most. Other intangible assets are amortised in accordance with their expected lives.

With the exception of goodwill, Ageas does not have any intangible assets with indefinite useful lives.

Changes in Goodwill and other intangible assets

Changes in Goodwill and other intangible assets for the years 2012 and 2013 are shown below.

2012	Goodwill	VOBA	Purchased software	Internally developed software	Other intangible assets	Total
Acquisition cost as at 1 January	**894.6**	**807.0**	**29.9**	**60.9**	**545.4**	**2,337.8**
Acquisitions/divestments of subsidiaries					1.5	1.5
Additions			6.6	1.7	31.2	39.5
Adjustments arising from subsequent changes in value of assets and liabilities	(15.1)					(15.1)
Reversal of cost due to disposals			(0.3)	(0.1)	(0.3)	(0.7)
Foreign exchange differences	1.3	(4.9)	(0.2)	0.3	1.0	(2.5)
Other			0.1		0.1	0.2
Acquisition cost as at 31 December	**880.8**	**802.1**	**36.1**	**62.8**	**578.9**	**2,360.7**
Accumulated amortisation as at 1 January		**(382.6)**	**(19.4)**	**(41.9)**	**(187.8)**	**(631.7)**
Amortisation expense		(38.4)	(4.6)	(9.4)	(37.4)	(89.8)
Reversal of amortisation due to disposals			0.3		0.3	0.6
Foreign exchange differences		1.5	0.1	(0.2)	(0.3)	1.1
Other					3.1	3.1
Accumulated amortisation as at 31 December		**(419.5)**	**(23.6)**	**(51.5)**	**(222.1)**	**(716.7)**
Impairments as at 1 January	**(106.7)**				**(5.1)**	**(111.8)**
Increase in impairments charged to the income statement	(31.7)				(1.3)	(33.0)
Foreign exchange differences	2.1					2.1
Other					(3.2)	(3.2)
Impairments as at 31 December	**(136.3)**				**(9.6)**	**(145.9)**
Goodwill and other intangible assets as at 31 December	**744.5**	**382.6**	**12.5**	**11.3**	**347.2**	**1,498.1**

2013	Goodwill	VOBA	Purchased software	Internally developed software	Other intangible assets	Total
Acquisition cost as at 1 January	**880.8**	**802.1**	**36.1**	**62.8**	**578.9**	**2,360.7**
Acquisitions/divestments of subsidiaries					(2.5)	(2.5)
Additions			6.7	1.5	20.6	28.8
Adjustments arising from subsequent changes in value of assets and liabilities	(3.7)					(3.7)
Reversal of cost due to disposals			(2.1)		(0.5)	(2.6)
Foreign exchange differences	(19.4)	(11.9)	(0.7)	(0.3)	(0.8)	(33.1)
Other	(0.8)		1.0	(1.1)	(0.3)	(1.2)
Acquisition cost as at 31 December	**856.9**	**790.2**	**41.0**	**62.9**	**595.4**	**2,346.4**
Accumulated amortisation as at 1 January		**(419.5)**	**(23.6)**	**(51.5)**	**(222.1)**	**(716.7)**
Amortisation expense		(36.1)	(5.0)	(5.4)	(22.8)	(69.3)
Reversal of amortisation due to disposals			1.0		0.4	1.4
Foreign exchange differences		3.9	0.5	0.2	0.7	5.3
Other			0.3		0.3	0.6
Accumulated amortisation as at 31 December		**(451.7)**	**(26.8)**	**(56.7)**	**(243.5)**	**(778.7)**
Impairments as at 1 January	**(136.3)**				**(9.6)**	**(145.9)**
Increase in impairments charged to the income statement					(6.8)	(6.8)
Foreign exchange differences	5.2					5.2
Other	0.7				0.6	1.3
Impairments as at 31 December	**(130.4)**				**(15.8)**	**(146.2)**
Goodwill and other intangible assets as at 31 December	**726.5**	**338.5**	**14.2**	**6.2**	**336.1**	**1,421.5**

Impairment of goodwill

Impairment testing of goodwill is performed annually at the end of the year by comparing the recoverable amount of cash-generating units (CGU) with their carrying amount. The recoverable amount is determined by the higher of the value in use and fair value less costs to sell. The type of acquired entity determines the definition of the CGU. Currently all CGUs, except for the UK, have been defined at (legal) entity level. The UK entities operating in the brokerage business in the sub segment 'Other Insurance' are, based on the level of operational integration and common management, considered as one CGU.

The recoverable amount of a CGU is assessed by means of a discounted cash-flow model of the anticipated future cash flows of the CGU. The key assumptions used in the cash-flow model depend on input reflecting various financial and economic variables, including the risk-free rate in a given country and a premium to reflect the inherent risk of the entity being evaluated.

These variables are determined on the basis of management's judgement. If the entity is listed on a stock market, the market price will also be considered an element in the evaluation.

The breakdown of goodwill and impairments (in 2013 there were no impairments) for the main cash-generating units as at 31 December 2013 is as follows.

	Goodwill amount	Impairments	Net amount	Segment	Method used for recoverable amount
Cash-generating unit (CGU)					
Ageas (UK)	282.3	30.1	252.2	United Kingdom (UK)	Value in use
Millenniumbcp Ageas	168.3		168.3	Continental Europe (CEU)	Value in use
Ageas Insurance Company Asia	290.4	100.3	190.1	Asia	Value in use
UBI Assicurazioni	92.2		92.2	Continental Europe (CEU)	Value in use
Other	23.7		23.7	CEU / Belgium	Value in use
Total	**856.9**	**130.4**	**726.5**		

Ageas Insurance Company Asia

The goodwill for Ageas Insurance Company Asia amounts to EUR 290.4 million (2012: EUR 303.6 million). The net goodwill, after impairment amounts to EUR 190.1 million (2012: EUR 198.8 million). The change in amount between 2013 and 2012 is caused by exchange rate differences between the Euro and Hong Kong dollar. The value in use calculation uses expected dividends, based on business plans approved by local and Ageas's management over a period of five years. The main driver for the business plan are the expected growth rates which are supported by independent market studies. Estimates after this period have been extrapolated using a growth rate of 3.5 percent which is also based on those studies. The discount rate used of 8.1% is based on the risk free interest rate, country risk, market risk premium and the beta coefficient of 1.0, provided by professional market data providers. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Consequently, the goodwill of this CGU is not impaired. The outcome of the impairment test is dependent on the dividend paying capacity of Ageas Insurance Company Asia. Due to the solvency regulations in Hong Kong this capacity is very sensitive for interest rate movements. Although the interest rate has increased substantially during the last year, a strong decline in the long-term interest rate could trigger an additional impairment of goodwill.

Based on the sensitivity analysis with regard to the assumptions, the goodwill for Ageas Insurance Company Asia will still not be impaired if the growth rate would drop by 3.3 percent points or the discount rate would increase by 2.6 percent points.

Millenniumbcp Ageas

The reported goodwill for Millenniumbcp Ageas amounts to EUR 168.4 million (2012: EUR 168.4 million). The value in use calculation uses expected dividends, based on business plans approved by local and Ageas's management over a period of five years. The business plans take into consideration the difficult economic situation in Portugal, which resulted in less emphasis on Life products and more emphasis on Non-life products. Cash flow projections are further impacted by the release of reserves in the budget period covered in relation to the foreseen decrease in Life business and expected release of related solvency margin to the level of 175 percent.

Estimates after this period have been extrapolated using a growth rate of 2.0 percent points which represents an approach of expected inflation in Portugal. The discount rate used is based on the risk free interest rate, country risk, market risk premium and the beta coefficient of 1.05 and amounts to 10.8 percent points. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Consequently, the goodwill for Millenniumbcp Ageas is not impaired.

Based on the sensitivity analysis with regard to the assumptions, the goodwill for Millenniumbcp Ageas will still not be impaired if the growth rate would drop by 1.5 percent points or the discount rate would increase by 1.0 percent points.

UBI Assicurazioni

The reported goodwill for UBI Assicurazioni amounts to EUR 92.2 million (2012: EUR 95.9 million). The value in use calculation uses expected dividends based on business plans approved by local and Ageas's management over a period of five years. Because the business plans are based on the improved penetration in the distribution channel of UBI Banca and new products, the five year planning horizon is considered appropriate.

Estimates after this period have been extrapolated using a growth rate of 2.5 percent points which represents an approach of expected inflation and local market developments for the banking channel. The discount rate used is based on the risk free interest rate, country risk, market risk premium and the beta coefficient of 1.1 and amounts to 10.1 percent points. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Consequently, the goodwill for UBI Assicurazioni is not impaired.

Based on the sensitivity analysis with regard to the assumptions, the goodwill for UBI Assicurazioni would not be impaired if the long term growth rate would drop by 2.9 percent point and the discount rate would increase by 2.0 percent point.

UK brokerage business

The goodwill amount for UK brokerage business (including Kwik-Fit Insurance Services and Castle Cover Limited) amounts to EUR 282.3 million (2012: EUR 289.2million). The net goodwill, after impairment amounts to EUR 252.2 million (2012: EUR 257.7 million). The change in amount between 2013 and 2012 is caused by exchange rate differences between the Euro and Pound Sterling. The value in use calculation uses expected dividends based on business plans approved by local and Ageas's management over a period of five years. Estimates after this period have been extrapolated using a growth rate of 2.0 percent points which represents an approach of expected inflation

The discount rate used, including a beta coefficient of 1.0, amounts to 8.9 percent points. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Because of the positive outcome, the goodwill is not impaired.

Based on the sensitivity analysis with regard to the assumptions, the goodwill for UK brokerage business would not be impaired if the long term growth rate would drop by 1.3 percent point and the discount rate would increase by 1.0 percent point.

Amortisation of VOBA

The expected amortisation expenses for VOBA from 2014 onwards are as follows.

	Estimated amortisation of VOBA
2014	34.4
2015	32.2
2016	31.3
2017	30.2
2018	29.1
Later	181.3

25 Insurance liabilities

Life liabilities

Life liabilities are established when a policy is sold in order to ensure that sufficient funds are set aside to meet the future claims relating to that policy. Life insurance liabilities can be split in:

- liabilities arising from Life insurance contracts (see 25.1)
- liabilities arising from Life investment contracts (see 25.2)
- liabilities related to Unit-linked contracts (see 25.3)

Non-life Liabilities

- liabilities arising from Non-life insurance contracts (see 25.4).

The details of these insurance liabilities are detailed hereafter.

25.1 Liabilities arising from Life insurance contracts

The following table provides an overview of the liabilities arising from Life insurance contracts as at 31 December.

	31 December 2013	31 December 2012
Liability for future policyholder benefits	25,527.1	24,866.7
Reserve for policyholder profit sharing	297.7	312.0
Shadow accounting	441.8	738.3
Before eliminations	**26,266.6**	**25,917.0**
Eliminations	(3.9)	(2.7)
Gross	**26,262.7**	**25,914.3**
Reinsurance	(208.2)	(145.4)
Net	**26,054.5**	**25,768.9**

Changes in the liabilities arising from Life insurance contracts (gross of reinsurance and before eliminations) are shown below.

	2013	2012
Balance as at 1 January	**25,917.0**	**24,373.3**
Gross inflow	2,331.3	2,587.3
Time value	961.6	957.5
Payments due to surrenders, maturities and other	(1,965.3)	(2,023.6)
Transfer of liabilities	40.3	68.9
Foreign exchange differences	(59.1)	(25.0)
Shadow accounting adjustment	(296.5)	718.8
Net changes in group contracts	(15.6)	(35.9)
Other changes, including risk coverage	(647.1)	(704.3)
Balance as at 31 December	**26,266.6**	**25,917.0**

The shadow accounting adjustment is a reflection of the unrealized gains and losses on the investment portfolio, related to increasing yields and spreads (decreasing in 2012). The transfer of liabilities mainly reflects internal movements from unit-linked contracts. Foreign exchange differences is mainly related to a lower Hong Kong Dollar. The line Net changes in group contracts offsets the same line of unit-linked contracts (see section 25.3). Other changes, including risk coverage mainly relate to insurance and actuarial risks consumption, for guarantees included in the contracts, and therefore varies together with the volumes.

The effect of changes in assumptions used to measure the liabilities related to life insurance contracts was not material in 2013 and 2012.

25.2 Liabilities arising from Life investment contracts

The following table provides an overview of the liabilities arising from Life investment contracts as at 31 December.

	31 December 2013	31 December 2012
Liability for future policyholder benefits	28,205.3	28,106.7
Reserve for policyholder profit sharing	183.7	176.9
Shadow accounting	403.8	817.1
Gross	**28,792.8**	**29,100.7**
Reinsurance		
Net	**28,792.8**	**29,100.7**

Changes in the liabilities arising from Life investment contracts are shown below.

	2013	2012
Balance as at 1 January	**29,100.7**	**27,201.5**
Gross inflow	2,343.9	2,840.2
Time value	653.1	653.5
Payments due to surrenders, maturities and other	(2,749.7)	(2,367.2)
Transfer of liabilities	(94.2)	102.7
Foreign exchange differences	(0.4)	(0.5)
Shadow accounting adjustment	(413.3)	778.9
Net changes in group contracts	29.9	(1.5)
Other changes, including risk coverage	(77.2)	(106.9)
Balance as at 31 December	**28,792.8**	**29,100.7**

The shadow accounting adjustment is a reflection of the unrealized gains and losses on the investment portfolio, related to increasing yields and spreads (decreasing in 2012). The transfer of liabilities mainly reflects internal movements to unit-linked and other type of contracts. The lines Net changes in group contracts offsets the same line of unit-linked contracts (see section 25.3). Other changes, including risk coverage mainly relate to insurance and actuarial risks consumption, for guarantees included in the contracts, and therefore varies together with the volumes.

The effect of changes in assumptions used to measure the liabilities related to Life investment contracts was not material in 2013 and 2012.

25.3 Liabilities related to unit-linked contracts

The liabilities related to unit-linked contracts are broken down into insurance and investment contracts as follows.

	31 December 2013	31 December 2012
Insurance contracts	1,795.4	1,625.7
Investment contracts	12,374.6	12,141.3
Total	**14,170.0**	**13,767.0**

The following table shows the changes in liabilities related to unit-linked insurance contracts.

	2013	2012
Balance as at 1 January	**1,625.7**	**1,486.1**
Gross inflow	196.0	161.8
Changes in fair value / time value	49.4	55.0
Payments due to surrenders, maturities and other	(74.3)	(88.2)
Transfer of liabilities	(8.9)	(15.9)
Foreign exchange differences	(2.1)	(0.7)
Net changes in group contracts	15.6	35.9
Other changes, including risk coverage	(6.0)	(8.3)
Balance as at 31 December	**1,795.4**	**1,625.7**

The following table shows the changes in liabilities related to unit-linked investment contracts.

	2013	2012
Balance as at 1 January	**12,141.3**	**11,337.7**
Gross inflow	1,662.6	1,103.4
Changes in fair value / time value	736.8	1,688.3
Payments due to surrenders, maturities and other	(2,134.1)	(1,861.3)
Transfer of liabilities	38.0	(108.7)
Foreign exchange differences	(29.2)	(10.8)
Net changes in group contracts	(29.9)	1.5
Other changes, including risk coverage	(10.9)	(8.8)
Balance as at 31 December	**12,374.6**	**12,141.3**

The transfer of liabilities mainly reflects internal movements between different product contracts. Foreign exchange differences relate to a lower Hong Kong Dollar. The lines Net changes in group contracts offsets the same line of not unit-linked contracts (see sections 25.1 and 25.2). Other changes, including risk coverage mainly relate to insurance and actuarial risks consumption, for complementary guarantees included in the contracts.

25.4 Liabilities arising from Non-life insurance contracts

The following table provides an overview of the liabilities arising from Non-life insurance contracts as at 31 December.

	31 December 2013	31 December 2012
Claims reserves	5,808.5	5,595.5
Unearned premiums	1,715.5	1,832.1
Reserve for policyholder profit sharing	7.4	7.9
Shadow accounting	63.8	100.8
Gross	**7,595.2**	**7,536.3**
Reinsurance	(547.0)	(522.6)
Net	**7,048.2**	**7,013.7**

Non-life claims liabilities are recognised for claims that have occurred but have not yet been settled, quantifying the outstanding loss liability. In general, Ageas insurance companies define claims liabilities by product category, cover and year and take into account (un)discounted prudent forecasts of pay outs on reported claims and estimates of unreported claims. Allowances for claims expenses and inflation are also included. The pay outs are typically undiscounted. However, some accident and health contracts (in particular Workers' Compensation) have a long-term nature and their liabilities are calculated with similar-to-life techniques, including thus also discounted cash flows.

Unearned premiums relate to the unexpired portion of the risk, for which the premium has been received but has not yet been earned by the insurer.

Changes in the liabilities arising from insurance contracts for Non-life insurance contracts (gross of reinsurance and before eliminations) are shown below.

		2013		2012
Balance as at 1 January		**7,536.3**		**6,203.9**
Acquisitions/divestments of subsidiaries				797.2
Addition to liabilities current year	3,114.9		3,085.1	
Claims paid current year	(1,468.9)		(1,500.2)	
Change in liabilities current year	1,646.0		1,584.9	
Addition to liabilities prior years	(137.5)		(95.7)	
Claims paid prior years	(1,283.5)		(1,044.4)	
Change in liabilities prior years	(1,421.0)		(1,140.1)	
		225.0		444.8
Change in unearned premiums		(88.7)		(47.9)
Transfer of liabilities		3.6		2.7
Foreign exchange differences		(74.5)		38.6
Shadow accounting adjustment		(37.1)		100.8
Other changes		30.6		(3.8)
Balance as at 31 December		**7,595.2**		**7,536.3**

The change in liabilities is impacted by the acquisition of Groupama Insurance Company Ltd. in 2012. The line Other changes reflect mainly some grossing up of claims. Improved combined ratio and the shadow accounting adjustment explain also the change in liabilities.

The effect of changes in assumptions used to measure the liabilities related to Non-life insurance contracts was not material in 2013 and 2012.

25.5 Insurance Liabilities Adequacy Testing

Each insurance company establishes liabilities for future claims on policies and sets aside assets to support these liabilities. This involves making estimates and assumptions that can affect the reported amounts of assets, liabilities, shareholders' equity and the result within the next year. These estimates are evaluated at each reporting date using statistical analysis based on internal and external historical data.

The adequacy of insurance liabilities is reviewed at each reporting date and requires increases in liabilities or impairments on Deferred acquisition costs (DAC) or VOBA to be immediately recorded and recognised in the income statement. Ageas's Liability Adequacy Testing (LAT) Policy and process fulfil IFRS requirements.

This LAT test is applied by each company at each reporting date.

Life

The tests are performed on legal fungible level (asset pool level) for Life. Ageas considers current best estimates of all contractual cash flows, including related cash flows such as (re)investment returns and expenses. The assumptions are internally consistent with those used for projecting their best estimate liability cashflows. The tests include cash flows resulting from deterministic projections. The present value of these cash flows has been determined by using a risk-free discount rate. Any shortfall is recognised immediately in the income statement.

Non-life

The tests are performed on a level of homogeneous product groups for Non-life. Any shortfall is recognised immediately in the income statement.

The tests carried out at 2013 year-end confirmed that the reported liabilities are adequate.

The risk that the actual outcome will exceed liabilities arising from insurance and investment contracts cannot be eliminated completely, given the uncertainties inherent in the techniques, assumptions and data used in the statistical analysis. To ensure that the risk of being unable to meet policyholder and other obligations is reduced to extremely low levels, Ageas holds additional solvency capital.

The relative variability of the expected outcomes is lower for larger and more diversified portfolios. Factors that would increase insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location, type of industry as well as negative changes in the public domain (such as legislative changes, etc.) and extreme events such as hurricanes.

Insurance risk can be reduced by risk mitigating factors, such as reinsurance. This includes, but is not limited to, European weather events.

Overview of Insurance Liabilities by operating segment

The table below provides an overview of the liabilities by operating segment.

		Non-life gross liability split				Life gross liability split	
31 December 2013	Total Non-life	Unearned premium	Shadow Accounting	Claims outstanding	Total Life	Unit-linked	Life Guaranteed
Belgium	3,552.7	358.9	63.8	3,130.0	53,167.1	6,399.9	46,767.2
UK	3,322.2	1,106.3		2,215.9	153.3		153.3
Continental Europe	720.3	250.3		470.0	13,941.0	7,114.7	6,826.3
Asia					1,968.0	655.4	1,312.6
Eliminations					(3.9)		(3.9)
Insurance total	**7,595.2**	**1,715.5**	**63.8**	**5,815.9**	**69,225.5**	**14,170.0**	**55,055.5**

		Non-life gross liability split:				Life gross liability split:	
31 December 2012	Total Non-life	Unearned premium	Shadow Accounting	Claims outstanding	Total Life	Unit-linked	Life Guaranteed
Belgium	3,405.7	355.4	100.8	2,949.5	52,702.5	6,035.2	46,667.3
UK	3,435.5	1,233.5		2,202.0	93.7		93.7
Continental Europe	695.1	243.2		451.9	14,138.0	7,165.1	6,972.9
Asia					1,850.5	566.7	1,283.8
Eliminations					(2.7)		(2.7)
Insurance total	**7,536.3**	**1,832.1**	**100.8**	**5,603.4**	**68,782.0**	**13,767.0**	**55,015.0**

26 Debt certificates

The following table shows the types of debt certificates (EMTN) issued by Ageas and the amounts outstanding as at 31 December.

	31 December 2013	31 December 2012
Held at amortised cost	34.9	97.3
Held at fair value through profit or loss	33.5	89.5
Total debt certificates	**68.4**	**186.8**

Due to the changes in the composition of the former Fortis group in October 2008 there is no curable breach of a debt covenant and as a result, all debt securities are in default and directly callable by the security holder at nominal value (there are no other breaches of debt covenants). Therefore the debt securities held at fair value through profit or loss are valued at minimal of the nominal value.

The nominal value of debt securities held at fair value through profit or loss was EUR 32.8 million as at 31 December 2013 (2012: EUR 89.5 million). The valuation of debt securities held at fair value through profit or loss is based on level 2. Ageas has not pledged any assets against outstanding debt certificates.

The maturity of the balance of debt certificates outstanding as at 31 December is shown below.

	2013	2012
2013		186.8
2014	68.4	
Total debt certificates	**68.4**	**186.8**

The decrease in debt certificates during 2013 is mainly due to redemption.

27 Subordinated liabilities

The following table provides a specification of the subordinated liabilities as at 31 December.

	31 December 2013	31 December 2012
FRESH	1,250.0	1,250.0
- Hybrone	225.7	412.5
- Nitsh I		575.9
- Nitsh II		623.1
Ageas Hybrid Financing	225.7	1,611.5
Fixed Rate Reset Perpetual Subordinated Notes	392.9	
Fixed to Floating Rate Callable Subordinated Notes	99.3	
Other subordinated liabilities	43.9	54.0
Total subordinated liabilities	**2,011.8**	**2,915.5**

27.1 FRESH

On 7 May 2002, Ageasfinlux SA issued undated Floating Rate Equity-linked Subordinated Hybrid capital securities (FRESH) for a total principal amount of EUR 1,250 million and with a denomination of EUR 250,000 each. Coupons on the securities are payable quarterly in arrears, at a variable rate of 3 month Euribor + 135 basis points.

The FRESH was issued by Ageasfinlux SA, with ageas SA/NV acting as co-obligor. The principal amount of the securities will not be repaid in cash. The sole recourse of the holders of the FRESH against the co-obligor with respect to the principal amount are the 4.0 million Ageas shares that Ageasfinlux SA pledged in favour of such holders. Pending the exchange of the FRESH against Ageas shares, these Ageas shares do not have any dividend rights or voting rights (the reported number of outstanding Ageas shares as at 31 December 2013 already includes the 4.0 million Ageas shares issued for the purpose of such exchange).

In the event that dividends are not paid on the Ageas shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%) and in certain other exceptional circumstances, payment of coupons will be made in accordance with the so-called Alternative Coupon Settlement Method (ACSM). The ACSM implies that new Ageas shares will be issued and delivered to the holders of the FRESH. To date all coupons have been paid in cash. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored. Because of these characteristics the FRESH is treated as part of Ageas's regulatory qualifying capital.

The FRESH have no maturity date, but may be exchanged for Ageas shares at a price of EUR 315 per share at the discretion of the holder. The FRESH will automatically be converted into Ageas shares if the price of the Ageas share is equal to or higher than EUR 472.50 on twenty consecutive stock exchange business days.

27.2 Ageas Hybrid Financing

In 2006, Ageas incorporated a special purpose company named Ageas Hybrid Financing SA (hereafter AHF), which issued perpetual deeply subordinated and pari passu ranking securities, and invested the proceeds thereof in instruments issued by (former) Ageas operating companies which qualified as solvency for those entities. The securities issued by AHF have the benefit of a support agreement and a subordinated guarantee entered into by ageas SA/NV.

Under the support agreement ageas SA/NV is obliged to contribute to AHF such funds as necessary to allow it to pay the coupon in any year that Ageas declares a dividend or, alternatively, to pay the coupon through the ACSM if the entities which received the proceeds fail to pay the coupons on their on-loans in cash due to a breach of the applicable regulatory minimum solvency levels. In the event that Ageas fails to achieve the regulatory minimum solvency level or if consolidated assets are less than the sum of liabilities, excluding liabilities not considered senior debt, or if AHF so elects, the cash coupon will be replaced by settlement through the ACSM.

AHF issued EUR 500 million of securities called 'Hybrone' in 2006, at an interest rate of 5.125% until 20 June 2016 and 3 month Euribor + 200 basis points thereafter. The proceeds of these securities were on-lent to AG Insurance. In March 2013, AHF launched a tender on the outstanding securities at a price of 91%; the final acceptance amount of this tender amounted to EUR 163.6 million. The on-lent-loan to AG Insurance was reduced for the same amount. Some Ageas affiliates invested in Hybrone securities; together with the tender this leads to a reported outstanding held by external holders of EUR 225.7 million as at 31 December 2013. The remaining Hybrone securities have a first call date on 20 June 2016.

In 2008, AHF issued USD 750 million of securities called 'Nitsh I' at an interest rate of 8.25%. The proceeds from these securities were on-lent to BNP Paribas Fortis SA/NV. BNP Paribas Fortis SA/NV called the loan on its first call date (27 August 2013); AHF in turn called the Nitsh I securities at its first call date on 27 August 2013 as well. Consequently, the securities ceased to exist.

The 8% Nitsh II securities, amounting to EUR 625 million, were also issued in 2008. The proceeds of these securities were partly on-lent to AG Insurance and partly to BNP Paribas Fortis SA/NV. Both parties indicated to call these on-loans at their first call date on 3 June 2013; AHF in turn informed its bondholders on 21 March 2013 that it would also call its securities per 3 June 2013. At 30 June 2013, these securities therefore ceased to exist.

Fixed Rate Reset Perpetual Subordinated Notes

On 21 March 2013, AG Insurance issued USD 550 million Fixed Rate Reset Perpetual Subordinated Notes at an interest rate of 6.75%. The Notes constitute direct, unsecured and subordinated obligations of AG Insurance, ranking at the same level with the other subordinated liabilities within AG Insurance. The Notes are listed on the Luxembourg Stock Exchange. The Notes may be redeemed at the option of AG Insurance, in whole but not in part, on the first call date (March 2019) or on any interest payment date thereafter.

Fixed-to-Floating Callable Subordinated Notes

On 18 December 2013, AG Insurance issued EUR 450 million Fixed-to-Floating Callable Subordinated Notes due 2044.

The Notes will have an interest rate of 5.25% per annum, payable annually, up to their June 2024 first call date and will from such first call date bear interest at a floating rate of 4.136% per annum above 3-month Euribor, payable quarterly.

The Notes provide for a quarterly optional call by AG Insurance as from June 2024 and for the optional or mandatory deferral of interest under certain circumstances. The Notes will qualify as available solvency margin under the prevailing European regulatory capital regime for insurers (Solvency I).

The Notes are subscribed by ageas SA/NV and BNP Paribas Fortis SA/NV. Subject to the satisfaction of the conditions precedent contained in a subscription agreement with ageas SA/NV and BNP Paribas Fortis SA/NV. Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.

27.3 Other subordinated liabilities

The EUR 43.9 million reported under other Subordinated liabilities at 31 December 2013 (31 December 2012: EUR 54.0 million) includes a perpetual subordinated loan in the amount of EUR 41 million issued by Tesco Underwriting and underwritten by Tesco Bank.

28 Borrowings

The table below shows the components of Borrowings as at 31 December.

	31 December 2013	31 December 2012
Repurchase agreements	1,184.7	908.2
Loans	762.1	782.9
Due to banks	**1,946.8**	**1,691.1**
Funds held under reinsurance agreements	81.0	96.1
Finance lease agreements	22.8	27.6
Other borrowings	313.1	153.2
Total borrowings	**2,363.7**	**1,968.0**

The increase in Repurchase agreements is mainly due to the higher volume of floating interest instruments to be financed. The increase in Other borrowings is mainly due to the issuance of a new loan in Asia.

Ageas has pledged debt securities with a carrying amount of EUR 1,256.5 million (2012: EUR 975.7 million) as collateral for Repurchase agreements. In addition, property has been pledged as collateral for Loans and other with a carrying amount of EUR 391.5 million (2012: EUR 396.6 million).

The carrying value of the borrowings is a reasonable approximation of their fair value as contract maturities are less than one year (repurchase agreements) and/or contracts carry a floating rate (loans from banks). Accordingly, the fair value is based upon observable market data (level 2).

Contractual terms of deposits held by banks

Deposits held by banks by year of contractual maturity as at 31 December.

	2013	2012
2013		44.4
2014	19.9	
Total deposits	**19.9**	**44.4**

Finance lease obligations

Ageas's obligations under finance lease agreements are detailed in the table below.

	2013 Minimum lease payments	2013 Present value of the minimum lease payments receivable	2012 Minimum lease payments	2012 Present value of the minimum lease payments receivable
Less than 3 months	0.8	0.5	1.3	0.9
3 months to 1 year	1.6	1.0	4.4	2.8
1 year to 5 years	8.4	4.9	9.3	5.6
More than 5 years	57.6	16.4	60.0	18.3
Total	**68.4**	**22.8**	**75.0**	**27.6**
Future finance charges	45.6		47.4	

Other

Other borrowings, excluding financial lease obligations, are classified by remaining maturity in the table below.

	2013	2012
Less than 3 months	4.0	0.9
3 months to 1 year	82.9	14.3
1 year to 5 years	25.8	89.9
More than 5 years	191.1	40.4
Total	**303.8**	**145.5**

29 Current and deferred tax assets and liabilities

The components of deferred tax assets and deferred tax liabilities as at 31 December are shown below.

	Statement of financial position 2013	Statement of financial position 2012	Income statement 2013	Income statement 2012
Deferred tax assets related to:				
Financial investments (available for sale)		85.9	(91.7)	3.0
Investment property	20.5	11.6	8.9	(7.8)
Property, plant and equipment	36.3	47.1	(10.7)	3.0
Intangible assets (excluding goodwill)	5.9	6.2	(0.2)	(0.4)
Insurance policy and claim reserves	428.8	784.8	(104.1)	4.4
Provisions for pensions and post-retirement benefits	139.9	90.1	68.2	(0.8)
Other provisions	12.6	8.4	1.4	1.2
Accrued expenses and deferred income	0.2	1.5	(1.2)	(1.1)
Unused tax losses	141.8	140.2	(6.6)	(122.5)
Other	48.4	127.3	(76.2)	(47.5)
Gross deferred tax assets	**834.4**	**1,303.1**	**(212.2)**	**(168.5)**
Unrecognised deferred tax assets	(99.4)	(91.1)	0.6	0.9
Net deferred tax assets	**735.0**	**1,212.0**	**(211.6)**	**(167.6)**
Deferred tax liabilities related to:				
Derivatives held for trading (assets)	0.1	0.5	0.5	1.4
Financial investments (available for sale)	1,172.6	1,726.3	91.5	(2.7)
Unit-linked investments	1.9	3.4	1.5	(0.7)
Investment property	82.1	122.2	26.0	1.3
Loans to customers	1.5	1.4	(0.2)	1.6
Property, plant and equipment	184.0	178.9	(5.1)	10.4
Intangible assets (excluding goodwill)	128.0	130.4	2.4	12.1
Other provisions	7.7	2.8	(4.8)	(1.3)
Deferred policy acquisition costs	47.0	61.6	13.7	(3.4)
Deferred expense and accrued income	1.4	1.5		0.1
Tax exempt realised reserves	64.3	39.9	(24.4)	2.5
Call option BNP Paribas shares		79.5	79.5	37.0
Other	88.0	102.8	15.6	(2.7)
Total deferred tax liabilities	**1,778.6**	**2,451.2**	**196.2**	**55.6**
Deferred tax income (expense)			**(15.4)**	**(112.0)**
Net deferred tax	**(1,043.6)**	**(1,239.2)**		

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The amounts in the statement of financial position after such offsetting are as follows.

	2013	2012
Deferred tax asset	80.4	171.7
Deferred tax liability	1,124.0	1,410.9
Net deferred tax	**(1,043.6)**	**(1,239.2)**

As at 31 December 2013, EUR 867.5 million was charged to equity related to deferred tax and EUR 36.0 million was charged to equity related to current tax (2012: EUR 1,075.5 million and EUR 95.0 million respectively, both charged to equity).

Deferred tax assets are recognised to the extent that it is probable there will be sufficient future taxable profit against which the deferred tax asset can be utilised. Deferred tax assets have been recognised on unused (claimed) tax losses and unused tax credits at an estimated tax value of EUR 45.2 million (2012: EUR 128.7 million) whereas such have not been recognised to an amount of EUR 4,875 million (2012: EUR 4,723 million). From the total tax losses an estimated tax value of EUR 4,071.6 million can be carried forward indefinitely whereas an estimated amount of EUR 848.6 million will expire during a period of eight years, each year's expiration depending on year of origin. Most of the (claimed) tax loss carry forward position originates from the liquidation of Brussels Liquidation Holding (the former Fortis Brussels, the company that held the Fortis banking operations). Tax wise, the loss on the sale of the Fortis Bank only materialised at the moment of liquidation.

Deferred tax assets depending on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences amount to EUR 44.1 million (2012: EUR 50.1 million) and have been recognised based on the expectation that sufficient taxable income will be generated in future years to utilise these deferred tax assets.

30 RPN (I)

The RPN(I) is a financial instrument that results in quarterly payments being made to, or received from, BNP Paribas Fortis SA/NV.

BNP Paribas Fortis SA/NV issued CASHES securities in 2007 with Ageas SA/NV as co-obligor. CASHES are convertible securities that convert in Ageas shares at a pre-set price of EUR 239.40 per share. BNP Paribas Fortis SA/NV and Ageas SA/NV, at that point in time both parts of the Fortis group, introduced a Relative Performance Note, designed to avoid accounting volatility on the Ageas shares on the at fair value valued CASHES in the books of BNP Paribas Fortis SA/NV. At the break up of Fortis in 2009, BNP Paribas Fortis SA/NV and Ageas agreed to pay interest over a reference amount stated in this Relative Performance Note. The quarterly interest payment is valued as a financial instrument and referred to as RPN(I).

The RPN(I) exists to the extent that CASHES securities remain outstanding in the market. Originally, 12,000 CASHES securities were issued in 2007. Ageas reached an agreement with BNP Paribas in February 2012, whereby Ageas paid a EUR 287 million indemnity to BNP Paribas when BNP Paribas tendered CASHES at a price of 47.5% and converted the 7,553 CASHES securities tendered into its underlying Ageas shares, triggering the pro-rata cancellation of the RPN(I) liability. After this conversion 4,447 CASHES remain outstanding.

Reference amount and interest paid

The reference amount is calculated as follows:

- the difference between EUR 3,000 million par issuance and the market value of the CASHES as quoted by the Luxembourg stock exchange, less
- the difference between EUR 2,350 million and the market value of 12.53 million Ageas shares in which the instrument converts, multiplied by
- the number of CASHES securities that remain outstanding (4,447/12,000 = 37.06%).

Quarterly interest payments amount to 3-month EURIBOR plus 20 basis points over the average reference amount in the quarter. If the reference amount is positive BNP Paribas Fortis SA/NV pays interest to Ageas; if it is negative, Ageas pays interest to BNP Paribas Fortis SA/NV.

State guarantee

The Belgian state has issued a state guarantee on the RPN(I) interest paid by Ageas, to the benefit of BNP Paribas Fortis SA/NV. Ageas pays the Belgian State a fee for this guarantee, amounting to 70 basis points per annum over the reference amount as calculated on each trading day. Ageas also granted the Belgian state a pledge on 14% of the shares of AG Insurance as a recourse, in case Ageas would default on its interest payment.

Fair Value – settlement and transfer notion

Settlement notion

IAS 39 defined fair value as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Transfer notion

IFRS 13 has amended this definition. 'Fair value' is defined in IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The definition is explicitly described as an exit price and no longer refers to 'settlement' in the context of a financial liability, but rather to the price 'paid to transfer a liability'. Therefore, the fair value of a liability needs to be determined using a transfer notion. It needs to be based on quoted prices in a market for transfers of an identical or similar liability, when available. When such pricing is not available and the liability is held by another entity as an asset, the liability needs to be valued from the perspective of a market participant that holds the asset.

Shift in notion

Following IAS 39, Ageas applied a settlement notion to value the RPN(I) liability; the liability amounted to EUR 165 million at the start of the year. Because of the introduction of IFRS 13, Ageas reviewed the valuation approach relating to the RPN(I) liability and decided that a valuation based on a transfer notion was more appropriate; the RPN-reference amount is now used for valuation purposes. The reference amount at the beginning of the year amounted to EUR 246 million, so the change in valuation method explains EUR 81 million of the EUR 205 million negative impact.

The RPN-reference amount moves subject to the CASHES price and Ageas share price: each 1% increase of the CASHES price, expressed in a percentage of its par value, leads to an increase of the reference amount with EUR 11 million, while each EUR 1.00 increase of the Ageas share price decreases the reference amount with EUR 5 million.

The increase of the reference amount to EUR 370 million was explained by an additional EUR 124 million negative impact due to the price increase of the CASHES from 53.07% to 67.88% during 2013, only partly compensated by the increase of the Ageas share price from EUR 22.12 to EUR 30.95 over the same period.

31 Accrued interest and other liabilities

The composition of Accrued interest and other liabilities as at 31 December is as follows.

	31 December 2013	31 December 2012
Deferred revenues	96.3	57.3
Accrued finance costs	46.2	93.7
Accrued other expenses	132.6	151.9
Derivatives held for hedging purposes	37.6	31.6
Defined benefit pension liabilities	376.2	419.1
Defined benefit liabilities other than pension	91.6	93.5
Termination benefits	10.7	14.7
Other long-term employee benefit liabilities	12.4	13.1
Short-term employee benefit liabilities	88.4	90.6
Accounts payable	192.1	186.2
Due to agents, policyholders and intermediaries	474.3	505.0
VAT and other taxes payable	145.7	140.3
Dividends payable	22.4	27.1
Due to reinsurers	109.4	27.4
Derivatives held for trading	5.5	0.3
Other liabilities	342.4	403.3
Total	**2,183.8**	**2,255.1**

Details of employee benefit liabilities can be found in note 9 Employee benefits.

Derivatives held for trading are valued based on level 2 (observable market data in active markets). All purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, i.e. the date when Ageas becomes a party to the contractual provisions of the instrument.

The line Other liabilities includes payables related to the clearing of securities transactions, cash received awaiting allocation to investments and small expenses to be paid.

32 Provisions

The provisions are based on best estimates available at year-end based on management judgement and in most cases the opinion of legal and tax advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations/disputes.

Changes in provisions during the year are as follows.

	2013	2012
Balance as at 1 January	**69.1**	**2,403.4**
Acquisition and divestment of subsidiaries		5.0
Increase in provisions	(2.3)	26.7
Reversal of unused provisions		(2,362.5)
Utilised during the year	(21.5)	(3.5)
Foreign exchange differences	(0.3)	
Balance as at 31 December	**45.0**	**69.1**

In 2010, Ageas set up a provision, amounting to EUR 2,362 million (see also note 46 Change in impairments), for the disputes with the Dutch State. These disputes arose from the differences in interpretation of the terms and conditions of the sale of Fortis Bank Nederland, Fortis Verzekeringen Nederland and Fortis Corporate Insurance from Ageas to the Dutch State in October 2008. The Dutch State is of the opinion that, based on the term sheets underlying the sale, they were:

- the owner of the EUR 2 billion claim on ABN AMRO Bank N.V. related to the conversion of the Mandatory Convertible Securities (MCS) (see also note 20 Reinsurance and other receivables);
- the owner of the EUR 362 million claim on FCC/ABN AMRO related to FCC transaction (see also note 20 Reinsurance and other receivables);
- entitled to some EUR 885 million related to a capital guarantee included in the sales documentation (see note 51 Contingent liabilities).

On 28 June 2012, ageas SA/NV and ageas N.V. ('Ageas'), ABN AMRO Group N.V. and ABN AMRO Bank N.V. ('ABN AMRO') settled the legal proceedings concerning ABN AMRO Capital Finance Ltd. (former Fortis Capital Company Ltd. 'FCC') and the MCS.

This settlement also brought to a close all outstanding disputes between the Dutch State and Ageas in relation to the equity transactions which resulted in the take-over of the Dutch activities of the former Fortis Group by the Dutch State on 3 October 2008. NL Financial Investments, the majority shareholder of ABN AMRO, co-signed this agreement on behalf of the Dutch State. The settlement resulted in a one-off cash payment by ABN AMRO to Ageas of EUR 400 million on 29 June 2012. As a consequence of these transactions, the provision related to disputes with the Dutch state of EUR 2,362 million has been released.

The amount of original claims of EUR 2,362 million has, after deducting the settlement amount of EUR 400 million been booked in the Consolidated income statement on a separate line. This amount is offset by the release of the provisions related to disputes with the Dutch state of EUR 2,362 million (see note 20 Reinsurance and other receivables), resulting in a EUR 400 million profit in 2012.

33 Liability related to written put option on AG insurance shares held by BNP Paribas Fortis SA/NV

In the Consolidated financial statements of 2008, Ageas disclosed that on 12 March 2009 an agreement was concluded on the sale of 25% + 1 share of AG Insurance to Fortis Bank (now named BNP Paribas Fortis SA/NV) for an amount of EUR 1,375 million. This agreement was approved by the Shareholder's meetings of Ageas of May 2009. As part of this transaction Ageas granted to Fortis Bank a put option to resell the acquired stake in AG Insurance in the six-month period starting 1 January 2018 to Ageas.

As a consequence, Ageas concluded that the exercise of the put option is unconditional. In accordance with IAS 32 Ageas is therefore obliged to recognise a financial liability against the present value of the estimated exercise price of the put option in 2018. This financial liability is shown in a separate line (Liability related to written put option) in the statement of financial position. In addition, the liability is included in the General Account as the liability relates to Ageas Insurance International N.V. (the parent company of AG Insurance).

In more detail the IFRS guidance requires Ageas to recognise a liability even though:

- the put option has not been exercised;
- there is no indication that BNP Paribas Fortis SA/NV plans to exercise the option based on the current strategic cooperation;
- the exercise price at fair value is below the net asset value.

The counterpart of this liability is a write down of the value of the Non-controlling interest underlying the option. The difference between the value of the Non-controlling interest and the fair value of the liability is added to the Other reserves which are included in Shareholders' equity.

Subsequent changes in the fair value of the liability related to the put option are recorded in the Other Reserves.

If the option is exercised in 2018, the liability will be settled by a cash payment of Ageas to BNP Paribas Fortis SA/NV resulting in Ageas reacquiring 25% + 1 share of AG Insurance. However, if the option matures without exercising then the liability is written off against Non-controlling interest and Other Reserves.

While the option has not been exercised, the results in the Consolidated income statement linked to Non-controlling interest (the 25% + 1 share part of BNP) are recorded as Non-controlling interest.

Valuation

Ageas valued the liability at the discounted amount of the consideration expected to be paid on settlement until the first half-year of 2012. The discounted amount was based on a level 3 valuation method based on:

- current market multiples for insurance companies;
- a growth in value of 5.5% based on an expected rate of return of 11% and a 50% dividend pay-out;
- a discount rate of 10%.

However, in the third quarter of 2012 Ageas revisited the valuation method for the liability in consultation with an investment bank because it was considered that the movements in market multiples did not develop in line with the movements in book value.

Ageas concluded that it is more appropriate going forward to use the embedded value of the life business of AG Insurance and a discounted cash flow model for Non-life. The applied valuation method is based on the long term embedded value taking into account:

- current embedded value multiples for life insurance companies;
- a growth in value based on an expected rate of return of 11% on embedded value and a 75% dividend pay-out for 2013 and of 75% for the years thereafter;
- a discount rate of 10%.

Based on these assumptions the net present value of the liability is EUR 1,255 million as at 31 December 2013 (31 December 2012: EUR 997 million). The following sensitivities have been calculated.

Discount rate	+1% point	(1%) point
Value liability	1,211	1,302
Relative impact	(3.5%)	3.7%

Price to Embedded Value	+10%	(10%)
Value liability	1,358	1,162
Relative impact	8.2%	(7.4%)

Growth rate	+1% point	(1%) point
Value liability	1,297	1,215
Relative impact	3.3%	(3.2%)

34 Derivatives

Derivatives used by individual subsidiaries comply with the relevant supervisory regulations and Ageas's internal guidelines. Derivatives are used to manage market and investment risks. The subsidiaries manage the risk exposures in their investment portfolios based on general thresholds and targets. The most important purpose of these instruments is hedging against adverse market movements for selected securities or for parts of a portfolio. Ageas selectively uses derivative financial instruments such as swaps, options and forwards to hedge changes in currency rates or interest rates in their investment portfolio. Interest rate contracts form the largest part, with 68%, of the total derivatives portfolio as at 31 December 2013 (2012: 68%).

Important hedging instruments are equity forward contracts, equity options, total returns swaps, interest rate swaps, interest rate forwards, currency swaps and currency forwards. Hedging instruments may be implemented for individual transactions (micro hedge) for a portfolio of similar assets or liabilities (portfolio hedge). Ageas is obliged to assess whether the criteria for hedge accounting are met, in particular whether the hedge relationships are highly effective in offsetting changes in fair values or cash flows between the hedging instrument and the hedged item. Furthermore, the required hedge documentation has to be prepared. At inception, all hedge relationships must be approved to ensure that all hedge requirements are fulfilled and the hedge documentation is complete. If the formal hedge relation can not be established or is too cumbersome then the derivatives are booked as held for trading.

Foreign exchange contracts

Futures are contracts that require settlement at a specified price and on a specified future date and can be traded in similar markets. Forwards are customized contracts between two entities where settlement takes place on a specific date in the future at today's pre-agreed price. On a consolidated level, currency futures and forwards contracts accounted at year end 2013 for 66% of the currency derivative instruments (based on notional amounts at 31 December 2013) compared to 76% at the end of 2012. The currency futures and forwards contracts are mainly held to hedge the currency risk on foreign currency denominated assets and decreased from EUR 1,055 million in 2012 to EUR 687 million in 2013 due to the decreased position in commercial loans denominated in USD.

Ageas entered into currency swaps amounting EUR 348 million to hedge its foreign currency risk in respect of cash flows from USD denominated bonds.

Interest rate contracts

The notional amounts of interest rate contracts decreased from EUR 3,045 million in 2012 to EUR 2,491 million in 2013 with a market value of respectively EUR 6 million (net asset) and EUR 38 million (net liability).

The option portfolio forms the major part of the interest rate contracts amounting EUR 1,252 million (market value EUR 3 million) in 2013 and in 2012 EUR 2,096 million, respectively 50% and 69%. The decrease in value is due to the maturity of part of the option portfolio in 2013.

Swap contracts are agreements between two parties to exchange one set of cash flows for another set of cash flows. Payments are made on the basis of the swap's notional value. Ageas is primarily using interest rate swap contracts to manage cash flows arising from interest received or paid and cross currency swap contracts to manage foreign currency denominated cash flows (see 'Foreign exchange contracts').

As at 31 December 2013, the interest rate swaps consist of 29% of the total interest rate contracts with a notional amount of EUR 731 million compared with EUR 949 million in 2012 (31%).

Equity index contracts

The equity derivative portfolio mainly consists of puts and calls. Equity puts and calls are options agreements that give the seller (puts) or the buyer (calls) the right to exercise an option and to sell or buy shares or indices at the strike price. This represents a total notional value of EUR 10 million in 2012 (market value EUR 4 million) and decreased to nil as at 31 December 2013 (market value EUR 0 million).

Trading derivatives

	31 December 2013			31 December 2012		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange contracts						
Forwards and futures	5.2	0.1	687.0	19.3	0.4	1,055.6
Swaps		0.9	0.9			
Total	**5.2**	**1.0**	**687.9**	**19.3**	**0.4**	**1,055.6**
Interest rate contracts						
Swaps	3.6	4.5	402.2	8.9		624.1
Options	1.6		1,170.0	1.3		2,014.0
Total	**5.2**	**4.5**	**1,572.2**	**10.2**		**2,638.1**
Equity/Index contracts						
Options and warrants	0.0			3.2		10.6
Total	**0.0**			**3.2**		**10.6**
Other	**4.0**		**119.4**	**3.1**		**68.5**
Balance as at 31 December 2013	**14.4**	**5.5**	**2,379.5**	**35.8**	**0.4**	**3,772.8**
Fair values supported by observable market data	3.7	1.0		6.3		
Fair values obtained using a valuation model	10.7	4.5		29.5	0.4	
Total	**14.4**	**5.5**		**35.8**	**0.4**	
Over the counter (OTC)	14.4	5.5	2,379.5	35.8	0.4	3,772.8
Total	**14.4**	**5.5**	**2,379.5**	**35.8**	**0.4**	**3,772.8**

Hedging derivatives

	31 December 2013			31 December 2012		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange contracts						
Interest and currency swaps	0.3	3.7	347.1	0.9	3.4	325.0
Total	**0.3**	**3.7**	**347.1**	**0.9**	**3.4**	**325.0**
Interest rate contracts						
Forwards and futures		14.4	507.6			
Swaps	0.1	19.5	329.0		28.1	324.7
Options	1.1		82.2	0.7		82.2
Total	**1.2**	**33.9**	**918.8**	**0.7**	**28.1**	**406.9**
Balance as at 31 December 2013	1.5	37.6	**1,265.9**	1.6	31.5	**731.9**
Fair values obtained using a valuation model	1.5	37.6		1.6	31.5	
Total	**1.5**	**37.6**		**1.6**	**31.5**	
Over the counter (OTC)	1.5	37.6	1,265.9	1.6	31.5	731.9
Total	**1.5**	**37.6**	**1,265.9**	**1.6**	**31.5**	**731.9**

Derivatives are valued based on level 2 (observable market data in active markets).

35 Commitments

The Commitments Received and Given can be shown at 31 December as follows.

Commitments	2013	2012
Commitment Received		
Credit lines	271.5	271.5
Other credit related	1.7	1.7
Collateral and guarantees received	4,048.3	3,990.8
Other off balance-sheet rights	5.9	
Insurance related rights and commitment	14.6	14.5
Total received	**4,342.0**	**4,278.5**
Commitment Given		
Guarantees, Financial and Performance Letters of Credit	114.4	45.8
Credit lines	438.8	375.7
Used	(117.6)	(102.3)
Available	321.2	273.4
Collateral and guarantees given	1,683.6	1,397.6
Entrusted assets and receivables	618.3	651.8
Capital rights & commitments	126.3	244.4
Other off balance-sheet commitments	446.7	472.2
Total given	**3,310.5**	**3,085.2**

The major part of the Commitments received consist of collateral and guarantees received, and relates mainly to collateral received from customers on residential mortgages and to a lesser extend to policyholder loans and commercial loans.

Commitments given largely comprises collateral and guarantees given (EUR 1,684 million) mainly in connection with repurchase agreements, entrusted assets and receivables (EUR 618 million) and extended credit lines.

The increase in credit lines is mainly due to additional credit facilities extended to DTH partners. For further details on this transaction see note 13 Related parties.

36 Fair value of financial assets and financial liabilities

The following table shows the carrying amounts and fair value of those classes of financial assets and financial liabilities not reported at fair value on the Ageas Consolidated statement of financial position. Liabilities are, except for some debt certificates (see note 26 Debt certificates) held at amortised cost.

A description of the methods used to determine the fair value of financial instruments is given below.

			2013		2012
	Level	Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash and cash equivalents	2	2,212.6	2,212.6	2,449.9	2,441.1
Financial Investments held to maturity	1/3	4,974.4	5,865.4	5,054.1	6,290.2
Loans	2	5,743.4	5,929.7	6,288.4	6,546.0
Reinsurance and other receivables	2	2,086.7	2,273.7	1,968.0	1,861.4
Total financial assets		**15,017.1**	**16,281.4**	**15,760.4**	**17,138.7**
Liabilities					
Debt certificates	2	68.4	68.4	186.8	186.8
Subordinated liabilities	2	2,011.8	2,041.2	2,915.5	2,102.5
Loans	2	2,037.2	2,037.0	1,794.9	1,784.7
Other borrowings	2	326.5	307.0	173.1	172.6
Total financial liabilities		**4,443.9**	**4,453.6**	**5,070.3**	**4,246.6**

Fair value is the amount for which an asset could be exchanged, a liability settled or a granted equity instrument exchanged between knowledgeable, willing parties in an arm's length transaction.

Ageas uses the following methods, in the order listed, when determining the fair value of financial instruments:
- quoted price in an active market;
- valuation techniques;
- cost.

When a financial instrument is traded in an active and liquid market, its quoted market price or value provides the best evidence of fair value. No adjustment is made to the fair value of large holdings of shares, unless there is a binding agreement to sell the shares at a price other than the market price. The appropriate quoted market price for an asset held or a liability to be issued is the current bid price, and for an asset to be acquired or a liability held, the ask price. Mid-market prices are used as a basis for establishing the fair value of assets and liabilities with offsetting market risks.

If no active market price is available, fair values are estimated using present value or other valuation techniques based on market conditions existing at the reporting date. If there is a valuation technique commonly used by market participants to price an instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, Ageas applies that technique.

Valuation techniques that are well established in financial markets include recent market transactions, discounted cash flows and option pricing models. An acceptable valuation technique incorporates all factors that market participants would consider when setting a price, and should be consistent with accepted economic methodologies for pricing financial instruments.

The basic principles for estimating fair value are:
- maximise market inputs and minimise internal estimates and assumptions;
- change estimating techniques only if an improvement can be demonstrated or if a change is necessary because of the availability of information.

The fair value presented is the 'clean' fair value, which is the total fair value or 'dirty' fair value less interest accruals. Interest accruals are reported separately.

Methods and assumptions used in determining fair value are largely dependent on whether the instrument is traded on financial markets and the information that is available to be incorporated into the valuation models. A summary of different financial instrument types along with the fair value treatment is included below.

Quoted market prices are used for financial instruments traded on a financial market with price quotations.

Non-exchange-traded financial instruments are often traded in over-the-counter (OTC) markets by dealers or other intermediaries from whom market prices are obtainable.

Quotations are available from various sources for many financial instruments traded regularly in the OTC market. Those sources include the financial press, various publications and financial reporting services, and also individual market makers.

Quoted market prices provide the most reliable fair value for derivatives traded on a recognised exchange. Fair value of derivatives not traded on a recognised exchange is considered to be the value that could be realised through termination or assignment of the derivative.

Common valuation methodologies for an interest rate swap incorporate a comparison of the yield of the swap with the current swap yield curve. The swap yield curve is derived from quoted swap rates. Dealer bid and offer quotes are generally available for basic interest rate swaps involving counterparties whose securities are investment grade.

Factors that influence the valuation of an individual derivative include the counterparty's credit rating and the complexity of the derivative. If these factors differ from the basic factors underlying the quote, an adjustment to the quoted price may be considered.

The fair value (FV) calculation of financial instruments not actively traded on financial markets can be summarised as follows:

Instrument Type	Ageas Products	Fair Value Calculation
Instruments with no stated maturity	Current accounts, saving accounts, etc.	Nominal value.
Instruments without optional features	Straight loans, deposits, etc.	Discounted cash flow methodology; discounting yield curve is the swap curve plus spread (assets) or the swap curve minus spread (liabilities); spread is based on commercial margin computed based on the average of new production during last 3 months.
Instruments with optional features	Mortgage loans and other instruments with option features	Product is split and linear (non-optional) component is valued using a discounted cash flow methodology and option component valued based on option pricing model.
Subordinated liabilities and related receivables	Subordinated liabilities	Valuation is based on broker quotes in an in-active market (level 3).
Private equity	Private equity and non-quoted participations investments	In general based on the European Venture Capital Association's valuation guidelines, using enterprise value/EBITDA, price/cash flow and price/earnings, etc.
Preference shares (non-quoted)	Preference shares	If the share is characterised as a debt instrument, a discounted cash flow model is used.

Ageas pursues a policy aimed at quantifying and monitoring pricing uncertainties related to the calculation of fair values using valuation techniques and internal models. Related uncertainties are a feature of the ‘model risk’ concept.

Model risk arises when the product pricing requires valuation techniques which are not yet standardised or for which input data cannot be directly observed in the market, leading to assumptions about the input data themselves.

The introduction of new, sophisticated products in the market has resulted in the development of mathematical models to price them. These models in turn depend on assumptions regarding the stochastic behaviour of underlying variables, numerical algorithms and other possible approximations needed to replicate the complexity of the financial instruments.

Furthermore, the underlying hypotheses of a model depend on the general market conditions (e.g. specific interest rates, volatilities) prevailing at the time the model is developed. There is no guarantee that the model will continue to yield adequate results should market conditions change drastically.

Any related model uncertainty is quantified as accurately as possible and is the basis for adjusting the fair value calculated by the valuation techniques and internal models.

Notes to the Income Statement

37 Insurance premiums

The following table provides an overview of the composition of gross inflow and net earned premiums for the year ended 31 December.

	2013	2012
Gross inflow Life	6,533.8	6,692.6
Gross inflow Non-life	4,492.7	4,361.7
General and eliminations	(0.9)	(0.5)
Total gross inflow	**11,025.6**	**11,053.8**

	2013	2012
Net premiums Life	4,773.2	5,499.3
Net earned premiums Non-life	4,315.1	4,177.8
General and eliminations	(0.9)	(0.5)
Total net earned premiums	**9,087.4**	**9,676.6**

Life

The table below shows the details of Life premiums for the year ended 31 December.

	2013	2012
Unit-linked insurance contracts		
Single written premiums	10.7	7.7
Periodic written premiums	87.6	87.8
Group business total	*98.3*	*95.5*
Single written premiums	68.8	41.6
Periodic written premiums	28.9	24.7
Individual business total	*97.7*	*66.3*
Total unit-linked insurance contracts	**196.0**	**161.8**
Non unit-linked insurance contracts		
Single written premiums	343.0	335.6
Periodic written premiums	748.2	754.8
Group business total	*1,091.2*	*1,090.4*
Single written premiums	439.4	683.4
Periodic written premiums	800.7	813.5
Individual business total	*1,240.1*	*1,496.9*
Total non unit-linked insurance contracts	**2,331.3**	**2,587.3**
Investment contracts with DPF		
Single written premiums	1,934.2	2,397.0
Periodic written premiums	407.2	439.8
Total investment contracts with DPF	**2,341.4**	**2,836.8**
Gross premium income Life insurance	**4,868.7**	**5,585.9**
Single written premiums	1,527.5	950.7
Periodic written premiums	137.6	156.0
Premium inflow deposit accounting	**1,665.1**	**1,106.7**
Total gross inflow Life	**6,533.8**	**6,692.6**

Total premium inflow Life insurance is gross premiums received by insurance companies for issued insurance and investment contracts. Premium inflow of insurance contracts and investment contracts with DPF is recognised in the income statement. Premium inflow of investment contracts without DPF, mainly unit-linked contracts, is (after deduction of fees) directly recognised as liabilities (deposit accounting). Fees are recognised as fee income in the income statement.

	2013	2012
Gross premium income Life	4,868.7	5,585.9
Ceded reinsurance premiums	(95.5)	(86.6)
Net premiums Life	**4,773.2**	**5,499.3**

Non-life

The table below shows the details of Non-life insurance premiums for the year ended 31 December. Premiums for motor, fire and other damage to property and other are grouped in Property & Casualty.

2013	Accident & Health	Property & casualty	Total
Gross written premiums	854.2	3,638.5	4,492.7
Change in unearned premiums, gross	(12.9)	101.6	88.7
Gross earned premiums	**841.3**	**3,740.1**	**4,581.4**
Ceded reinsurance premiums	(32.2)	(237.0)	(269.2)
Reinsurers' share of unearned premiums	3.4	(0.5)	2.9
Net earned premiums Non-life insurance	**812.5**	**3,502.6**	**4,315.1**

2012	Accident & Health	Property & casualty	Total
Gross written premiums	789.8	3,571.9	4,361.7
Change in unearned premiums, gross	(4.5)	52.4	47.9
Gross earned premiums	**785.3**	**3,624.3**	**4,409.6**
Ceded reinsurance premiums	(21.7)	(215.8)	(237.5)
Reinsurers' share of unearned premiums	(0.5)	6.2	5.7
Net earned premiums Non-life insurance	**763.1**	**3,414.7**	**4,177.8**

Below is a breakdown of the net earned premiums by Insurance operating segment.

2013	Accident & Health	Property & casualty	Total
Belgium	507.2	1,277.9	1,785.1
UK	78.5	2,048.8	2,127.3
Continental Europe	226.8	175.9	402.7
Net earned premiums Non-life insurance	**812.5**	**3,502.6**	**4,315.1**

2012	Accident & Health	Property & casualty	Total
Belgium	480.0	1,218.2	1,698.2
UK	56.7	2,025.7	2,082.4
Continental Europe	226.4	170.8	397.2
Net earned premiums Non-life insurance	**763.1**	**3,414.7**	**4,177.8**

38 Interest, dividend and other investment income

The table below provides details of Interest, dividend and other investment income for the year ended 31 December.

	2013	2012
Interest income		
Interest income on cash equivalents	5.6	11.1
Interest income on loans to banks	79.8	134.0
Interest income on investments	2,092.7	2,111.9
Interest income on loans to customers	145.8	140.2
Interest income on derivatives held for trading	6.2	10.3
Other interest income	26.6	22.9
Total interest income	**2,356.7**	**2,430.4**
Dividend income from equity securities	93.6	76.0
Rental income from investment property	227.0	193.4
Revenues parking garage	292.0	277.1
Other investment income	46.1	78.8
Total interest, dividend and other investment income	**3,015.4**	**3,055.7**

39 Result on sales and revaluations

Result on sales and revaluations for the year ended 31 December is broken down as follows.

	2013	2012
Debt securities classified as available for sale	55.3	173.9
Equity securities classified as available for sale	60.0	40.5
Derivatives held for trading	(12.3)	(24.3)
Investment property	33.0	66.5
Capital gain (losses) on sale of shares of subsidiaries	53.5	14.9
Investments in associates	(0.1)	
Property, plant and equipment	3.3	0.3
Assets and liabilities held at fair value through profit or loss	5.6	30.8
Hedging results	0.4	
Other	12.6	131.7
Total Result on sales and revaluations	**211.3**	**434.3**

Derivatives held for trading are initially recognised at acquisition cost, including any transaction costs to acquire the financial instrument. Subsequent measurement is at fair value with changes in fair value recorded in the income statement.

All changes in fair value of the assets and liabilities held at fair value through profit or loss are reported above. This includes unrealised gains and losses from revaluations and realised gains and losses upon derecognition of the assets or liabilities.

Hedging results contain the changes in fair value attributable to the hedged risk (mainly interest-rate risk) of hedged assets and liabilities and the changes in fair value of the hedging instruments.

The line Other relates mainly to BNP Paribas Fortis SA/NV Tier 1 loan in 2012. In 2011, Ageas was required to redeem the bond holders at par value while the fair value was lower (loss EUR 189 million). In 2012 BNP Paribas Fortis SA/NV has called the loan at par and a gain of EUR 128.5 million was realized.

40 Investment income related to unit-linked contracts

The income related to unit-linked contracts is presented below.

-	2013	2012
(Un)realised gains (losses) - insurance contracts	142.7	175.8
(Un)realised gains (losses) - investment contracts	521.6	1,360.4
(Un)realised gains (losses)	664.3	1,536.2
Investment income - insurance contracts	5.0	4.5
Investment income - investment contracts	309.3	413.7
Realised investment income	314.3	418.2
Total investment income related to unit-linked contracts	**978.6**	**1,954.4**

Investment income related to unit-linked contracts reflects increasing yield curves.

41 Share of result of associates

Share of result of associates for the year ended 31 December is specified in the table below for the main associates.

2013	Total income (100% interest)	Total expenses (100% interest)	Net income (100% interest)	% Ageas interest	Share of result of associates (Ageas share)
Mayban Ageas Holding Berhad	1,311.9	(1,170.6)	141.3	31.0%	43.7
Muang Thai Group Holding	1,759.1	(1,591.6)	167.5	7.8% - 30.9%	48.3
Taiping Holdings	7,263.3	(7,161.4)	101.9	20.0% - 24.9%	26.5
Royal Park Investments	764.8	(146.5)	618.3	44.7%	276.4
IDBI Federal Life Insurance	121.3	(114.2)	7.1	26.0%	1.8
Aksigorta	470.4	(407.0)	63.4	36.0%	22.8
Cardif Lux Vie	5,207.3	(5,177.0)	30.3	33.3%	10.1
DTHP	34.3	(38.2)	(3.9)	33.0%	(1.3)
Predirec	1.6	(1.7)	(0.1)	29.5%	
Aviabel	41.9	(36.6)	5.3	24.7%	1.3
North Light	0.4	(0.4)		40.0%	
Pole Star	0.5	(0.3)	0.2	40.0%	0.1
BITM	17.2	(29.2)	(12.0)	50.0%	(6.0)
Credimo	129.5	(127.4)	2.1	34.4%	0.7
Frey SA	5.7	(11.0)	(5.3)	20.0%	(1.1)
Other					3.7
Total share of result of associates					**427.0**

2012	Total income (100% interest)	Total expenses (100% interest)	Net income (100% interest)	% Ageas interest	Share of result of associates (Ageas share)
Mayban Ageas Holding Berhad	1,560.1	(1,443.7)	116.4	31.0%	36.0
Muang Thai Group Holding	1,475.6	(1,371.8)	103.8	15.0% - 31.0%	33.1
Taiping Holdings	5,104.0	(4,900.3)	203.7	20.0% - 24.9%	50.7
Royal Park Investments	1,556.8	(1,323.5)	233.3	44.7%	104.3
IDBI federal Life Insurance	145.1	(157.5)	(12.4)	26.0%	(3.2)
Aksigorta	643.2	(619.8)	23.4	36.0%	8.4
Cardif Lux Vie	6,119.2	(6,096.2)	23.0	33.3%	7.7
Association Westland Shopping center	3.9	(6.2)	(2.3)	45.9%	(1.1)
BITM	16.8	(26.8)	(10.0)	50.0%	(5.0)
Aviabel	10.9		10.9	24.7%	2.7
Credimo	127.0	(126.7)	0.3	34.2%	0.1
Other					(3.1)
Total share of result of associates					**230.6**

42 Fee and commission income

Fee and commission income for the year ended 31 December is specified in the table below.

	2013	2012
Fee and commission income		
Reinsurance commissions	44.8	48.8
Insurance and investment fees	167.0	146.1
Asset management	30.8	34.2
Guarantees and commitment fees	2.0	1.5
Other service fees	142.5	167.9
Total fee and commission income	**387.1**	**398.5**

The line Other service fees mainly relates to fees received from brokerage companies for the sale of insurance policies of third parties.

43 Other income

Other income includes the following elements for the year ended 31 December.

-	2013	2012
Other income		
Proceeds of sale of property intended for sale	0.5	
Negative goodwill		62.8
Recovery of staff and other expenses from third parties	60.9	68.8
Other	136.9	192.3
Total other income	**198.3**	**323.9**

In 2012, the negative goodwill of EUR 62.8 million relates to the acquisition of Groupama Insurance Company Limited. For further information see note 3 Acquisitions and disposals.

The line Other includes in 2013 mainly recovery reinvoicing of service costs related to rental activities (EUR 48 million) and instalment income (EUR 67 million).

44 Insurance claims and benefits

The details of insurance claims and benefits for the year ended 31 December are shown in the table below.

	2013	2012
Life insurance	5,721.3	6,466.7
Non-life insurance	2,879.9	2,882.4
General account and eliminations	(1.4)	(0.5)
Total insurance claims and benefits, net	**8,599.8**	**9,348.6**

Details of Life insurance claims and benefits, net of reinsurance, are shown below.

	2013	2012
Benefits and surrenders, gross	4,998.9	4,771.9
Change in liabilities arising from insurance and investment contracts, gross	780.6	1,844.9
Total Life insurance claims and benefits, gross	**5,779.5**	**6,616.8**
Reinsurers' share of claims and benefits	(58.2)	(150.1)
Total Life insurance claims and benefits, net	**5,721.3**	**6,466.7**

Life Insurance claims and benefits in 2013 reflect the increase in Life Liabilities (see notes 25, sections 25.1, 25.2 and 25.3).

Details of Non-life insurance claims and benefits, net of reinsurance, are shown in the following table.

	2013	2012
Claims paid, gross	2,752.4	2,544.6
Change in liabilities arising from insurance contracts, gross	225.0	444.8
Total Non-life insurance claims and benefits, gross	**2,977.4**	**2,989.4**
Reinsurers' share of change in liabilities	(21.5)	(24.5)
Reinsurers' share of claims paid	(76.0)	(82.6)
Total Non-life insurance claims and benefits, net	**2,879.9**	**2,882.4**

Non-life insurance claims and benefits in 2013 reflect increase in volumes and a lower claims ratio (see note 14).

45 Financing costs

The following table shows the breakdown of Financing costs by product for the year ended 31 December.

	2013	2012
Financing costs		
Debt certificates	6.8	9.6
Subordinated liabilities	117.7	157.2
Borrowings - due to banks	26.4	33.8
Other borrowings	13.3	10.3
Derivatives	4.1	7.4
Other liabilities	40.5	37.9
Total financing costs	**208.8**	**256.2**

46 Change in impairments

The Change in impairments for the year ended 31 December is as follows.

	2013	2012
Change in impairments of:		
Investments in debt securities	11.9	2.3
Investments in equity securities and other	22.6	95.3
Investment property	12.6	(0.6)
Loans	2.9	5.2
Reinsurance and other receivables	(2.0)	2.3
Property, plant and equipment	1.9	5.1
Goodwill and other intangible assets	6.8	33.0
Accrued interest and other assets	5.9	
Total change in impairments	**62.6**	**142.6**

The change in impairments of Goodwill and other intangible assets relates in 2012 mainly to the Goodwill on the UK brokerage business.

47 Fee and commission expenses

The components of fee and commission expenses for the year ended 31 December are as follows.

	2013	2012
Fee and commission expenses		
Securities	0.8	1.1
Intermediaries	1,239.2	1,203.3
Asset management fees	17.5	15.8
Custodian fees	5.5	6.3
Other fee and commission expenses	40.2	40.4
Total fee and commission expenses	**1,303.2**	**1,266.9**

48 Staff expenses

Staff expenses for the year ended 31 December are as follows.

	2013	2012
Staff expenses		
Salaries and wages	612.8	586.2
Social security charges	126.7	121.2
Pension expenses relating to defined benefit pension plans	28.0	27.8
Defined contribution plan expenses	22.7	18.8
Share-based compensation	2.4	1.0
Other	40.3	39.0
Total staff expenses	**832.9**	**794.0**

Other includes the cost of termination benefits and restructuring costs and non-monetary benefits for staff such as leased cars, restaurant and insurance premiums.

Note 9 Employee benefits contains further details of post-employment benefits and other long-term employee benefits, including pension costs related to defined benefit plans and defined contribution plans.

49 Other expenses

Other expenses for the year ended 31 December are as follows.

	2013	2012
Depreciation on tangible assets		
Buildings held for own use	33.2	34.1
Leasehold improvements	5.4	4.4
Investment property	82.8	73.1
Equipment	31.1	32.2
Amortisation of intangible assets		
Purchased software	5.0	4.6
Internally developed software	5.4	9.4
Value of business acquired (VOBA)	36.1	38.4
Other intangible assets	22.8	37.4
Other		
Operating lease rental expenses and related expenses	45.1	39.6
Operating and other direct expenses relating to investment property	55.0	76.9
Operating and other direct expenses relating to property for own use	173.1	178.5
Professional fees	104.7	111.9
Capitalised deferred acquisition costs	(531.0)	(544.8)
Depreciation deferred acquisition costs	499.6	446.1
Marketing and public relations costs	74.4	83.4
Information technology costs	123.6	117.9
Maintenance and repair expenses	12.6	14.1
Other	235.8	243.3
Total other expenses	**1,014.7**	**1,000.5**

The line Operating and other direct expenses relating to investment property/property for own use is partly recovered by income accounts as reported in note 43 Other Income. The remaining net increase is mainly due to higher depreciation in deferred acquisition costs.

Other includes in 2013 and 2012 expenses for travel, post, telephone, temporary staff and training.

50 Income tax expenses

The components of income tax expenses for the year ended 31 December are the following.

	2013	2012
Current tax expenses for the current period	235.0	226.2
Adjustments recognised in the period for current tax of prior periods	(4.0)	0.7
Total current tax expenses	**231.0**	**226.9**
Deferred tax arising from the current period	12.4	128.5
Impact of changes in tax rates on deferred taxes	1.0	(3.0)
Deferred tax arising from the write-down or reversal of a write-down of a deferred tax asset	(0.6)	(0.9)
Previously unrecognised tax losses, tax credits and temporary differences reducing deferred tax expense	2.6	(12.6)
Total deferred tax expenses (income)	**15.4**	**112.0**
Total income tax expenses (income)	**246.4**	**338.9**

Below is a reconciliation of expected and actual income tax expense. Given the financial reporting consolidation at the Belgian top-holding ageas SA/NV the group tax rate is determined at the prevailing corporate income tax rate in Belgium. Local deviations between expected and actual income tax expense in the Ageas group across jurisdictions resulting from local tax laws and regulations are stated against local tax rates applicable in such jurisdictions and can be broken down into the categories depicted below.

	2013	2012
Result before taxation	993.0	1,267.7
Applicable group tax rate	33.99%	33.99%
Expected income tax expense	337.5	430.9
Increase (decrease) in local taxes resulting from:		
Tax exempt income (including dividend and capital gains)	(35.6)	2.3
Impairment of goodwill		10.4
Share in net result of associates and joint ventures	(145.7)	(80.5)
Disallowed expenses	14.9	22.8
Change in provision for impairment	2.1	7.9
Negative goodwill		(20.5)
Previously unrecognised tax losses and temporary differences	(1.2)	(93.7)
Write-down and reversal of write-down of deferred tax assets, including current year tax-losses deemed non-recoverable	122.5	105.8
Impact of changes in tax rates on temporary differences	1.0	(3.0)
Foreign tax rate differential	(18.0)	(31.6)
Adjustments for current tax of previous years	(4.1)	0.9
Deferred tax on investments in subsidiaries, associates and joint ventures	5.3	17.6
Notional interest deduction	(21.4)	(23.4)
Local income taxes (state/city/cantonal/communal taxes, …)	1.9	4.8
Other	(12.8)	(11.8)
Actual income tax expenses (income)	**246.4**	**338.9**

Notes to items not recorded in the Consolidated statement of financial position

51 Contingent liabilities

51.1 Contingent liabilities related to legal proceedings

Like any other financial institution, Ageas is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of its business.

In addition, as a result of the events and developments occurred in respect of the former Fortis group between May 2007 and October 2008 (a.o. acquisition of parts of ABN AMRO and capital increase in October 2007, announcement of the accelerated solvency plan in June 2008, divestment of banking activities and Dutch insurance activities in September/October 2008), Ageas is or may still become involved in a series of legal proceedings and in a criminal procedure pending in Belgium.

Ageas denies and will continue to challenge all allegations of wrongdoing. If these actions against Ageas were to be successful, they could eventually result in substantial monetary consequences for Ageas. However, today it is not possible to assess the outcome of these actions, or to quantify future Ageas' liabilities should they be successful.

Administrative proceedings initiated by market regulators in the Netherlands and Belgium

In the Netherlands

On 5 February 2010, the AFM ('Autoriteit Financiële Markten') levied a fine on each of ageas SA/NV and ageas N.V. of EUR 288,000 for breaches of the Dutch Securities Act ('Wet op het financieel toezicht'). The AFM alleges that on 5 June 2008 certain statements would have been incorrect or misleading in respect of the solvency situation of Fortis and that on 14 June 2008 Fortis should have made public that the required EC remedies would imply that the financial objectives for 2008 and later could not be achieved without additional measures. This might imply that, for the period of 5 to 25 June 2008, investors may allege to have traded on not fully correct information. After rejection of the administrative appeal, Ageas appealed the decision of the AFM before the District Court in Rotterdam. On 4 May 2011, the District Court of Rotterdam rejected the appeal. Ageas filed a final appeal against this decision with the Dutch Trade and Industry Appeal Tribunal (*College van Beroep voor het bedrijfsleven*) which rejected this appeal on 4 March 2014. This decision is final.

On 19 August 2010, the AFM levied an additional fine on each of ageas SA/NV and ageas N.V. of EUR 144,000 for breach of the Dutch Securities Act. The AFM alleges that Fortis did not timely inform investors on its subprime position and should have published information on its subprime position and exposure (both overall and in the US, as well as a break down) in the trading update published on 21 September 2007 in the context of the rights issue effectuated on 9 October 2007. After rejection of the administrative appeal, Ageas appealed this decision of the AFM before the District Court in Rotterdam. On 9 February 2012, the District Court of Rotterdam rejected the appeal. Ageas filed a final appeal against this decision with the Dutch Trade and Industry Appeal Tribunal (*College van Beroep voor het bedrijfsleven*) which concluded that Fortis had, at the time, not acted unreasonably and therefore annulled the fine on 14 February 2014. This decision is final.

In Belgium

The Belgian Financial Services and Markets Authority ('FSMA') initiated an investigation on Fortis' external communication during the second quarter of 2008. On 12 April 2012, the FSMA Management Board forwarded the auditor's investigation report to its Sanctions Commission. On 17 June 2013 the Sanctions Commission decided that in the period May-June 2008 Fortis communicated too late or incorrectly on the remedies required by the European Commission in the context of the ABN AMRO take-over, on its future solvency upon full integration of ABN AMRO and on the success of the NITSH II offer. Therefore, the Sanctions Commission levied a fine on Ageas of EUR 500.000. Ageas filed an appeal against this decision before the Court of Appeal in Brussels.

Criminal procedure in Belgium

In Belgium, a criminal procedure is ongoing on the events mentioned above in the introduction to this chapter. In November 2012 certain individuals were indicted by the investigating magistrate. In February 2013 the public prosecutor requested the *Chambre du conseil/Raadkamer* that certain individuals be referred for trial before the criminal court. As several interested parties requested additional investigative measures, the hearing before the *Chambre du conseil/Raadkamer* was postponed *sine die*.

Any negative findings of these administrative proceedings and/or the criminal procedure may affect pending legal proceedings and/or could lead to new legal proceedings against Ageas, including claims for compensatory damages.

Legal proceedings initiated by shareholders or associations of shareholders

These proceedings, both in Belgium and in the Netherlands, (i) are (in)directly related to the transactions in September/October 2008, or (ii) aim at the payment of compensatory damages based on alleged miscommunication and/or market abuse committed, by Fortis during the period between May 2007 and October 2008.

In the Netherlands

On 16 August 2010, VEB (Vereniging van Effectenbezitters - Association of Shareholders) and certain other parties filed a request with the Ondernemingskamer (Enterprise Division of the Court of Appeal) in Amsterdam (i) to start legal proceedings aiming at establishing that certain facts mentioned in the Ondernemingskamer's investigation report[3]) should be deemed 'mismanagement' ('wanbeleid') by Fortis, and (ii) to annul the release granted to Fortis N.V. directors on 29 April 2008.

On 5 April 2012, the Ondernemingskamer partly rejected, but at the same time partly upheld, the VEB requests thereby stating that there was mismanagement in certain matters. As a result, the Ondernemingskamer nullified the decision of the general shareholders' meeting of Fortis N.V. to release the Board of Directors for its management during 2007, to the extent that the release related to the communication on the subprime portfolio in the prospectus and in the trading update. As the Dutch Supreme Court rejected Ageas's appeal on 6 December 2013 this decision is final.

On 19 January 2011, the VEB initiated proceedings before the Amsterdam District Court seeking a ruling that various Fortis communications between September 2007 and 3 October 2008 constituted a breach of law by Fortis and by certain of its former directors and executives. VEB characterises each of these breaches as an unlawful act by all or certain defendants and states that these defendants were therefore liable for the loss incurred by any (former) shareholder who bought shares during the relevant period. Inter alia, VEB alleges (against Fortis, certain of its former directors and executives and against financial institutions which acted as global coordinators and lead managers during the capital increase) that the information provided in the 24 September 2007 prospectus for the 9 October 2007 capital increase on Fortis' position exposure to the subprime situation, was incorrect and incomplete.

Stichting FortisEffect and a series of individuals represented by Mr De Gier appealed with the Amsterdam Appeal Court against the judgment of the Amsterdam District Court of 18 May 2011 that dismissed their claim to invalidate the decisions taken by the Fortis Board in October 2008 and unwind the relevant transactions, or alternatively, to pay damages.

A series of individuals represented by Mr Bos demand damages on grounds of alleged Fortis miscommunication during 2008. On 15 February 2012, the Court of Utrecht decided that Fortis and two co-defendants (the former CEO and the former financial executive) disclosed misleading information during the period from 22 May through 26 June 2008. The Court further ruled that separate proceedings were necessary to decide whether the plaintiffs had suffered damages, and if so, the amount of such damages. In the same proceedings, certain former Fortis directors and top executives requested the Court to acknowledge the alleged Ageas obligation to hold them harmless for the damages resulting from or relating to the legal proceedings initiated against them and resulting from their mandates within the Fortis group. An appeal against the judgement by the Court of Utrecht was filed with the Appeal Court of Arnhem.

On 7 July 2011, 'Stichting Investor Claims Against Fortis' ('SICAF'), a 'Stichting' (Foundation) under Dutch law, brought a collective action before the Utrecht Court based on alleged Fortis miscommunication on various occasions during 2007 and 2008. SICAF alleges, i.a. (against Fortis and against two financial institutions) that the information provided in the 24 September 2007 prospectus for the 9 October 2007 rights issue on Fortis' position in and exposure to the subprime situation was incorrect and incomplete.

On 3 August 2012, the same SICAF, on behalf of and together with a number of identified (former) shareholders, brought a second action before the Utrecht Court against the same defendants and certain former Fortis directors and executives, claiming damages. The allegations in this second action are materially similar to the first action. In addition, the plaintiffs claim that Fortis failed in its solvency policy in the period 2007 and 2008. At present it is unclear whether both actions will be joined.

In Belgium

On 28 January 2009, a series of shareholders represented by Mr Modrikamen brought an action before the Commercial Court of Brussels initially demanding for the annulment of the sale of ASR to the Dutch State and the sale of Fortis Bank to SFPI (and subsequently to BNP Paribas), or alternatively damages. On 8 December 2009, the Court inter alia decided that it was not competent to judge on actions against the Dutch defendants. On 17 January 2013 the Brussels Court of Appeal confirmed this judgment in this respect. To date the proceedings before the commercial court continue regarding the sale of Fortis Bank and aim at the payment of a compensation by BNP Paribas to Ageas and by Ageas to the claimants.

3 *Investigation report commissioned by the Enterprise Division and published on 16 June 2010. It can be consulted on Ageas' website: http://www.ageas.com/en/press-release/court-decision-dutch-fortis-mismanagement-proceedings.*

On 13 January 2010, a series of shareholders associated with Deminor International brought an action before the Commercial Court of Brussels, seeking damages based on alleged lack of/or misleading information by Fortis during the period from May 2007 to October 2008.

On 12 September 2012, a (former) Fortis shareholder and its parent company brought an action before the Commercial Court of Brussels, seeking damages based on alleged lack of/or misleading information in the context of the 2007 rights issue.

On 29 April 2013, a series of shareholders represented by Mr Arnauts brought an action before the Commercial Court of Brussels, seeking damages based on alleged incomplete or misleading information by Fortis in 2007 and 2008. On 25 June 2013 a similar action before the same court was initiated by two shareholders. On 19 September 2013, certain (former) Fortis shareholders represented by Mr Lenssens initiated a similar action before the Brussels' Civil Court.

Legal proceedings initiated by Mandatory Convertible Securities (MCS) holders

The Mandatory Convertible Securities (MCS) issued in 2007 by Fortis Bank Nederland (Holding) N.V. (now ABN AMRO Bank N.V.), together with BNP Paribas Fortis SA/NV, ageas SA/NV and ageas N.V., were mandatorily converted on 7 December 2010 into 106,723,569 Ageas shares. Prior to 7 December 2010, certain MCS holders unilaterally decided at a general MCS holders' meeting to postpone the maturity date of the MCS until 7 December 2030. However, at the request of Ageas, the President of the Commercial Court of Brussels suspended the effects of this decision. Following 7 December 2010, the same MCS holders contested the validity of the conversion of the MCS and requested its annulment or, alternatively, damages for an amount of EUR 1.75 billion. On 23 March 2012, the Brussels Commercial Court ruled in favour of Ageas, dismissing all claims of the former MCS holders. Hence, the conversion of the MCS into shares issued by Ageas on 7 December 2010 remains legally valid and no compensation is due. Certain former MCS holders appealed against this judgment, claiming damages for a provisional amount of EUR 350 million and the appointment of an expert.

Hold harmless undertakings

In 2008, the Fortis parent companies granted certain former executives and directors, at the time of their departure, a contractual hold harmless protection covering legal expenses and, in certain cases, also the financial consequences of any judicial decisions, in the event that legal proceedings were brought against them on the basis of their mandates exercised within the Fortis group. Ageas contests the validity of the contractual hold harmless commitments to the extent they relate to the financial consequences of any judicial decisions.

Furthermore, and as standard market practice in this kind of operations, Ageas entered into agreements with certain financial institutions facilitating the placing of Fortis shares in the context of the capital increases of 2007 and 2008. These agreements contain indemnification clauses that imply hold harmless obligations for Ageas subject to certain terms and conditions. Some of these financial institutions are involved in certain legal proceedings mentioned in this chapter.

General observations

Taking into account that none of the experts appointed by the Courts have raised arguments that could substantiate or justify an annulment of (part of) the decisions taken by the Fortis Board of Directors in September/October 2008 and of the resulting agreements and transactions, and that the Amsterdam District Court in two judgments of 18 May 2011 dismissed the claims of VEB/Deminor and Stichting FortisEffect respectively with regard to these transactions, the Ageas management considers it unlikely that any of the proceedings described in this chapter would result in the annulment of these transactions.

Nevertheless, without prejudice to any specific comment made above in this chapter, given the various stages, the continuously evolving nature and the inherent uncertainties and complexity of the current proceedings described herein, Ageas' management is not in a position to assess the merits or the outcome of the claims or actions brought against Ageas, nor can it determine whether they can be successfully contested or whether they might or might not result in significant losses in the Ageas Consolidated financial statements. For this reason, no provisions have been set aside. Ageas will make provisions if and when, in the opinion of management and the Board of Directors, consulting with its legal advisors, it considers that, for these matters it is likely that payments will need to be made by Ageas and that the relevant amounts can be reasonably estimated.

However, if any of these proceedings were to lead to negative consequences for Ageas or were to result in awarding monetary damages to plaintiffs claiming losses incurred as a result of Fortis miscommunication or mismanagement, this could have substantial consequences on Ageas' financial position. Such consequences remain unquantifiable at this stage.

Taking into account the conclusions reached by certain judicial decisions referred to above in this chapter, the underwriters of the Directors & Officers and of the Public Offering of Securities Insurance policies, that insure the potential risks of Ageas and its directors and executives at stake under the liability claims subject of the various pending proceedings, have expressed their view that these conclusions could lead to a loss of coverage under the relevant policies. Ageas disagrees with this view that is now under discussion with the insurers.

51.2 Liabilities for hybrid instruments of former subsidiaries

Ageas's former operating entities issued a number of hybrid instruments that have created a contingent liability for ageas SA/NV, because this former parent company acted as guarantor, co-obligor or provided support agreements. The following chapters describe the contingent liabilities linked to these instruments.

1. CASHES

CASHES (Convertible And Subordinated Hybrid Equity-linked Securities) represent 4,447 securities for a total nominal amount of EUR 1,112 million, issued by BNP Paribas Fortis SA/NV, with ageas SA/NV acting as co-obligor.

The securities have no maturity date and cannot be repaid in cash, they can only be exchanged into Ageas shares. A mandatory exchange takes place if the price of the Ageas share is equal to or higher than EUR 359.10 on twenty consecutive stock exchange business days (the closing share price at 31 December 2013 amounted to EUR 30.95). The securities can also be exchanged at the discretion of the security holders at a price of EUR 239.40 per share. BNP Paribas Fortis SA/NV owns 4,643,904 Ageas shares for the purpose of the potential exchange.

The sole recourse of the holders of the CASHES against any of the co-obligors with respect to the principal amount are the Ageas shares that BNP Paribas Fortis SA/NV holds, these shares are pledged in favour of such holders.

BNP Paribas Fortis SA/NV pays the coupon on the CASHES, in quarterly arrears, at a variable rate of 3 month Euribor + 2.0%, up to the exchange of the securities for Ageas shares. In the event that Ageas declares no dividend on its shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%), and in certain other circumstances, coupons will mandatorily need to be settled by ageas SA/NV in accordance with the so called Alternative Coupon Settlement Method (ACSM), while BNP Paribas Fortis SA/NV would need to issue instruments that qualify as hybrid Tier 1 instruments to Ageas as compensation for the coupons paid by ageas SA/NV. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

2. Indemnity related to CASHES

Originally 12,000 CASHES securities were issued. In January 2012, BNP Paribas launched a tender offer on the CASHES securities at a price of 47.5% and subsequently exchanged 7,553 tendered CASHES securities for their underlying Ageas shares.
The tender and subsequent exchange was part of a broader agreement that Ageas reached with BNP Paribas Fortis SA/NV and BNP Paribas; Ageas paid EUR 287 million indemnity to BNP Paribas for the 63% exchange.

Ageas agreed to indemnify BNP Paribas on the same conditions as stated in the reached agreement within a period of two years, if BNP Paribas would acquire and convert additional CASHES out of the 37% CASHES that remain outstanding. Ageas also agreed to pay an annual indemnity to BNP Paribas Fortis SA/NV that equals the grossed up dividend on the shares that BNP Paribas Fortis SA/NV holds.

3. BNP Paribas Fortis SA/NV Tier 1 debt securities 2004

BNP Paribas Fortis SA/NV issued EUR 1,000 million perpetual securities in 2004, which benefit from a support agreement entered into by the former Fortis parent companies now ageas SA/NV, at an interest rate of 4.625% until 27 October 2014 and 3 month Euribor + 1.70% thereafter.

Under the parental support agreement if BNP Paribas Fortis's solvency drops below the threshold level or if BNP Paribas Fortis SA/NV so elects, the coupon will be settled through the issue of ordinary shares by ageas SA/NV in accordance with the ACSM, for which BNP Paribas Fortis would need to compensate ageas SA/NV by issuing new shares.

51.3 Other contingent liabilities

Together with BGL BNP Paribas, Ageas Insurance International N.V. has provided a guarantee to Cardif Lux Vie S.A. for up to EUR 100 million to cover outstanding legal claims related to Fortis Lux Vie S.A., a former subsidiary of Ageas that was merged at year-end 2011 with Cardif Lux International S.A. (see also note 3 on Acquisitions and disposals).

52 Lease agreements

Ageas has entered into lease agreements to provide for office space, office equipment, vehicles and parking facilities. The following table reflects future commitments to non-cancellable operating leases as at 31 December.

	2013	2012
Less than 3 months	14.5	15.3
3 months to 1 year	47.3	48.0
1 year to 5 years	224.6	182.4
More than 5 years	335.5	234.0
Total	**621.9**	**479.7**
Annual rental expense:		
Lease payments	26.1	23.2

53 Events after the date of the statement of financial position

There have been no material events since the date of the Consolidated statement of financial position that would require adjustment in the Ageas Consolidated financial statements as at 31 December 2013.

Statement of the Board of Directors

The Board of Directors of Ageas is responsible for preparing the Ageas Consolidated financial statements as at 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the European Transparency Directive (2004/109/EC) and the Report of the Board of Directors in accordance with the legal and regulatory requirements applicable in Belgium.

The Board of Directors reviewed the Ageas Consolidated financial statements and the Report of the Board of Directors on 18 March 2014 and authorised their issue.

The Board of Directors of Ageas declares that, to the best of its knowledge, the Ageas Consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Ageas, and of the uncertainties that Ageas is facing and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

The Board of Directors of Ageas also declares that the Report of the Board of Directors gives a fair overview of the development and performance of the businesses of the Group.

The Ageas Annual Report consisting of the Consolidated financial statements and Report of the Board of Directors will be submitted to the Annual General Meeting of Shareholders for approval on 30 April 2014.

Brussels, 18 March 2014

Board of Directors

Chairman	Jozef De Mey
Vice-Chairman	Guy de Selliers de Moranville
Chief Executive Officer	Bart De Smet
Directors	Roel Nieuwdorp
	Lionel Perl
	Jan Zegering Hadders
	Jane Murphy
	Steve Broughton
	Lucrezia Reichlin
	Richard Jackson

Independent Auditor's report

Statutory auditor's report to the general meeting of ageas SA/NV as of and for the year ended 31 December 2013

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our report on the consolidated financial statements as of and for the year ended 31 December 2013, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements - unqualified opinion with explanatory paragraph

We have audited the consolidated financial statements of ageas SA/NV ('the Company') and its subsidiaries (jointly 'the Group'), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 95,735.6 million and the consolidated statement of comprehensive income shows a loss for the year of EUR 137.0 million.

Board of directors' responsibility for the preparation of the Consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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 the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the Company's officials 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 unqualified opinion.

Unqualified opinion
In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2013 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Emphasis of matter
We draw attention to note 51 on contingent liabilities to the consolidated financial statements as at 31 December 2013 in which is described that Ageas is involved or may still become involved in a number of legal proceedings as well as administrative and criminal investigations in connection with certain events and developments having occurred between May 2007 and October 2008, some of which could result in financial liabilities for Ageas. However, the ultimate outcome of these matters cannot presently be determined. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements
The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statements which do not modify our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.
- As indicated in the first part of our report that includes our responsibility, we considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. Accordingly, we do not express an opinion on whether internal controls operated effectively during the financial year ended 31 December 2013.

Brussels, 18 March 2014

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Michel Lange
Réviseur d'Entreprises

Summarised ageas SA/NV Company Financial Statements

General information

1. Foreword

Most of the 'General information' is included in the Report of the Board of Directors of Ageas. This section of general information contains solely information on ageas SA/NV that has not been provided elsewhere.

2. Identification

The company is a public limited company bearing the name 'ageas SA/NV'. Its registered office is at Rue du Marquis 1, 1000 Brussels. This office may be transferred to anywhere else in the Brussels capital region by resolution of the Board of Directors. The company is registered in the Brussels register of legal entities under no. 0451.406.524.

3. Incorporation and publication

The company was incorporated on 6 November 1993 under the name of 'Fortis Capital Holding'.

4. Places where the public can verify company documents

The Articles of Association of ageas SA/NV can be verified at the Registry of the Commercial Court at Brussels, at the company's registered office and at the website of Ageas.

Decisions on the appointment and resignation of Board members of the companies are published, amongst others in the annexes to the Belgian Law Gazette. Financial reports on the companies and notices convening General Meetings are published in the financial press, newspapers and periodicals. The financial statements of the company are available at the registered office and are also filed with the National Bank of Belgium. They are sent each year to registered shareholders and to others on request.

5. Amounts

All amounts stated in tables of these financial statements are denominated in millions of euros, unless otherwise indicated.

6. Audit opinion

The company financial statement have not yet been published. KPMG has issued an unqualified auditor's report with an emphasis of matter paragraph on the ageas SA/NV company financial statements.

Statement of financial position after profit appropriation

	31 December 2013	31 December 2012
ASSETS		
Tangible fixed assets	**1**	**1**
Tangible fixed assets	1	1
Financial fixed assets	**6,809**	**6,970**
Participating interests	6,459	6,896
Loans	350	74
Current assets	**1,461**	**1,222**
Trade and other accounts receivable	14	8
Own shares	92	140
Other short-term investments	1,314	785
Liquid assets	35	283
Prepayments and accrued income	6	6
TOTAL ASSETS	**8,270**	**8,193**
LIABILITIES		
Equity		
Shareholders' equity	**7,530**	**7,972**
Subscribed capital	1,728	2,042
Share Premium Reserve	2,852	2,968
Reserves not available for distribution	92	140
Reserves available for distribution	3,391	3,924
Profit / loss carried forward	(533)	(1,102)
Provisions	**370**	**170**
Amounts payable	**359**	**45**
Commercial debts	19	15
Remuneration and social charges	6	2
Other amounts payable	334	28
Accruals and deferred income	**11**	**6**
TOTAL LIABILITIES	**8,270**	**8,193**

Income statement

	2013	2012
Operating income	**5**	**3**
Other operating income	5	3
Financial income	**838**	**400**
Income from financial fixed assets	594	200
Income from current assets	157	200
Other financial income	87	
Extraordinary income		
Capital gain on realisation of fixed asset		
Total income	**843**	**403**
Operating expenses	**261**	**23**
Services and miscellaneous goods	47	41
Remuneration, social charges and pensions	15	11
Depreciation and amounts written down on formation	(2)	1
(-) in provisions for risks and charges	199	(1,011)
Other operating expenses	2	981
Financial charges	**12**	**299**
Interest in respect of amounts payable	12	297
Other financial charges		2
Total expenses	**273**	**322**
Result before tax	**570**	**81**
Tax		
Net result for the period	**570**	**81**

	2013	2012
Appropriation of profit		
Profit to be appropriated	**(532)**	**(1,102)**
Profit for the financial year available for appropriation	570	81
Profit carried forward from the previous financial year	(1,102)	(1,183)
Transfers from shareholders' equity	580	273
From the capital and share premium reserves		
From the reserves	580	273
Result to be carried forward	**(532)**	**(1,102)**
Profit to be distributed	580	143
Dividends	580	143

Additional disclosure on items in the Statement of financial position and Income statement and regulatory requirements

Contrary to art. 26, §1 of the royal decree of 30 January 2001 to implement the Companies Code, the Minister for Enterprise has granted ageas SA/NV leave to draw up financial statements for the financial years 2010, 2011 and 2012 before appropriation of profit and the loss carried forward.

The financial statements for the 2013 financial year no longer apply this exception and are therefore drawn up after appropriation of profit and the loss carried forward. The financial statements for the 2012 financial year were drawn up before profit appropriation. Consequently, in the financial statements the profit appropriation for 2013 and 2012 is included in financial year 2013.

1. ASSETS

1.1 Financial fixed assets (2013: EUR 6,809 million; 2012: EUR 6,970 million)

The Financial fixed assets include the following items.

	2013	2012
Financial fixed assets	6,809	6,970
Participating interests	6,459	6,896
Ageas Insurance International	6,436	6,136
Ageas Hybrid Financing	1	1
Royal Park Investments	22	760
Loan to AG Insurance	350	74

Participating interests
(2013: EUR 6,459 million; 2012: EUR 6,896 million)
The Board of Directors of Ageas Insurance International N.V. decided to increase the capital of Ageas Insurance International N.V. ageas SA/NV subscribed to this increase for an amount of EUR 300 million. This increased the value of the participating interest in Ageas Insurance International N.V. to EUR 6,436 million.

Following the sale of the portfolio of Royal Park Investments NV (RPI), the Board of Directors of RPI decided on a capital reduction. The part of this capital reduction allocated to ageas SA/NV, amounting to EUR 738 million, was received by ageas SA/NV on 10 June 2013. This reduced the value of the participating interest to EUR 22 million.

Loan to AG Insurance
(2013: EUR 350 million; 2012: EUR 74 million)
AG Insurance repaid on 18 December 2013 the subordinated perpetual loan, initially contracted for an amount of EUR 150.0 million on 23 August 2004 and revalued at 49% (EUR 73.5 million) on 31 March 2010 in connection with the liquidation of Brussels Liquidation Holding NV.

At the same time, ageas SA/NV subscribed for an amount of EUR 350 million to subordinated bonds issued by AG Insurance NV (fixed-to-floating rate callable subordinated notes due 2044) issued on 18 December 2013.

1.2 Current assets (2013: EUR 1,461 million; 2012: EUR 1,222 million)

Own shares
(2013: EUR 92 million; 2012: EUR 140 million)
In connection with various share buy-back programmes, ageas SA/NV purchased 2,489,921 own shares for an amount of EUR 79 million in the course of 2013.

An additional 544,847 Ageas shares with a value of EUR 12 million were held to cover the restricted share plans for some members of staff and directors of the company.

Other short term investments (2013: EUR 1,314 million; 2012: EUR 785 million)

The Other short term investments include:

	2013	2012
Short-term investments	**1,314**	**785**
Government bonds	58	15
Corporate debt securities	200	0
Hybrone	36	0
Zero coupon bonds	250	0
Deposits	770	770

Liquid assets (2013: EUR 35 million; 2012: EUR 283 million)

The liquid assets relate to current accounts with banks.

2. LIABILITIES

2.1 Equity (2013: EUR 7,530 million; 2012: EUR 7,972 million)

Subscribed capital
(2013: EUR 1,728 million; 2012: EUR 2,042 million)

The decrease in subscribed capital is due to the cancellation of own shares (EUR 81 million) and the pay out of capital in relation to the sale of the BNP option (EUR 233 million).

Share premium reserve
(2013: EUR 2,852 million; 2012: EUR 2,968 million)

The decrease in share premium reserve is due to the cancellation of own shares.

Reserve not available for distribution
(2013: EUR 92 million; 2012: EUR 140 million)

The reserve not available for distribution relates to own shares held by ageas SA/NV.

Reserves available for distribution
(2013: EUR 3,391 million' 2012: EUR 3,924 million)

The decrease in the Reserves available for distribution is mainly explained by dividend pay outs.

Profit/loss carried forward

The 2013 financial year closed with a profit of EUR 570 million, which means the loss carried forward amounts to EUR (533) million.

2.2 Provisions (2013: EUR 370 million; 2012: EUR 171 million)

The movement in the provisions is explained by the expected higher settlement amount of RPN(I).

2.3 Amounts payable (2013: EUR 359 million; 2012: EUR 45 million)

The increase in the Amounts payable is mainly explained by amount payable to shareholders with regard to dividends for the 2013 financial year (EUR 311 million). In addition under the Accounts payable are included amounts payable related to legal advice (2013: EUR 13 million; 2012: EUR 3 million), Withholding tax (2013: EUR 3 million; 2012: nil) and dividends related to older years which were not settled yet (2013: EUR 24 million; 2012: EUR 28 million).

2.4 Accrued charges and deferred income (2013: EUR 11 million; 2012: EUR 6 million)

The composition of Accruals and deferred income mainly concerns provisions made with regard to the restricted share plans for some staff members and directors of the company.

3 Income statement

3.1 Financial income (2013: EUR 838 million; 2012: EUR 400 million)

Financial income includes dividends received from subsidiaries and equity associates (2013: EUR 594 million; 2012: EUR 200 million).

In 2013, also the capital gain on the call option on BNP Paribas shares is included (EUR 144 million) as well as the reversal of the loss (EUR 87 million) on the subordinated perpetual loan granted to AG Insurance NV (initially contracted for an amount of EUR 150.0 million on 23 August 2004) that, in connection with the liquidation of Brussels Liquidation Holding NV, was revalued at 49%. The full loan was repaid by AG Insurance on 18 December 2013.

3.2 Operating expenses (2013: EUR 261 million; 2012: EUR 23 million)

The components of operating expenses are as follows:

Services and miscellaneous goods..........EUR 47 million
Staff expenses..EUR 15 million
Reversal of amounts written down ....EUR (2) million
Provision RPN(I).......................................EUR 199 million
Other operating expenses........................EUR 2 million

4 Regulatory requirements

4.1 Information on circumstances that could profoundly influence the development of the company (art. 96, §3 Company Code)

There are no special circumstances that could profoundly influence the performance of the company.

4.2 Information on research and development (art. 96, §4 Company Code)

The company did not carry out any research and development activities.

4.3 Branches (art. 96, §5 Company Code)

As a consequence of the merger between ageas SA/NV and ageas NV in 2012 a branch was opened in the Netherlands (Ageas Dutch Branch).

4.4 Going Concern (art. 96, §6 Company Code)

In our opinion, there are no objective reasons why valuation principles based on the going concern concept cannot apply.

4.5 Other information that according to the Company Code should be included in the Annual Report (art. 96, §7 Company Code)

Discharge of the directors and external auditor (art. 554, §2 Company Code)

As prescribed by law and the articles of the company, we ask you to discharge the directors and external auditor from liability for their activities.

Special assignments carried out by the external auditor during 2013 (art. 134 §3 and §4 Company Code)

In 2013, the external auditor carried out an additional assignment in connection with the Embedded Value Review.

Other information

Forward-looking statements to be treated with caution

Some of the statements contained in this Annual Report, including but not limited to the statements made in the sections entitled Message to the Shareholders, Description of Activities and Report of the Board of Directors and in note 7 Risk management, refer to future expectations and other forward-looking perceptions that are based on management's current views, estimates and assumptions concerning future events. These forward-looking statements are subject to certain risks and uncertainties which means actual results, performance or events may differ substantially from what those statements express or imply, including but not limited to our expectations regarding the level of provisions relating to our credit and investment portfolios.

Other more general factors that may impact our results include but are not limited to:

- general economic conditions;
- changes in interest rates and the performance of financial markets;
- the frequency and severity of insured loss events;
- mortality, morbidity and persistency levels and trends;
- foreign exchange rates, including euro / US dollar exchange rate;
- changes in competitive and pricing environments, including increasing competition in Belgium;
- changes in domestic and foreign legislation, regulations and taxes;
- regional or general changes in asset valuations;
- occurrence of significant natural or other disasters;
- inability to economically reinsure certain risks;
- adequacy of loss reserves;
- regulatory changes relating to the insurance, investment and/or securities industries;
- changes in the policies of central banks and/or foreign governments;
- general competitive factors on a global, regional and/or national scale.

Availability of company documents for public inspection

The Articles of Association of ageas SA/NV can be inspected at the Registry of the Commercial Court in Brussels (ageas SA/NV) and at the companies' registered offices.

The Annual Report is filed with the National Bank of Belgium (ageas SA/NV). Resolutions on the (re)election and removal of Ageas Board Members are published in annexes to the Belgian Law Gazette (ageas SA/NV) and elsewhere.

Financial reports on the companies and notices convening AGMs and EGMs are published in the financial press, and other newspapers and periodicals. The Annual Report as well as a list of all participations of Ageas is available from Ageas's registered offices in Brussels and is also filed with the National Bank of Belgium. The Annual Report is sent each year to registered shareholders and to others on request.

Provision of information to shareholders and investors

Listed shares

Ageas shares are currently listed on NYSE Euronext Brussels and the Luxembourg Stock Exchange. Ageas also has a sponsored ADR programme in the United States. ageas SA/NV, VVPR strips were listed only on NYSE Euronext Brussels until 1 January 2013.

Types of shares

Shares in Ageas may be registered or bearer shares.

Dematerialisation and registration of bearer shares

Ageas offers its shareholders the opportunity to register their shares in dematerialised form. These registered shares remain dematerialised and are administered at no cost. Holders of registered shares may arrange, on request and free of charge, for their shares to be converted into bearer shares. Holders of bearer shares may arrange, on request and free of charge, for their shares to be dematerialised and registered. Ageas has devised a procedure for the rapid dematerialisation of shares, facilitating rapid delivery.

Corporate Administration ageas SA/NV

Rue du Marquis 1, 1000 Brussels, Belgium

Information and communication

Ageas sends out notices, including those relating to the quarterly and annual results, and to the Ageas Annual Report, free of charge to holders of both bearer shares and registered shares. Ageas sends all holders of both bearer and registered shares a personal invitation to attend the AGMs, and encloses the agenda, proposed resolutions and a form by means of which shareholders can nominate a proxy to vote on their behalf at the AGMs. When dividend becomes payable, Ageas automatically credits the dividend accruing to the holders of both bearer and registered shares to those bank accounts of which it has previously received details from the pertinent shareholders.

Glossary and Abbreviations

Amortised cost
The amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation/accretion of any premium/discount, and minus any write-down for impairment.

Asset backed security
A bond or a note backed by debt instruments (not being mortgages) or accounts receivable.

Associate
A company on which Ageas has significant influence but which it does not control.

Basis point (bp)
One hundredth of a percentage point (0.01%).

Cash-flow hedge
A hedge to mitigate exposure to fluctuations in the cash flow of a recognised asset or liability, or forecasted transaction, as a consequence of movements in variable rates or prices.

Clean fair value
The fair value excluding the unrealised portion of the interest accruals.

Clearing
Administrative settlement of securities, futures and options transactions through a clearing organisation and the financial institutions associated with it (clearing members).

Credit spread
The yield differential between government bonds and corporate bonds or credits.

Custody
An agreement, usually between an investor and a bank (or possibly an agent or a trust company), whereby the investor deposits for safekeeping securities, gold or other valuables with the bank, which in turn takes the valuables into safekeeping for a fee.

Deferred acquisition cost
The cost of acquiring new and renewed insurance business, principally commissions, underwriting, agency and policy issue expenses, all of which vary with and primarily are related to the production of new business.

Derivative
A financial instrument such as a swap, a forward, a future contract or an option (both written and purchased). This financial instrument has a value that changes in response to changes in various underlying variables. It requires little or no net initial investment, and is settled at a future date.

Disability insurance
Insurance against the financial consequences of long-term disability.

Discounted cash flow method
An approach to valuation, whereby projected future cash flows are discounted at an interest rate that reflects the time value of money and a risk premium that reflects the extra return investors demand for the risk that the cash flow might not materialise after all.

Discretionary participation feature
A contractual right to receive, as a supplement to guaranteed benefits, additional benefits:
(a) that are likely to be a significant portion of the total contractual benefits; (b) whose amount or timing is contractually at the discretion of the issuer; and (c) that are contractually based on: (i) the performance of a specified pool of contracts or a specified type of contract; (ii) realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or (iii) the profit or loss of the company, fund or other entity that issues the contract.

Embedded derivative
A derivative instrument that is embedded in another contract – the host contract. The host contract might be a debt or equity instrument, a lease, an insurance contract or a sale or purchase contract.

Employee benefits
All forms of considerations given by an entity in exchange for service rendered by employees, in addition to their pay or salary.

Fair value
The amount for which an asset (liability) can be bought (incurred) or sold (settled), between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge
A hedge of an exposure to changes in the fair value of a recognised asset or liability (or a portion thereof) or a firm commitment. The exposure is attributable to a particular risk and will affect reported net income.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Goodwill
This represents the amount by which the fair value of the assets acquired, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business, exceeds Ageas's interest in the fair value of assets acquired and liabilities and contingent liabilities assumed.

Gross written premiums
Total premiums (whether or not earned) for insurance contracts written or accepted during a specific period, without deduction for premiums ceded.

Hedge accounting
Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.

IFRS
International Financial Reporting Standards have been used as the standard for all listed companies within the European Union since 1 January 2005 to ensure transparent and comparable accounting and disclosure.

Impairment
A decline in value whereby the carrying amount of the asset exceeds the recoverable amount. In such a case, the carrying amount will be reduced to its recoverable amount through the income statement.

Insurance contract
A contract under which one party (Ageas) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Investment contract
A life insurance policy contract that transfers financial risk without transferring significant insurance risk.

Intangible asset
An identifiable non-monetary asset which 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.

Investment property
Property held by Ageas to earn rental income or for capital appreciation.

ISO Currency code list

AUD	Australia, Dollars
CAD	Canada, Dollars
CHF	Switzerland, Francs
CNY	China, Yuan Renminbi
DKK	Denmark, Kroner
GBP	Britain (United Kingdom), Pounds
HKD	Hong Kong, dollar
HUF	Hungary, Forint
INR	India, Rupee
MYR	Malaysia, Ringgits
PLN	Poland, Zloty
RON	Romania, Leu
SEK	Sweden, Kronor
THB	Thailand, Baht
TRY	Turkey, New Lira
TWD	Taiwan, New Dollars
USD	United States of America, Dollars
ZAR	South Africa, Rand

Market capitalisation
Value attributed to the company by the stock market. Market capitalisation corresponds to the number of shares outstanding multiplied by the share price at a given time.

NCI
Non-controlling Interest.

Net-investment hedge
A hedge used to reduce the financial risks of a reporting entity's share in the net assets of a foreign entity by entering into transactions that give an offsetting risk profile.

Notional amount
Amount of currency units, number of shares, a number of units of weight or volume or other units specified in a derivative contract.

Operating lease
A contract that allows the use of an asset in return for periodic payments, but does not convey rights similar to legal ownership of the asset and where the financial risks related to the asset are borne by the lessor.

Operating margin
Operating income divided by net premium. Operating income is the profit or loss stemming from all operations, including underwriting and investments.

Option
A privilege sold by one party to another that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed price during a certain period of time or on a specific date.

Private equity
Equity securities of companies that are not listed on a public exchange. Investors wishing to sell their stake in a private company have to find a buyer themselves owing to the lack of a marketplace.

Provision
Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the date of the statement of financial position.

Reverse repurchase agreement
The purchase of securities with an agreement to resell them at a higher price at a specific future date.

Shadow accounting
According to IFRS 4 an insurer is permitted, but not required, to change its accounting policies so that a recognised but unrealised gain or loss on an asset affects the measurement of the insurance liabilities. The related deferred adjustment to the insurance liability (or deferred acquisition costs or intangible assets) is recognised in equity only if the unrealised gains or losses are recognised directly in equity.

Securities lending transaction
A loan of a security from one counterparty to another who must eventually return the same security as repayment. The loan is often collateralised. Securities lending allows an entity in possession of a particular security to earn enhanced returns.

Structured credit instruments
Securities created by repackaging cash flows from financial contracts and encompassing asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDO).

Subordinated bond (loan)
A loan (or security) that ranks below other loans (or securities) with regard to claims on assets or earnings.

Subsidiary
Any company, of which Ageas, either directly or indirectly, has the power to govern the financial and operating policies so as to obtain the benefits from its activities (‘control’).

Trade date
The date when Ageas becomes a party to the contractual provisions of a financial asset.

Value of business acquired (VOBA)
The present value of future profits from acquired insurance contracts. VOBA is recognised as an intangible asset and amortised over the period in which the premiums or gross profits of the policies are recognised.

VaR
Abbreviation of value at risk. A technique which uses the statistical analysis of historical market trends and volatilities to estimate the likelihood that a given portfolio’s losses will exceed a certain amount.

Abbreviations

AFS	Available for sale
ALM	Asset and liability management
CASHES	Convertible and subordinated hybrid equity-linked securities
CDS	Credit default swap
CEU	Continental Europe
CGU	Cash generating unit
DPF	Discretionary participation features
EPS	Earnings per share
Euribor	Euro interbank offered rate
EV	Embedded value
FRESH	Floating rate equity linked subordinated hybrid bond
HTM	Held to maturity
IBNR	Incurred but not reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LAT	Liability Adequacy Test
MCS	Mandatory convertible securities
OTC	Over the counter
SPV	Special purpose vehicle
UK	United Kingdom

Ageas and ageas SA/NV
Rue du Marquis 1
1000 Brussels, Belgium
Telephone +32 (0) 2 557 57 11
Fax +32 (0) 2 557 57 50
Internet address: www.ageas.com
E-mail address: info@ageas.com