

**Ageasfinlux S.A.**  
**(formerly Fortfinlux S.A.)**

Annual accounts  
for the year ended  
December 31, 2010  
(with the report of the Réviseur  
d'Entreprises agréé thereon)

65, Bd. Grande-Duchesse Charlotte  
L-1331 Luxembourg  
**R.C.S.: Luxembourg B 86.976**

**AGEASFINLUX S.A.**  
**(formerly FORTFINLUX S.A.)**  
**Société Anonyme**  
**(the "Company")**  
**R.C. Luxembourg B 86 976**  
**65, Bd. Grande-Duchesse Charlotte, L-1331 Luxembourg**

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**Management report of the Board of Directors to the Annual General Meeting of  
Shareholders**

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Dear Shareholders,

With reference to the mandate given to us as Board of Directors, we are pleased to submit to you for approval the Company's annual accounts for the year ending December 31, 2010, as well as the accompanying audit report issued by KPMG Audit, Réviseur d'Entreprises agréé.

As at December 31, 2010, the total balance sheet total amounts to EUR 1,325,048,630.32 compared to EUR 1,335,478,970.24 as at December 31, 2009.

As at December 31, 2010 the Company shows a loss amounting to EUR 11,237,881.76 compared to a profit amounting to EUR 964,074.28 for the year ended December 31, 2009. The loss in 2010 is linked to a value adjustment of Ageas shares held.

The Company has issued an "Undated Floating Rate Equity-linked Subordinated Hybrid" (FRESH) on May 7, 2002 for a total amount of EUR 1,250,000,000. The FRESH pays an interest of EURIBOR-3 months plus a margin. The total interest charges on FRESH as at December 31, 2010 amount to EUR 26,733,224.65.

As a result of the events and developments occurred between May 2007 and October 2008 (capital increase and acquisition of parts of ABN Amro in October 2007, announcement of the accelerated solvency plan in June 2008, divestment of banking activities and Dutch insurance activities in September/October 2008) Fortis Insurance N.V., became involved in a number of legal proceedings as well as administrative and criminal investigations in Belgium and the Netherlands, some of which could result in substantial but currently unquantifiable future liabilities. Fortis Insurance N.V., who issued a convertible bond in which the Company invested, changed its name into Ageas Insurance N.V. in May 2010 and merged into Ageas Insurance International N.V. in December 2010. The legal proceedings could jeopardize the ability of Ageas Insurance International N.V. to service its obligations towards Ageasfinlux S.A..

The Company holds as investments 39,682,540 Ageas shares purchased at EUR 25.969 per share for a total of EUR 1,030,515,881. In 2008, a depreciation amounting in total to EUR 951,150,801 was recorded at year-end to bring the value to EUR 2.00 per share. As at December 31, 2010, it has been decided to take an additional impairment of EUR 11,507,937 due to the fact that the market value of the shares dropped to 1.71 per share at year end 2010.

These Ageas shares serve no other purpose than forming adequate collateral for the conversion rights, which can be exercised under the FRESH and are for that purpose pledged in favour of the FRESH holders.

Since the beginning of 2009, the Company and its ultimate parent companies Ageas SA/NV and Ageas NV were involved in legal proceedings initiated by some investors in respect of the



FRESH. Some investors in FRESH demanded the Commercial Court of Brussels to declare the issued securities null and void and asked for reimbursement of the nominal value of the securities. The Commercial Court of Brussels has upheld the position of Ageas in a verdict reached on February 11, 2011.

The Board of Directors finally notes the change of name of the Company from FORTFINLUX S.A. into AGEASFINLUX S.A. that took place on July 2, 2010.

The Company did not acquire any of its own shares during the period under review.

The Company has no activity relating to the Research and Development as at December 31, 2010.

The Company has no branch as at December 31, 2010.

The activities undertaken by the Company are in line with the corporate objects.

On January 13, 2011, during a general meeting, the shareholders have accepted the resignation of Mr. Paul Goris and granted him full and entire discharge for the performance of his mandate. On the same date the shareholders have appointed the following directors:

- Mrs. Virginie Dohogne;
- Mr. David Sana.

The Board of Directors examined the annual accounts, as at December 31, 2010, of the Company on April 1, 2011 and authorized their publication.

Moreover, the Board of Directors decides to propose to the Shareholders' General Meeting the following allocation:

Loss as of December 31, 2010	EUR	(11,237,881.76)
<u>Loss carried forward</u>	<u>EUR</u>	<u>(949,124,200.79)</u>
<u>Total loss</u>	<u>EUR</u>	<u>(960,362,082.55)</u>
Loss to carry forward	EUR	(960,362,082.55)

According to article 4 of the Law dated December 10, 2010, the Board of Directors has taken the decision not to apply, for the financial year ending 31 December, 2010, the modifications brought by this law to the content and presentation of the financial statements, as well as to the relative accounting principles and management report.

The Board of Directors particularly draw the shareholders' attention to the fact that the total loss exceeds the share capital and that the resolution regarding the continuation of the company's activities in accordance with article 100 of the commercial law has to be passed.

The Board of Directors of the Company declares that, to its knowledge, the annual accounts at December 31, 2010 of the Company give a faithful and honest image of the assets and liabilities, financial position and profits or losses of the Company. The management report presents the evolution accurately, the results and the situation of the Company and a description of the principal risks and uncertainties with which they are confronted.

We kindly invite you to approve the attached annual accounts at December 31, 2010, and to simultaneously render full discharge to the board members with reference to the performance of their duties during the financial period under review.

Luxembourg, April 1, 2011

# Ageasfinlux S.A.

Balance sheet  
as at December 31, 2010  
(expressed in EUR)

	Notes	2010	2009
<b>ASSETS</b>			
Fixed assets			
Financial assets			
Loans to affiliated undertakings	3	1,250,000,000	1,250,000,000
Securities held as fixed assets	4	67,857,143	79,365,080
		<u>1,317,857,143</u>	<u>1,329,365,080</u>
Current assets			
Debtors			
Amounts owed by affiliated undertakings becoming due and payable within one year	7	4,506,591	3,815,170
Cash at bank		2,682,096	2,294,170
		<u>7,188,687</u>	<u>6,109,340</u>
Prepayments and accrued income		2,800	4,550
		<u><u>1,325,048,630</u></u>	<u><u>1,335,478,970</u></u>
<b>LIABILITIES</b>			
Capital and reserves	5		
Subscribed capital	5.1	127,794,758	127,794,758
Reserves	5.2		
Other reserves		902,808,123	902,808,123
Loss brought forward		(949,124,200)	(950,088,274)
(Loss)/profit for the financial year		(11,237,882)	964,074
		<u>70,240,799</u>	<u>81,478,681</u>
Provisions for liabilities and charges			
Provisions for taxation		338,308	215,962
Creditors			
Convertible bonds			
becoming due and payable after more than one year	4	1,250,000,000	1,250,000,000
Other creditors			
becoming due and payable within one year	6	4,469,522.86	3,784,327
		<u>1,254,469,523</u>	<u>1,253,784,327</u>
		<u><u>1,325,048,630</u></u>	<u><u>1,335,478,970</u></u>

The accompanying notes form an integral part of these annual accounts.

# Ageasfinlux S.A.

Profit and loss account  
for the year ended December 31, 2010  
(expressed in EUR)

	Notes	2010	2009
<b>CHARGES</b>			
Other external charges	8	63,165	84,041
Value adjustments in respect of financial assets and of transferable securities held as current assets	4	11,507,937	-
Interest payable and similar charges			
other interest payable and charges	6	26,733,970	37,558,682
Tax on profit		106,031	104,717
Other taxes not shown under the above items		16,317	-
Profit for the financial year		-	964,074
		<u>38,427,420</u>	<u>38,711,514</u>
<b>INCOME</b>			
Other operating income		4,796	-
Other interest receivable and similar income			
derived from affiliated undertakings	7	27,170,719	38,696,639
other interest receivable and similar income		14,023	14,875
Loss for the financial year		11,237,882	-
		<u>38,427,420</u>	<u>38,711,514</u>

The accompanying notes form an integral part of these annual accounts.



# **Ageasfinlux S.A.**

Notes to the annual accounts  
for the year ended December 31, 2010

## **1 General**

Ageasfinlux S.A. (the "Company") is a Luxembourg company, which was incorporated on April 22, 2002 under the laws of Luxembourg as a Société Anonyme.

On July 2, 2010, the Company changed its name from Fortfinlux S.A. to Ageasfinlux S.A..

The Company has its register address at 65, Bd Grande-Duchesse Charlotte, L-1331 Luxembourg and is registered at the Luxembourg Commercial Register under number R.C.S Luxembourg n° B 86.976. The financial year starts on January 1<sup>st</sup> and is ended on December 31.

The object of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, the possession, the administration, the development and the management of its portfolio.

The Company's accounts are included within the consolidated accounts of the Ageas Consortium, composed of Ageas SA/NV, with registered office at Rue Royale 20, B-1000 Brussels, and Ageas N.V., with registered office at Archimedeslaan 6, NL-3584 BA Utrecht. The consolidated accounts are available at each of the above-mentioned addresses.

## **2 Significant accounting policies**

The annual accounts are prepared in accordance with legal and regulatory requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg.

Where necessary, certain prior year figures have been reclassified to conform with the current year's presentation for comparative purposes.

### **2.1 Currency conversion**

The subscribed capital of the Company is expressed in euro ("EUR") and these annual accounts are established in EUR.

During the year, transactions, income and expenses in currencies other than EUR were converted using the exchange ruling at the transaction date.

Fixed assets are converted at the historic rate. All other assets and liabilities expressed in foreign currencies are translated into EUR at the rates of exchange in effect at the balance sheet date.

Realised results and unrealised losses on unmatched foreign exchange positions are taken to the profit and loss account.

### **2.2 Financial assets**

Financial assets are stated at historical cost less any durable losses. Dividends are recognised when received.

## **Ageasfinlux S.A.**

Notes to the annual accounts  
for the year ended December 31, 2010  
(continued)

### **2.3 Debtors**

Debts are valued at lower of nominal value or estimated net recovery value. Appropriate value adjustments are made against specific debts where, in the opinion of the Board of Directors, these debts have a risk attached to their ultimate recoverability.

### **2.4 Creditors**

Creditors are valued at the higher of nominal or repayment value.

### **2.5 Interest income and expenses**

Interest income and expenses are recorded on an accrual basis.

## **3 Loans to affiliated undertakings**

Loans were granted to Fortis Insurance N.V., which changed name into Ageas Insurance N.V. in May 2010 and merged into Ageas Insurance International N.V. in December 2010 (all these entities are affiliated undertakings); the loans are therefore analysed as follows:

<b>Issue date</b>	<b>Name of the Company</b>	<b>Nominal EUR</b>	<b>Interest rate</b>	<b>Duration</b>
May 7, 2002	Ageas Insurance International N.V.	1,250,000,000	Euribor – 3 months + margin of 1.385%	No maturity date

As a result of the events and developments occurred between May 2007 and October 2008 (capital increase and acquisition of parts of ABN Amro in October 2007, announcement of the accelerated solvency plan in June 2008, divestment of banking activities and Dutch insurance activities in September/October 2008) Fortis Insurance N.V., became involved in a number of legal proceedings as well as administrative and criminal investigations in Belgium and the Netherlands, some of which could result in substantial but currently unquantifiable future liabilities. The legal proceedings could jeopardize the ability of Ageas Insurance International N.V. to service its obligations towards Ageasfinlux S.A..



## Ageasfinlux S.A.

Notes to the annual accounts  
for the year ended December 31, 2010  
(continued)

### 4 Securities held as fixed assets and convertible bonds becoming due and payable after more than one year

Securities held as fixed assets are analysed as follows (in EUR):

	2010	2009
Purchase price	1,030,515,881	1,030,515,881
Value adjustment at the beginning of the year	(951,150,801)	(951,150,801)
Additions	(11,507,937)	-
Value adjustment at the end of the year	<u>(962,658,738)</u>	<u>(951,150,801)</u>
Net book value at the end of the year	<u>67,857,143</u>	<u>79,365,080</u>
Market value at the end of the year	<u>67,857,143</u>	<u>104,087,302</u>

Ageasfinlux S.A. has issued "Undated Floating Rate Equity-linked Subordinated Hybrid" (FRESH) on May 7, 2002 for a total amount of EUR 1,250,000,000. The FRESH pays an interest of EURIBOR-3 months plus a margin of 1.35%. The total interest charges on FRESH as at December 31, 2010 amount to EUR 26,733,225 (2009: EUR 37,557,920).

The FRESH are listed on the Luxembourg Stock Exchange.

Each of the FRESH shall be exchangeable at any time only against one Ageas share at an initial Exchange Price equal to EUR 31.5 per Ageas share, in aggregate 39,682,540 shares.

Ageasfinlux S.A. holds, in investments, 39,682,540 Ageas shares purchased at EUR 25.969 per share for a total of EUR 1,030,515,881. These shares are pledged in favor of the FRESH investors. During 2008, this investment was impaired by an amount of EUR 951,150,801 to reach a residual book of EUR 2 per share.

All FRESH outstanding shall automatically be exchanged for Ageas shares at the Exchange Price if, at any time after the seventh anniversary of the issue date, the weighted average price of an Ageas share equals or exceeds EUR 47.25 for 20 consecutive stock exchange business days.

These Ageas shares serve no other purpose than forming adequate collateral for the conversion rights, which can be exercised under the FRESH and are for that purpose pledged in favor of the FRESH holders. The Board of Directors has decided that a depreciation amounting to EUR 11,507,937 was required at 2010 year-end to bring the value to EUR 1.71 - per share which corresponds to the share price at the end of 2010.



## Ageasfinlux S.A.

Notes to the annual accounts  
for the year ended December 31, 2010  
(continued)

### 5 Capital and reserves

Changes in capital and reserves during the year ended December 31, 2010 are as follows (in EUR):

	Subscribed capital	Other reserves	Result brought forward	Result for the year	Total
Capital and reserves as at December 31, 2009	127,794,758	902,808,123	(950,088,274)	964,074	81,478,681
Allocation of the result for the year 2009	-	-	964,074	(964,074)	-
Result for the year 2010	-	-	-	(11,237,882)	(11,237,882)
Capital and reserves as at December 31, 2010	<u>127,794,758</u>	<u>902,808,123</u>	<u>(949,124,200)</u>	<u>(11,237,882)</u>	<u>70,240,799</u>

The allocation of the result for 2009 was approved by the Annual General Meeting of Shareholders held on June 30, 2010.

#### 5.1 Subscribed capital

The subscribed and fully paid capital of EUR 127,794,758 consists of 103,060,288 shares with a par value of EUR 1.24 each.

#### 5.2 Reserves

##### *Legal reserve*

Luxembourg law states that a company must appropriate annually to a legal reserve at least 5% of its statutory net profits until the aggregate reserve equals 10% of the subscribed share capital. Such reserve is not available for distribution.

##### *Other reserves*

Other reserves correspond to an unrestricted special reserve constituted by the Extraordinary Shareholder's meeting dated September 5, 2002.

### 6 Other interest payable and charges

Interest expense on convertible bonds issued amount to EUR 26,733,224 (2009: EUR 37,557,920), of which EUR 4,438,356 (2009: EUR 3,749,932) are accrued at year-end.

## **Ageasfinlux S.A.**

Notes to the annual accounts  
for the year ended December 31, 2010  
(continued)

### **7 Other interest receivable and similar income**

Interest income on loans granted to affiliated undertakings amount to EUR 27,170,719 (2009: EUR 38,696,639), of which EUR 4,503,082 (2009: EUR 3,813,459) are accrued at year-end.

### **8 Fees billed by KPMG Audit S.à.r.l., Luxembourg and other member firms of the KPMG network**

Fees billed (excluding VAT) to the Company by KPMG Audit S.à.r.l., Luxembourg and other members firms of the KPMG network during the financial year are as follows:

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
Audit fees PWC	-	15,525
Audit fees KPMG	<u>21,632</u>	<u>26,450</u>
	<u>21,632</u>	<u>41,975</u>

PricewaterhouseCoopers (PWC) audit fees have been disclosed as they were the previous auditor of the Company.

Such fees are presented under other external charges in the profit or loss account.



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To the Shareholders of  
Ageasfinlux S.A. (formerly Fortfinlux S.A.)  
65, Boulevard Grande-Duchesse Charlotte  
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## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### *Report on the annual accounts*

Following our appointment by the General Meeting of the Shareholders dated June 30, 2009, we have audited the accompanying annual accounts of Ageasfinlux S.A., which comprise the balance sheet as at December 31, 2010 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the Réviseur d'Entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 entity'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 annual accounts.

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



*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of Ageasfinlux S.A. as of December 31, 2010, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

*Emphasis of matter*

Without qualifying our opinion, we draw attention to note 3 to the annual accounts which describes the uncertainty related to the outcome of the legal proceedings as well as the administrative and criminal investigations against Ageas Insurance International N.V.. The outcome of these legal proceedings and investigations could jeopardize the ability of Ageas Insurance International N.V. to service its obligations towards Ageasfinlux S.A.. No value adjustment has been booked as at December 31, 2010.

*Report on other legal and regulatory requirements*

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

Luxembourg, April 15, 2011

KPMG Audit S.à r.l.  
Cabinet de révision agréé



E. Dollé