



Consolidated Financial Statements

for the year ended 31 December 2013

(in EUR millions)

Contents

Consolidated statement of financial position	4
Consolidated income statement	5
Consolidated statement of comprehensive income	6
Consolidated statement of changes in equity	7
Consolidated cash flow statement.....	8

General Notes

1	Summary of significant accounting policies	11
1.1	Basis of presentation	11
1.2	New accounting standards and accounting changes	11
1.3	Forthcoming changes in IFRS	13
1.4	Use of estimates	14
1.5	Basis of consolidation	14
1.6	Measurement bases	16
1.7	Fair value of financial instruments	21
1.8	Changes in foreign exchange rates	23
1.9	Revenue recognition	24
2	Reporting entity	26
2.1	Shareholders	26
2.2	Acquisitions and disposals	27
3	Capital management	30
3.1	Shareholders' equity	30
3.2	Non-controlling interests	32
3.3	Subordinated liabilities	33
3.4	Supervision and Solvency	34
4	Treasury and liquidity	36
4.1	Cash and cash equivalents	36
4.2	Cash flows	36
4.3	Liquidity	37
4.4	Currency exposure	38
5	Information on segments	39
6	Risk management	42
6.1	The objectives of risk management	42
6.2	Organisation and governance	43
6.3	The risk management framework	44
6.4	Risk assessment	46
7	Governance	55
7.1	Remuneration of the members of the Board of Directors	55
7.2	Related parties	55
7.3	Remuneration of auditors	58
8	Employee benefits	59
8.1	Post-employment benefits	60
8.2	Other long-term employee benefits	64
8.3	Termination benefits	64

Notes to the consolidated statement of financial position

9	Financial investments	66
9.1	Investments held to maturity	69
9.2	Investments available for sale	70
9.3	Investments held at fair value through profit or loss	73
9.4	Derivatives held for trading (assets)	75
10	Derivatives	76
11	Investment property	79
12	Loans	82
13	Investments in associates	85
14	Reinsurance and other receivables	86
15	Accrued interest and other assets	87
16	Property held for own use	88
17	Intangible assets	91
18	Liabilities arising from Life insurance contracts	93
19	Liabilities arising from Life investment contracts	94
20	Liabilities arising from Unit-linked contracts	95
21	Liabilities arising from Non-life insurance contracts	96
22	Borrowings	98
23	Deferred tax assets and liabilities	100
24	Other liabilities	102
25	Provisions	103
26	Fair value of financial assets and financial liabilities	104

Notes to the consolidated income statement

27	Insurance premiums	106
28	Interest and other investment income	109
29	Realised and unrealised gains and losses	110
30	Investment income arising from unit-linked contracts	111
31	Share of result of associates	112
32	Fee and commission income	113
33	Other income	114
34	Insurance claims and benefits	115
35	Finance costs	116
36	Change in impairments	117
37	Fee and commission expenses	118
38	Staff expenses	119
39	Other expenses	120
40	Income taxes	121
41	Share of results of non-controlling interests	123

Notes to items not recognised on the consolidated statement of financial position

42	Collateral and commitments given	125
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The Board of Directors has approved these 2013 Consolidated Financial Statements for distribution on 13 March 2014

Consolidated statement of financial position

	Note	31 December 2013	31 December 2012 restated	31 December 2011 restated
Assets				
Cash and cash equivalents	4	685,9	889,0	1.871,2
Financial investments	9	49.268,0	50.118,9	43.595,6
Investment property	11	2.332,3	2.391,6	2.020,9
Loans	12	4.712,0	3.748,2	2.879,0
Investments related to unit-linked contracts		6.399,9	6.035,2	5.894,3
Investments in associates	13	305,8	127,5	150,8
Reinsurance and other receivables	14	782,8	736,6	680,2
Current tax assets	23	52,6	1,0	118,7
Deferred tax assets	23	17,7	18,1	27,8
Accrued interest and other assets	15	1.522,3	1.489,1	1.476,3
Property held for own use	16	1.001,2	1.035,8	1.034,6
Intangible assets	17	351,9	364,9	357,5
Assets held for sale				
Total Assets		67.432,3	66.955,8	60.106,8
Liabilities				
Liabilities arising from life insurance contracts	18	22.071,8	21.886,3	20.720,5
Liabilities arising from life investment contracts	19	24.695,5	24.781,1	22.478,2
Liabilities arising from unit-linked contracts	20	6.399,9	6.035,2	5.894,3
Liabilities arising from non-life insurance contracts	21	3.552,3	3.405,7	3.195,9
Subordinated liabilities	3	1.177,1	896,5	894,5
Liabilities held for trading		4,5		
Borrowings	22	1.907,3	1.657,7	1.787,9
Current tax liabilities	23	39,3	20,0	34,4
Deferred tax liabilities	23	1.045,3	1.249,3	341,7
Other liabilities	24	1.497,7	1.572,1	1.480,1
Provisions	25	16,5	23,5	15,6
Liabilities related to assets held for sales				
Total Liabilities		62.407,2	61.527,3	56.843,2
Shareholder's equity	3	4.902,0	5.299,1	3.136,0
Non-controlling interests	3	123,0	129,5	127,6
Total Equity		5.025,1	5.428,6	3.263,6
Total Liabilities and Equity		67.432,3	66.955,8	60.106,8

The accompanying Notes are an integral part of these Consolidated Financial Statements

Consolidated income statement

	Note	2013	2012
Income			
Gross written premiums		5.393,5	6.403,2
Change in unearned premium reserve		-3,8	-7,5
Ceded earned premiums		-70,3	-57,5
Earned premiums, net of reinsurance	27	5.319,5	6.338,2
Interest and other investment income	28	2.498,1	2.465,2
Realised and unrealised gains and losses	29	162,2	268,7
Investment income related to unit-linked contracts	30	377,1	608,4
Share of result of associates	31	-1,7	-0,3
Fee and commission income	32	95,9	100,9
Other income	33	125,9	159,4
Total income		8.577,0	9.940,5
Expenses			
Insurance claims and benefits, gross		-5.718,3	-6.730,1
Insurance claims and benefits, ceded		26,2	32,2
Insurance claims and benefits, net of reinsurance	34	-5.692,1	-6.697,9
Charges related to unit-linked contracts		-388,5	-628,6
Finance costs	35	-97,5	-100,3
Change in impairments	36	-46,6	-101,3
Change in provisions		-1,0	-6,8
Fee and commission expense	37	-624,7	-633,8
Staff expenses	38	-474,0	-447,4
Other expenses	39	-639,1	-663,3
Total expenses		-7.963,5	-9.279,4
Profit before income taxes		613,5	661,1
Income tax expense	40	-161,5	-223,6
Net profit for the period		452,1	437,4
Less: net profit attributable to non-controlling interests	41	-5,5	-4,8
Net profit attributable to shareholders		446,6	432,6

The accompanying Notes are an integral part of these Consolidated Financial Statements

Consolidated statement of comprehensive income

	Note	2013	2012 restated
Net profit attributable to shareholders		446,6	432,6
Items that subsequently will not be reclassified to profit or loss:			
Remeasurement of defined benefit liabilities	8	24,0	-50,2
Income tax		-8,2	17,0
Items that subsequently will not be reclassified to profit or loss, net		15,8	-33,2
Items that subsequently may be reclassified to profit or loss:			
Changes in revaluation of investments available for sale	9	-1.212,4	4.037,1
Changes in shadow accounting	18-19-21	741,0	-1.414,4
Changes in revaluation of cash-flow hedges		8,9	-10,4
Changes in revaluation originating at associates		1,4	3,8
Changes in revaluation of investments held to maturity	9	0,4	0,4
Other changes			0,3
Income tax		226,3	-856,3
Items that subsequently may be reclassified to profit or loss, net		-234,3	1.760,5
Other comprehensive income for the period		-218,5	1.727,2
Less: comprehensive income attributable to non-controlling interests		-0,2	3,3
Other comprehensive income for the period, attributable to shareholders		-218,6	1.730,5
Total comprehensive income for the period, attributable to shareholders		228,0	2.163,1

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Consolidated statement of changes in equity

	Share capital	Share premium reserve	Retained earnings	Unrealised gains and losses	Shareholders' equity	Non-controlling interests	Total equity
Balance on 1 January 2012, as previously reported	526,6	231,5	1.948,9	467,8	3.174,8	127,6	3.302,4
IAS 19 R restatement				-38,7	-38,7		-38,7
Balance on 1 January 2012, restated	526,6	231,5	1.948,9	429,1	3.136,1	127,6	3.263,7
Net profit			432,6		432,6	4,8	437,4
Other comprehensive income, restated				1.730,5	1.730,5	-3,3	1.727,2
Total comprehensive income			432,6	1.730,5	2.163,1	1,5	2.164,6
Dividends						-5,5	-5,5
Acquisitions and other changes			-0,1		-0,1	5,8	5,7
Total contributions by (distributions to) owners			-0,1		-0,1	0,3	0,2
Balance on 31 December 2012, restated	526,6	231,5	2.381,4	2.159,7	5.299,1	129,5	5.428,6
Net profit			446,6		446,6	5,5	452,1
Other comprehensive income				-218,6	-218,6	0,2	-218,5
Total comprehensive income			446,6	-218,6	228,0	5,6	233,6
Dividends			-624,5		-624,5	-5,7	-630,2
Acquisitions and other changes			-0,6		-0,6	-6,3	-6,9
Total contributions by (distributions to) owners			-625,1		-625,1	-12,0	-637,1
Balance on 31 December 2013	526,6	231,5	2.202,9	1.941,0	4.902,0	123,0	5.025,1

The accompanying Notes are an integral part of these Consolidated Financial Statements

Consolidated cash flow statement

	Note	2013	2012
Profit before taxation		613,5	661,1
Adjustments to non-cash items included in profit before taxation:			
(Un)realised gains (losses)	29	-152,7	-275,1
Share of profits in associates	41	1,7	0,3
Depreciation, amortisation and accretion	39	587,2	570,5
Impairments	36	46,6	101,3
Provisions	25	1,0	6,8
Changes in operating assets and liabilities:			
Derivatives held for trading (assets and liabilities)	10	31,5	-20,4
Loans	12	-805,8	-874,6
Reinsurance and other receivables	14	-42,5	-48,4
Investments related to unit-linked contracts		-364,7	-140,9
Borrowings	22	250,4	-148,0
Liabilities arising from insurance and investment contracts	18-19-21	256,9	3.533,4
Liabilities related to unit-linked contracts	20	340,6	283,3
Net changes in all other operational assets and liabilities		52,8	-2.026,1
Dividend received from associates		6,8	1,6
Income tax paid		-152,4	-52,1
Cash flow from operating activities		670,9	1.572,8
Purchases of financial investments	9	-5.012,6	-11.320,2
Proceeds from sales and redemptions of financial investments	9	4.778,4	9.026,3
Purchases of investment property	11	-212,0	-269,5
Proceeds from sales of investment property	11	116,3	123,0
Purchases of property, plant and equipment	16	-69,9	-52,8
Proceeds from sales of property, plant and equipment	16	3,0	0,6
Acquisition of subsidiaries and associates	3	-204,8	-84,0
Divestments of subsidiaries and associates	3	118,2	56,6
Purchases of intangible assets	17	-17,8	-31,3
Proceeds from sales of intangible assets			0,1
Cash flow from investing activities		-501,2	-2.551,2
Proceeds from the issuance of subordinated liabilities		869,6	
Payment of subordinated liabilities		-562,2	
Proceeds from the issuance of other borrowings	22	4,7	8,0
Payment of other borrowings	22	-54,7	-6,2
Dividends paid to parent company shareholders		-624,5	
Dividends paid to non-controlling interests		-5,7	-5,5
Cash flow from financing activities		-372,8	-3,7
Net increase (decrease) of cash and cash equivalents		-203,1	-982,1
Cash and cash equivalents on 1 January	4	889,0	1.871,2
Cash and cash equivalents on 31 December	4	685,9	889,0

The accompanying Notes are an integral part of these Consolidated Financial Statements

<i>Supplementary disclosure of operating cash flow information</i>	<i>Note</i>	<i>2013</i>	<i>2012</i>
Interest received	28	1.966,8	1.913,9
Dividend received from financial investments	28	83,2	67,6
Interest paid	28	-107,1	-105,1

The accompanying Notes are an integral part of these Consolidated Financial Statements

General Notes

1 Summary of significant accounting policies

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for fiscal year ended 31 December 2013, as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

We did not need using the carve-out option set by the EU, which would have allowed us to exclude certain hedge accounting principles required by IAS 39.

IFRS 10, IFRS 11, IFRS 12 and amendments to IAS 27 and IAS 28 are effective as of 1 January 2013. Although having endorsed these standards and amendments, the EU postponed to 1 January 2014 the deadline for implementation, while allowing early adoption. While we do not expect these standards to affect the Consolidated Financial Statements in any significant way, we nevertheless have opted to implement these standards formally as of 1 January 2014.

1.1 Basis of presentation

We have prepared the Consolidated Financial Statements on a going concern basis. We present the Consolidated Financial Statements in (millions of) euros, our functional currency.

The following IFRS are particularly relevant to our activities:

- IFRS 4 for insurance contract liabilities
- IAS 39 (as endorsed by the EU) for financial instruments
- IFRS 7 for the disclosure of financial instruments
- IAS 23 for loans
- IAS 40 for investment property
- IAS 16 for property held for own use
- IAS 38 for intangible assets
- IAS 36 for impairments
- IFRS 13 for fair values

Other than the change in accounting policy on defined benefit plans required by IAS 19 Revised, as further discussed in the next heading, all accounting policies are consistent with those applied last year.

1.2 New accounting standards and accounting changes

In the following paragraphs, we provide an overview of the relevant new or revised standards, interpretations and amendments endorsed by the EU that became effective as of 1 January 2013:

IAS 19 Employee Benefits

The IASB amended and reissued IAS 19 in June 2011. Significant changes in the revised standard include the elimination of the 'corridor method', the introduction of a new approach to calculating and presenting defined benefit liabilities in 'Other comprehensive income', and the recognition of taxes on future premiums in the defined benefit obligation.

Furthermore, the revised IAS 19 introduces the requirement to align the expected return on plan assets and the discount rate of the defined benefit liability to a high-quality corporate bond rate, instead of our best estimate. Since most of our plan assets are non-qualifying, the impact of this change is not significant.

The standard required a retrospective application of the changes. Accordingly, we have restated the 2012 amounts in these Consolidated Financial Statements.

The impact of the change on prior year amounts initially reported in the Statement of financial position is as follows:

<i>Increase (decrease)</i>	<i>31 December 2012</i>	<i>31 December 2011</i>
Defined benefit assets	-5,3	-5,2
Total assets	-5,3	-5,2
Shareholders' equity	-71,9	-38,7
Deferred income tax liabilities	-37,0	-20,0
Defined benefit liabilities	103,5	53,6
Total liabilities and shareholders' equity	-5,3	-5,2

We have not restated the 2012 income statement, the impact of the change not being significant.

IFRS 7 Financial Instruments – Disclosures

IAS 32 Financial Instruments

The IASB amended both IFRS 7 and IAS 32 in December 2011 to improve disclosures in netting arrangements associated with financial assets and financial liabilities. The impact on these Consolidated Financial Statements is not significant.

IFRS 13 Fair Value Measurement

This standard applies to other IFRS that require or permit fair value measurements or disclosures. It provides a single IFRS framework measuring fair value and requires additional disclosures about fair value measurement. More particularly, the standard defines fair value based on an 'exit price' notion and uses a fair value hierarchy resulting in a market-based rather than entity-specific measurement. The hierarchy categorises the inputs used in valuation techniques in three levels:

- Level one inputs: quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date
- Level two inputs: inputs (other than quoted prices used in level one) that are observable for the asset or liability, either directly or indirectly
- Level three inputs: unobservable inputs for the asset or liability

This standard has not significantly affected fair value measurements but has resulted in additional disclosures relating to fair value measurements for property (both investment property and property for own use) and intangible assets.

1.3 Forthcoming changes in IFRS

We will apply the new or revised IFRS standards detailed below from 1 January 2014 onwards. Overall, we do not expect these changes to have any significant impact on the Consolidated Financial Statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements outlines the requirements for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It defines the principle of control and establishes control as the determining factor in whether an entity should be included within the financial statements of the parent company.

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities.

We do not expect this IFRS to affect the consolidation scope significantly.

IFRS 11 Joint Arrangements

IFRS 11 Joint Arrangements establishes financial reporting principles for investors in joint arrangements. The core principle is that a party to a joint arrangement determines the type of arrangement in which it is involved by assessing its rights and obligations, and accounts for those rights and obligations accordingly.

IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers.

We do not expect this IFRS to affect significantly the way that we report joint arrangements in our Consolidated Financial Statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the disclosure requirements for all forms of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities. Its objective is to require an entity with any such interests to disclose information that enables users of financial statements to evaluate:

- the nature of, and risks associated with, its interests in other entities;
- the effects of those interests on its financial position, financial performance and cash flows.

This standard tends to integrate the disclosure requirements on interests in other entities, currently included in several standards, and present those requirements in a single IFRS.

We expect this standard to enhance disclosure requirements only.

IFRIC Interpretation 21 — Levies

This interpretation addresses how an entity should account for liabilities to pay levies imposed by governments (other than income taxes), particularly when the entity should recognise a liability for a levy.

We expect this interpretation to have no effect on our annual financial statements.

1.4 Use of estimates

The preparation of our Consolidated Financial Statements in accordance with IFRS requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the reported amounts of revenues and expenses during the reporting period. In general, we have used consistent estimates and methods since the introduction of IFRS in 2005. Each estimate carries a significant risk of material adjustment (positive or negative) to the carrying amounts of assets and liabilities during the next year.

Significant estimates and assumptions affect the specific items listed below.

- Insurance contract liabilities:
 - Life:
 - actuarial assumptions
 - prospective yield curve used in liability adequacy test
 - Non-life:
 - liabilities for (incurred but not reported) claims
 - ultimate claim settlement expense
- Financial instruments:
 - Level 2 fair value:
 - valuation model
 - inactive markets
 - Level 3 fair value:
 - valuation model
 - unobservable inputs
 - inactive markets
- Property: useful life and residual value
- Deferred tax assets: amount and timing of future taxable income
- Defined benefit pension obligations
 - Actuarial assumptions
 - Discount rate
- Provisions: best estimate

The notes to the Consolidated Financial Statements provide a detailed description of these estimates and assumptions and their effect on reported figures.

1.5 Basis of consolidation

The Consolidated Financial Statements include the accounts of AG Insurance sa-nv, the parent company, and its subsidiaries.

Subsidiaries are entities which financial and operating policies AG Insurance substantively controls, either directly or indirectly. When assessing control, we consider the existence and effect of potential voting rights that are substantive in nature, even if we have yet to exercise these rights.

We consolidate subsidiaries as of the date that effective control transfers to us, until the date that control ceases.

We recognise any gains or losses on the sale of a portion of ownership interest in a subsidiary:

- as equity transaction (i.e. transaction with owners in their capacity as owner), if there is no change in control, or
- in the income statement, calculated on the total participation, if there is loss of control. We then measure the residual interest of the participation at fair value at the time we lose control.

We set up, market and manage investment funds that represent a significant share of our unit-linked business. We manage these funds according to narrowly defined parameters set out in the investment mandate, in compliance with all applicable laws, rules and regulations. While the interests we hold in these funds expose us to variable returns, our remuneration is commensurate with services rendered, and our fee structure is market-based. We nevertheless remain exposed to significant insurance risk resulting from the death covers we provide in these products. Accordingly, we recognise the investments in these funds on the Statement of financial position where we measure these funds at fair value.

Non-controlling interests in the net assets and net results of consolidated subsidiaries show up separately on the Statement of Financial Position and Income Statement. On the acquisition date, we measure non-controlling interests at the fair value of the non-controlling interests' share of net assets or the present ownership's instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. We make the most appropriate accounting policy choice on a transaction-by-transaction basis. Subsequent to the acquisition date, non-controlling interests include the amount calculated on the acquisition date and the non-controlling interests' share of changes in equity since the acquisition date.

Investments in entities in which we do not have full control are accounted for using the equity method.

We eliminate all significant intercompany transactions (balances and gains and losses on transactions between group entities).

1.6 Measurement bases

1.6.1 Financial assets

Classification

We determine the appropriate classification of financial assets on the acquisition date. Accordingly, we classify as:

- Held-to-maturity: debt securities that we intend and are able to hold until maturity and that we do not classify in another category.
- Available-for-sale: listed securities that we intend to hold for an indefinite period and which we nevertheless may sell in response to liquidity needs or changes in interest rates, exchange rates or equity prices.
- Loans and receivables: unquoted debt securities that we have, upon initial recognition, not designated as held-for-trading or as available-for-sale.
- Financial assets held at fair value through profit or loss:
 - Financial assets acquired for unit-linked contracts on behalf of policyholders. We designate these as held at fair value upon initial recognition.
 - Derivatives other than those we designate and that are effective as hedging instruments. We classify these as held-for-trading.

Measurement

We measure held-to-maturity investments at amortised cost less allowances for impairment. At initial recognition, we measure held-to-maturity investments at fair value including transaction costs and initial premiums or discounts. We record revenue using the effective interest rate method and recognise periodic amortisation and impairment losses in the income statement.

We measure available-for-sale investment securities at fair value. Changes in fair value appear in other comprehensive income until we dispose of the security, at which time we recycle the accumulated fair value changes through the income statement. We recognise revenue from debt securities using the effective interest rate method. We recognise periodic amortisation and impairment losses in the income statement and recognise dividends received as income upon receipt.

We carry loans and receivables at amortised cost less allowances for impairment. At initial recognition, we measure loans and receivables at fair value including transaction costs and initial premiums or discounts. We recognise revenue using the effective interest rate method. We recognise periodic amortisation and impairment losses in the income statement.

We carry held-for-trading assets (derivatives, mainly) and assets designated as held at fair value through profit or loss at fair value whereby we recognise changes in fair value in the income statement under the heading 'Realised and unrealized gains and losses'. Interest received on assets held for trading appears under the heading 'Interest income'.

We include transaction costs in the initial measurement of financial assets other than those we measure at fair value through profit or loss, in which case we immediately expense transaction costs. Transaction costs refer to incremental costs directly attributable to the acquisition or disposal of a financial asset. They include fees and commissions paid to agents, advisers, brokers and dealers, levies imposed by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Impairments

We impair available-for-sale securities 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 have occurred after the initial recognition of the asset, and
- that loss event has an impact on the estimated future cash flows of the financial asset (or group of financial assets) that we can reliably estimate.

We transfer unrealised losses previously recognised in equity to the income statement when the impairment occurs.

For equity securities, the triggers for determining whether there is objective evidence of impairment include, amongst others, the consideration whether the fair value is significantly (25%) below the carrying value or has been below the carrying value for a prolonged period (four consecutive quarters) on the date of the Statement of financial position.

Subsequent decreases in the fair value of equity securities that we have impaired appear in the income statement, while we recognise in other comprehensive income subsequent increases in the fair value of equity securities we have impaired.

In a subsequent period, if the fair value of a debt instrument increases and the increase can objectively be related to an event occurring after the recognition of an impairment loss, the impairment is reversed through impairments of investment (net) in the income statement. Other positive revaluations of debt instruments appear in other comprehensive income.

1.6.2 Investment property and property held for own use

Classification

Property classified as held for own use includes:

- office buildings that we occupy, and
- commercial buildings that we use to operate a business (such as hotels and car parks)

The heading 'Investment property' includes all other properties.

Measurement

For comparability purposes, we have selected the cost model for both investment property and property held for own use.

Accordingly, we carry all property at cost (including initial direct costs) less accumulated depreciation and accumulated impairments. As a result, changes in the fair value of property are neither recognised in the income statement (except for impairment losses) nor in other comprehensive income.

We do not depreciate land. We calculate depreciation of buildings using the straight-line method over the expected useful life of the individual components, as detailed below. We assume zero residual value by default.

- Structure: 50 years for offices, car parks and retail, 70 years for residential
- Envelope: 30 years for offices and retail, 40 years for residential
- Techniques and equipment: 15 years for car parks, 20 years for offices, 25 years for retail, 40 years for residential
- Major finishing: 15 years for car parks, 20 years for offices, 25 years for retail, 40 years for residential
- Light finishing: 10 years for offices, retail and residential

Impairments

We impair a property when its carrying amount exceeds its recoverable amount, which is the highest of fair value (based on observable or non-observable market data) less costs to sell, or its value in use based upon its highest and best use. At the end of each reporting period, we assess whether there is any indication that a property may be impaired, considering various external (e.g. significant changes in the economic environment) and internal (e.g. plans to dispose of the property) sources of information. If any such indication exists (and only then), we estimate the property's recoverable amount. Impairment losses appear in the income statement. After impairment recognition, we adjust the depreciation for future periods based on the revised carrying amount less its residual value over its remaining useful life. We determine the useful life of property for each significant part separately (component approach) and review it at year-end.

If, in a subsequent period, the impairment loss changes and we can objectively relate this change to an event occurring after the impairment was recognised, we reverse the previously recorded impairment loss in the income statement.

1.6.3 Investments in associates

Associates are investments where we have significant influence, but not control or joint control, over the financial and operating policy decisions of the entities.

We account for investments in associates using the equity method. We initially record the investment as our share of the associate's net assets. Subsequently, we recognise our share of net income for the year in the income statement under 'Share in results of associates', and our share in the associate's post-acquisition direct equity movements in other comprehensive income. Distributions received from associates reduce the carrying amount of the investment.

We eliminate gains on transactions between AG Insurance and investments accounted for using the equity method to the extent of our interest. We also eliminate losses unless the transaction provides evidence of impairment of the asset transferred. We recognise losses until the carrying amount of the investment is zero. We provide for any additional losses only to the extent that we have incurred legal or constructive obligations or made payments on behalf of the associate.

1.6.4 Intangible assets

An intangible asset is an identifiable non-monetary asset. We only recognise an intangible asset if, and only if, it will provide future economic benefits and we can measure the cost of the asset reliably.

We recognise car park service concessions as intangible assets when we have the right to charge for usage of the concession infrastructure. We measure an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement at fair value on initial recognition. We determine fair value by reference to the fair value of the construction or upgrade services provided. Subsequent to initial recognition, we measure the intangible asset at cost less accumulated amortisation and impairment losses.

Licenses, intangible assets with definite lives (such as car park concessions), and internally developed software that is not an integral part of the related hardware are amortised over their useful life using the straight-line method. We recognise impairment losses in the income statement.

The estimated useful life of an intangible asset in a service concession arrangement is the period that starts at the time we are able to charge for the use of the infrastructure until the end of the concession period.

Impairment principles for car park concessions are the same as those applicable to investment properties and are described above.

As goodwill is an intangible asset with an indefinite useful life, it cannot be amortised. We test our goodwill for impairment at least annually.

1.6.5 Financial liabilities

Financial liabilities are measured initially at fair value less transaction costs, then subsequently carried at amortised cost using the effective interest method (corrected for any difference between net proceeds and the redemption value), with periodic amortisation recognised in the income statement.

We offset financial assets and liabilities and report the net amount in the Statement of financial position if we have a legally enforceable right of set-off and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously. This is usually the case with derivatives.

1.6.6 Repurchase agreements

We retain any securities sold subject to a commitment to repurchase them (a 'repo') on our balance sheet as substantially all the risks and rewards of ownership remain with us. We neutralise the proceeds received from such sales by recognising a corresponding financial liability, classified under the heading 'Borrowings' in the Statement of financial position.

1.6.7 Liabilities arising from insurance and investment contracts

Classification of contracts

We classify policyholder liabilities based on the underlying insurance contract features and the specific risks of these contracts:

- insurance contracts, that transfer significant insurance risk
- investment contracts with discretionary participation features (DPF), that transfer financial risk and include profit sharing
- investment contracts without DPF, that transfer financial risk but do not include any profit sharing

Life contracts may contain any of these three categories, while non-life contracts are generally insurance contracts.

We classify discretionary participation features pertaining to current and prior years as a liability (see shadow accounting below).

In rare cases where determining whether insurance risk is significant would be considered judgmental, we unbundle the insurance and investment components, allowing us to measure both separately. We do not unbundle insurance contract components for any other reason.

Measurement

We account for both insurance contracts and investment contracts with DPF in accordance with IFRS 4. Investment contracts follow IAS 39.

For Life insurance contracts, we calculate future policy benefit liabilities using the net level premium method (present value of future net cash flows) based on actuarial assumptions as determined by experience and in accordance with the Belgian accounting legislation applicable to insurance entities (RD of 17 November 1994).

We measure the financial component of insurance contracts with a guaranteed return at amortised cost. We further globally recognise additional liabilities on designated contracts when we are of the opinion that market interest rates, in combination with locked-in assumed investment returns, would fall short to cover the guaranteed return. In forthcoming cases, we calculate the additional liabilities as the difference between the present value and the carrying amount of the guaranteed amounts.

Participating policies also give rise to additional liabilities reflecting contractual dividends or other participation features.

Non-participating insurance and investment contracts are primarily unit-linked contracts where we hold the investments on behalf of the policyholder and measure them at fair value. We measure the liabilities for such contracts at unit value (i.e. fair value of the fund in which the unit-linked contracts are invested divided by the number of units in the fund) with changes in fair value recognised in the income statement. Fair value is never less than the amount payable on surrender (if applicable), discounted for the required notice period where applicable. We account for deposits and withdrawals directly in the statement of financial position as adjustments to the liability, without affecting the income statement. Certain products contain embedded options or guarantees that we also measure at fair value and include in policyholder liabilities, with the change in fair value recognised in the income statement. We measure insurance risks based on actuarial assumptions.

For Non-Life insurance, we charge claims and claim adjustment expenses 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. Our estimates for claims incurred but not reported are based on experience, current claim trends and the prevailing social, economic and legal environments. We base the liability for Non-life insurance claims and claim adjustment expenses on estimates of expected losses (after taking into account reimbursements, recoveries, salvage and subrogation), reflecting management's judgement on anticipated levels of inflation, claim handling costs, legal risks and trends in compensatory damage awards. We do not discount claim liabilities other than for claims with determinable and fixed payment terms. In forthcoming cases, we base discounting on actuarial assumptions as determined by experience and industry standards.

Liability Adequacy Test

We perform 'Liability Adequacy Tests' at each reporting date to ensure that our insurance liabilities are adequate and above a set floor. For the purpose of the test, we aggregate products on a legal fungible level (asset pool level) for Life and on a homogeneous product group level for Non-Life. We determine contractual cash flows, including related cash flows such as (re)investment returns and expenses, based on current best

estimates. For Life Insurance contracts, the tests include cash flows resulting from embedded options and guarantees. We determine the present value of these cash flows using a risk-free discount rate, allowing for an illiquidity premium, and further assume convergence to an ultimate forward rate ten years after the last liquid point (twenty years). We recognise shortfalls immediately, in the income statement, either as impairment of value of business acquired, deferred acquisition costs or as loss.

Deferred acquisition costs (DAC)

In order to match revenues and related charges, we defer and subsequently amortise the upfront costs of acquiring new Life insurance business, primarily variable commissions to brokers and other acquisition expenses. Periodically, we assess DAC recoverability based on estimates of future profits of the underlying contracts.

For Life insurance and investment products, both without discretionary participation features, we amortise DAC in proportion to expected premiums over the remaining lifetime of the policy. We estimate these future premiums at the time of policy issuance and consistently apply the same assumptions over the lifetime of the contract.

For Life insurance and investment products, both with discretionary participation features, we amortise DAC over the expected life of the contracts based on the present value of the estimated gross profit margin or profit amounts using the expected investment yield. Estimated gross profit margin includes expected premiums and investment results less benefits and administrative expenses, changes in net level premium reserves and expected policyholder benefits, as appropriate. When significant, we adjust DAC to reflect unrealised gains (losses) recognised in other comprehensive income (shadow DAC). We recognise the related adjustment also in other comprehensive income.

We recognise variances between projected and actual results in the income statement the year they occur.

Shadow accounting

We classify the majority of financial assets (debt and equity securities) as 'Available for sale' and measure them at fair value, recognising unrealised gains and losses in other comprehensive income. For contract portfolios where the realisation of gains and losses has a direct impact on the measurement of policyholder liabilities, we apply shadow accounting in order to provide for an adequate matching of unrealised gains and related charges. This means that unrealised gains and losses on available-for-sale financial assets affect the measurement of policyholder liabilities in the same way that realised gains or losses would. We therefore recognise the related adjustments (deferred participation liabilities) to policyholder liabilities in other comprehensive income to the extent that we recognise, in other comprehensive income, unrealised gains and losses on the related available-for-sale investments. We do not recognise net deferred participation assets, as the current legislation does not allow us to recover losses from policyholders unconditionally.

1.7 Fair value of financial instruments

Definition and principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value presented is the 'clean' fair value, which excludes accrued interest and transaction costs. We classify accrued interest separately.

The fair value of a liability or own equity instrument reflects the effect of non-performance risk. Non-performance risk includes, but may not be limited to, the entity's own credit risk. If we initially measure an asset or a liability at fair value and the transaction price differs from this fair value, we will recognise the resulting gain or loss in profit or loss unless IFRS specify otherwise.

Our base principles for estimating fair value are as follows:

- Maximise relevant observable (market) inputs and minimise the use of unobservable inputs (such as internal estimates and assumptions).
- Change estimating techniques only if an improvement can be demonstrated or if a change is necessary because of changes in market conditions or in the availability of information.

Fair value hierarchy

We categorise fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets, which means that quoted prices are readily and regularly available and reflect actual and regularly occurring market transactions on an arm's length basis.
- Level 2: Fair values measured using inputs other than quoted prices included within level 1 that are observable, either directly (i.e. prices) or indirectly (i.e. derived from prices, such as interest or exchange rates).
- Level 3: Fair values measured using inputs that are not (completely) based on observable data. We consider unobservable data to have a significant effect if the quantitative effect of all unobservable data combined represents more than 20% of the overall fair value.

When assigning a level in this hierarchy, we categorise the fair value measurement in its entirety based on the lowest level input that is significant to the entire measurement.

Level 2 and level 3 fair value measurements usually require the use of valuation techniques.

Quoted prices

When a financial instrument trades in an active and liquid market, its quoted (principal) market price or value provides the best evidence of fair value. We do not adjust 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 is the current bid price, and for a liability the ask price. We use mid-market prices as a basis for establishing the fair value of assets and liabilities with offsetting market risks.

If there is a significant decrease in the volume or level of activity for the asset or liability, we review the transactions or quoted prices and may change to an alternative valuation technique or multiple valuation techniques (e.g. present value techniques) as a result.

Valuation techniques

If no active market price is available, we estimate fair values using present value or other valuation techniques based on market conditions existing on the reporting date. If market participants commonly use a certain valuation technique to price an instrument and that technique has demonstrated its ability to provide reliable estimates of prices obtained in actual market transactions, we apply that technique.

Well-established valuation techniques in financial markets include recent market transactions involving identical or comparable assets or liabilities, discounted expected cash flows (including option-pricing models) and current replacement cost. 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.

Dealers or other intermediaries that provide market prices often trade in non-exchange-traded level 2 financial instruments in over-the-counter (OTC) markets. Various sources provide quotations for many financial instruments regularly traded in the OTC market. Those sources include the financial press, various publications and financial reporting services, and individual market makers.

Methods and assumptions

In determining the fair value of financial instruments for subsequent measurement or for disclosure purposes, we use the following methods and assumptions:

- Financial instruments classified as available-for-sale or held at fair value through profit or loss: we determine fair values using market prices from active markets. If no quoted prices are available from an active market, we determine fair value using discounted cash flow models. We base discount factors on the swap curve plus a spread reflecting the risk characteristics of the instrument. We determine fair values for financial instruments held to maturity (required for disclosure only) in the same way.
- Derivative financial instruments: we obtain fair values from active markets or we determine them using discounted cash flow models and option pricing models. 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. Common valuation methodologies for an interest rate swap incorporate a comparison of the yield of the swap with the current swap yield curve. We derive the swap yield curve from quoted swap rates. Dealer bid and offer quotes are generally available for basic interest rate swaps involving counterparties whose securities are investment-grade.
- Unquoted private equity investments: we estimate fair values using applicable market multiples (e.g. price/earnings or price/cash flow ratios) adjusted to reflect the particularities of the issuer.
- Borrowings and issued subordinated loans: we determine fair values using discounted cash flow models based upon our current incremental lending rates for similar type loans. For variable-rate loans that re-price frequently and have no significant change in credit risk, we approximate fair values by using the carrying amount. We use option-pricing models to value caps and prepayment options embedded in loans that we have unbundled.
- We determine the fair value of off-balance sheet commitments and guarantees based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing.

The relevant notes to the Consolidated Financial Statements provide further information on these methods and assumptions.

1.8 Changes in foreign exchange rates

We account for foreign currency transactions using the exchange rate on the date of the transaction.

We translate monetary items at current exchange rates at the end of the reporting period, recognising exchange differences in the income statement. However, when we report gains or losses on monetary items in

other comprehensive income, such as with securities classified as available-for-sale, we recognise the exchange component relating to these gains or losses in other comprehensive income as well.

We translate non-monetary items that we measure at fair value using the exchange rate on the date that we determine the fair values, usually at the end of the reporting period. We recognise the resulting exchange gains or losses in the income statement when we recognise the gain or loss in the income statement and in other comprehensive income when we recognise the gain or loss in other comprehensive income. We translate non-monetary items carried at historical cost using the historical exchange rate on the date of the transaction.

1.9 Revenue recognition

1.9.1 Gross premium income

Premium income when received

Premiums from Life insurance contracts and long-duration investment contracts with discretionary participation features are recognised as revenue when due. We recognise revenue over time, as the risk covered by the policy runs off. This is known as the 'deferral-matching approach', as it coordinates the timing of income and expense recognition so that both occur at the same time. We achieve this by establishing liabilities arising from insurance policies and investment contracts with discretionary participation features, and by deferring and subsequently amortising upfront expenses such as policy acquisition costs.

Premium income when earned

For short duration-type contracts (primarily Non-Life), we record premiums upon the inception of the policy. We recognise premiums 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 that relate to the unexpired terms of the coverage.

1.9.2 Interest income and expense

For all interest-bearing instruments, we recognise interest income and expense in the income statement on an accrual basis using the effective interest method. Interest income includes coupons earned on fixed and floating rate income instruments and the amortisation or accretion of the transaction costs, premium or discount.

Once we have written down a financial asset to its estimated recoverable amount, we subsequently recognise interest income based on the effective interest rate that we used to discount the future cash flows when measuring the recoverable amount, which is predominantly the effective yield at inception.

1.9.3 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 and after adjusting for the impact of any fair value hedge accounting. We record realised gains and losses on sales in the income statement under 'Realised and unrealised gains and losses'.

For financial instruments, including derivatives, measured at fair value through profit or loss, we recognise the difference between the carrying value at the end of the current reporting period versus the previous reporting period in the income statement under 'Realised and unrealised gains and losses'.

Upon derecognition or impairment of a financial asset, we remove the unrealised gains and losses previously recorded in other comprehensive income and recycle them through the income statement.

1.9.4 Fee and commission income

Contract revenues for unit-linked contracts consist of fees for providing investment and administration services. We recognise such fees over the period the related services are provided.

We treat loan-originating fees as an adjustment to the effective interest rate of the underlying financial instrument, measured at amortised cost.

We recognise fees relating to the issuance of a financial instrument measured at fair value through profit or loss as revenue upon initial recognition.

We recognise reinsurance commissions as earned, and reinsurance participation features as revenue upon receipt.

1.9.5 Rental income

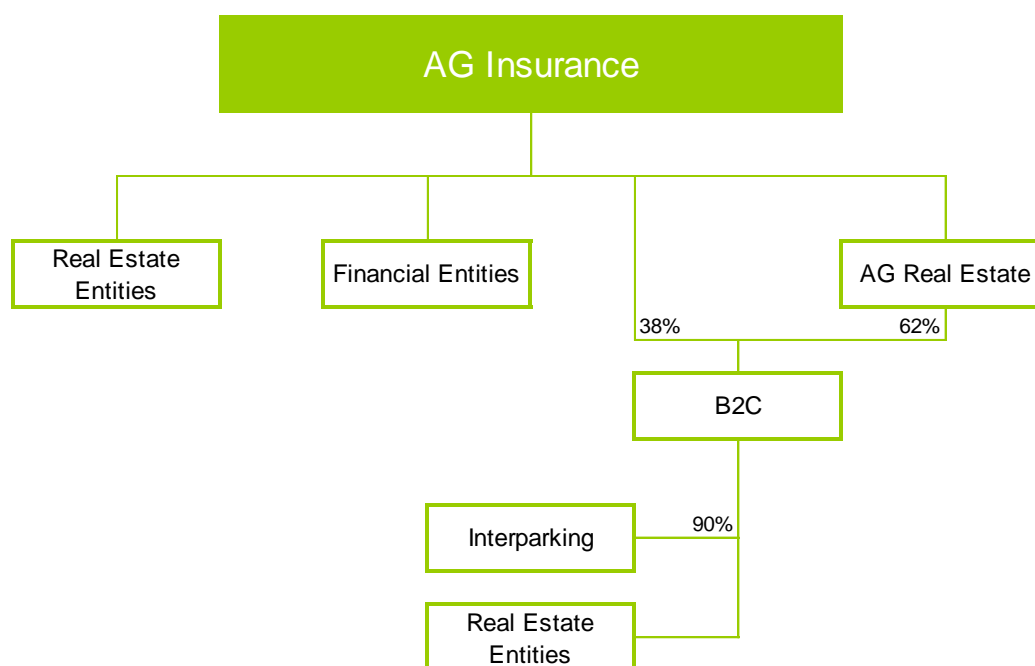
We lease out investment property and certain properties held for own use under non-cancellable lease contracts that may contain renewal options. We nevertheless recognise rental income, net of lease incentives granted to lessees, on a straight-line basis over the initial lease term.

2 Reporting entity

AG Insurance sa - nv (AG Insurance) is a Belgian regulated composite insurance company primarily active in providing life and non-life insurance solutions. Its headquarters are located at 53 boulevard Emile Jacqmain in Brussels (Belgium).

These consolidated financial statements include the financial statements of the parent company and all of its subsidiaries (Note 1.5).

In 2013, no significant changes occurred in the group's structure, presented in the diagram below. In 2012, AG Insurance and its subsidiary AG Real Estate grouped their common consumer real estate activities into a new sub-holding, B2C. This internal transaction had no effect on the scope of consolidation.



2.1 Shareholders

AG Insurance's ownership structure is as follows:

- Ageas International S.A./N.V., representing 75,00% of the company's total outstanding shares
- BNP Paribas Fortis S.A./N.V., representing 25,00% of the company's total outstanding shares.

No change in shareholders or in their shareholding occurred over the course of the year or in the previous year.

2.2 Acquisitions and disposals

The major acquisitions and disposals, detailed below, relate to real estate entities.

Current year acquisitions

LaDolceVita (100%, Q1)			
Assets		Liabilities	
Investment property	18,6	Borrowings	14,7
Other receivables	0,4	Deferred tax liabilities	0,6
Other intangibles	0,6	Other liabilities	0,2
		Total Liabilities	15,5
		Acquisition price	4,1
Total Assets	19,6	Total Liabilities and acquisition price	19,6

Ceryx (100%, Q3)			
Assets		Liabilities	
Investment property	46,4	Borrowings	34,6
Other receivables	2,6	Deferred tax liabilities	4,1
Other intangibles	2,4	Other liabilities	2,8
Accrued interests and other assets	0,1	Total Liabilities	41,5
		Acquisition price	10,0
Total Assets	51,5	Total Liabilities and acquisition price	51,5

Current year disposals

While we have ceded control on both entities listed below, hence fully deconsolidating them, we have kept a 40% minority share that we report under the investments in associates.

North Light (100%, Q4)			
Assets		Liabilities	
Investment property	93,8	Borrowings	70,2
Other receivables	1,2	Deferred tax liabilities	10,0
Other intangibles	2,6	Other liabilities	0,8
Accruals	10,6	Total Liabilities	81,0
		Shareholders' equity	27,2
Total Assets	108,2	Total Liabilities and Shareholders' equity	108,2

Pole Star (100%, Q4)

Assets		Liabilities	
Investment property	125,6	Borrowings	90,8
Other receivables	10,9	Deferred tax liabilities	12,5
Other intangibles	3,0	Other liabilities	5,0
		Total Liabilities	108,3
		Shareholders' equity	31,2
Total Assets	139,5	Total Liabilities and Shareholders' equity	139,5

Prior year acquisitions

RDV-Invest sub-group (100%, Q2)

Assets		Liabilities	
Cash and cash equivalents	0,1	Borrowings	13,6
Investment property	48,3	Deferred other income	0,3
Other receivables	0,3	Deferred tax liabilities	10,5
Other intangibles	5,5		
Accrued interests and other assets	0,1	Other liabilities	6,4
		Total Liabilities	30,8
		Acquisition price	23,4
Total Assets	54,2	Total Liabilities and acquisition price	54,2

B.G. 1 (90%, Q4)

Assets		Liabilities	
Cash and cash equivalents	0,0	Borrowings	1,4
Other receivables	0,3	Other liabilities	1,2
Accrued interests and other assets	0,1	Total Liabilities	2,6
Building held for resale	60,3	Minority interests	5,8
		Acquisition price	52,2
Total Assets	60,6	Total Liabilities and acquisition price	60,6

Prior year disposals

In December 2012, AG Real Estate sold its real estate management subsidiary Befimmo S.A. to Befimmo SCA (the REIT).

Assets and liabilities from acquisitions and disposals

The table below highlights the changes in assets and liabilities, on the transaction date, resulting from the acquisition or disposal of subsidiaries.

Net assets from acquisitions and disposals	2013		2012	
	Acquisition	Disposal	Acquisition	Disposal
Cash and cash equivalents	0,8	0,1	-0,3	
Financial investments				
Investment property	64,4	219,5	48,3	
Loans		-161,0		
Investments related to unit-linked contracts				
Investments in associates	192,1	6,4	7,9	35,6
Reinsurance and other receivables	0,9	11,9	0,6	0,3
Current and deferred tax assets				0,1
Accrued interest and other assets		10,6	60,5	1,1
Property held for own use				
Intangible assets	3,1	5,6	5,2	3,7
Borrowings	-49,2		-16,1	
Current and deferred tax liabilities	-4,8	23,2	-10,4	-0,6
Other liabilities	-1,6	5,1	-6,2	-0,7
Non-controlling interests			-5,8	
Total net assets acquired/disposed of	205,7	64,8	83,7	39,5
Gain on disposals		53,4		17,1
Total purchase consideration/proceeds from sale	205,7	118,2	83,7	56,6
Less: Cash and cash equivalents acquired/disposed of	0,8	0,1	-0,3	
Cash used for acquisitions/received from disposals	204,9	118,1	84,0	56,6

3 Capital management

We view a strong capital base as a source of competitive advantage and a key tool to support growth. Capitalisation levels must therefore appropriately reflect the specific characteristics of our lines of business, including commitments arising from agreements with partners.

Furthermore, to comply with current regulatory requirements, we must maintain a minimum level of qualifying capital relative to premiums collected for non-life insurance contracts and life insurance liabilities arising from insurance and investment contracts.

We target an aggregate solvency ratio of 200% of the minimum regulatory requirements at the total insurance level. We plan to review this target by the launch of Solvency II at the latest. Should available capital decrease below the target capital, we will dip into retained earnings to move towards the target. In the future, we will consider the latest solvency and capital projections (forward-looking view in the ORSA report) together with market parameters and alternative funding opportunities such as subordinated debt. Our Capital Management Policy documents the process required for achieving this goal.

3.1 Shareholders' equity

In accordance with IAS 19 Revised, and as from 2013 onwards, remeasurements of defined benefit liabilities must be recognised in other comprehensive income (Note 1.2). To comply with the new standard, we restated the 2012 figures, resulting in a EUR 71,8 million decrease in the amounts previously reported under unrealised gains and losses in shareholders' equity on 31 December 2012.

	31 December 2013	31 December 2012 <i>restated</i>
Share capital	526,6	526,6
Share premium reserve	231,5	231,5
Retained earnings	2.202,9	2.381,4
Unrealised gains and losses	1.941,0	2.159,6
Shareholders' equity	4.902,0	5.299,1

AG Insurance's share capital amounts to EUR 526 604 028, represented by 631 286 fully paid ordinary shares with no par value. Share capital remained unchanged during the financial year as well as in the previous year.

Retained earnings represent accumulated earnings from prior years. Overall, the ability to distribute dividends is driven by the level of retained earnings as reported in the statutory accounts under Belgian accounting principles. In particular, retained earnings include the following amounts that are not available for dividend distribution:

- an unavailable reserve of EUR 233,2 million, incorporated into paid-up capital;
- a statutory legal reserve of EUR 52,7 million, capped at 10% of statutory capital, set up in accordance with Belgian Company Law.

Statutory retained earnings of consolidated subsidiaries also include EUR 112,4 million in statutory legal reserves that are not available for dividend distribution to their respective parent entities.

On 20 December 2013, the General Assembly of Shareholders did approve the payment of a dividend of EUR 300 million. The consolidated statement of financial position is presented before any attribution of profit. The Board of Directors will propose a dividend of EUR 223,3 million at the General Assembly, early 2014.

The next table segments unrealised gains and losses by component.

31 December 2013	Gross	Related income tax	Shadow accounting	Related income tax	Non-controlling interests	Total
Debt securities	3.303,0	-1.122,0	-725,6	246,6		1.702,1
Equity securities	418,1	-44,3	-95,9	32,6		310,5
Investments available for sale	3.721,1	-1.166,2	-821,5	279,2		2.012,6
Investments held to maturity	-16,6	5,6				-10,9
Cash flow hedges	-18,9	0,9			9,2	-8,9
Defined benefit liabilities	-84,9	28,8				-56,0
Associates	4,2					4,2
Total	3.605,0	-1.130,9	-821,5	279,2	9,2	1.941,0

31 December 2012 (restated)	Gross	Related income tax	Shadow accounting	Related income tax	Non-controlling interests	Total
Debt securities	4.748,1	-1.613,0	-1.503,1	510,9		2.142,9
Equity securities	185,3	-32,5	-59,4	20,2		113,6
Investments available for sale	4.933,4	-1.645,5	-1.562,5	531,1		2.256,5
Investments held to maturity	-17,0	5,9				-11,1
Cash flow hedges	-27,7	1,7			9,3	-16,7
Defined benefit liabilities	-108,9	37,0				-71,9
Associates	2,9					2,9
Total	4.782,7	-1.600,9	-1.562,5	531,1	9,3	2.159,6

Note 9.2 – Investments available for sale analyses in more detail unrealised gains and losses on investments available for sale.

We have determined the unrealised losses on investments held to maturity at the time of their classification under this heading (Note 9.1).

The line ‘Cash flow hedges’ accumulates changes in the fair value of derivatives that we designate and qualify as cash flow hedge. We recognise any hedge ineffectiveness in the income statement.

The line ‘Defined benefit liabilities’ accumulates remeasurements of defined benefit liabilities (Note 1.2).

<i>Changes in gross unrealised gains and losses</i>	<i>Available for sale investments</i>	<i>Held to maturity investments</i>	<i>Cash flow hedges</i>	<i>Defined Benefit Liabilities</i>	<i>Other</i>	<i>Total</i>
Balance on 1 January 2012	896,5	-17,4	-11,2	-58,7	-0,9	808,3
Changes during the year	3.950,6		-10,4	-50,2	3,8	3.893,9
Reversal due to sales	47,3					47,3
Reversal due to impairments	39,1					39,1
Other		0,4	-6,1			-5,7
Balance on 31 December 2012	4.933,4	-17,0	-27,7	-108,9	2,9	4.782,7
Changes during the year	-1.103,1		7,8	24,0	1,3	-1.070,0
Reversal due to sales	-113,0					-113,0
Reversal due to impairments	3,9					3,9
Other	-0,1	0,4	1,0			1,3
Balance on 31 December 2013	3.721,1	-16,6	-18,9	-84,9	4,2	3.605,0

3.2 Non-controlling interests

Non-controlling interests represent the relative share of a third party – the minority shareholder – in the shareholders' equity of a consolidated group entity. The non-controlling interests under this heading relate to real estate subsidiaries, as this is a common feature in this sector.

<i>Group entity</i>	<i>31 December 2013</i>		<i>31 December 2012</i>	
	<i>Minority share</i>	<i>Minority amount</i>	<i>Minority share</i>	<i>Minority amount</i>
Interparking	10,1 %	89,5	10,1 %	88,0
Venti M	40,0 %	30,0	40,0 %	32,3
Cortenbergh le Corrège	38,8 %	3,4	38,8 %	3,3
Sicav RDT	0,1 %	0,1	0,1 %	0,1
Aperio	2,0 %			
B.G.1			10,0 %	5,8
Total		123,0		129,5

The table below provides summary financial information on Interparking, our more significant subsidiary with non-controlling interests.

<i>Interparking (consolidated)</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Non-Current Assets	1.185,4	1.191,8
Current Assets	44,3	43,7
Total assets	1.229,7	1.235,5
Shareholders' equity	651,8	647,5
Long term debt	197,9	241,9
Current liabilities	380,0	346,1
Total Liabilities and shareholders' equity	1.229,7	1.235,5
Total Revenues	345,6	330,2

3.3 Subordinated liabilities

	<i>31 December 2013</i>	<i>31 December 2012</i>
Fixed-to-Floating Rate Callable Subordinated Notes	449,3	
Fixed Rate Reset Perpetual Subordinated Notes	392,9	
Sub-loan		150,0
Hybrone I	334,9	496,9
Nitsh II		249,5
Total Subordinated liabilities	1.177,1	896,5

On 21 March 2013, AG Insurance issued USD 550 million in Fixed Rate Reset Perpetual Subordinated Notes (Perp NC 6). The Notes bear interest at a rate of 6,75% per annum until 21 March 2019 (the first call date), and thereafter at a fixed interest rate (the six-year USD mid swap rate plus 5,433%) to be reset on the first call date and on each sixth anniversary of the call date thereafter. Interest is payable semi-annually in arrears and in each year, subject to deferral as described below. We used the net proceeds of the issue in priority to redeem the outstanding perpetual subordinated loans Hybrone I (partially) and Nitsh II (entirely) to Ageas Hybrid Financing S.A.

On 18 December 2013, AG Insurance issued EUR 450 million Fixed-to-Floating Rate Callable Subordinated Notes (30,5 NC 10,5), maturing 18 June 2044. The Notes bear interest at a rate of 5,25% per annum until 18 June 2024 (the first call date), payable annually in arrears and thereafter at a floating interest rate (3 month EURIBOR + 4,136%) to be reset on the first call date and every three months thereafter, payable quarterly in arrears, subject to deferral as described below. We used the net proceeds of the issue in priority to fully redeem the outstanding EUR 150 million subordinated sub-loan to ageas sa-nv and used the remaining net proceeds for general business purposes in order to improve our overall cost of capital and competitive position.

Interest payments on the two Notes issues described above are subject to deferral as follows:

- We must pay interest upon the occurrence of certain specified events such as the declaration of a dividend or a share repurchase.
- We must defer interest upon the occurrence of certain other specified events such as a regulatory deficiency event or failure to satisfy the solvency condition.
- If none of the foregoing circumstances applies, we may elect to defer any interest payment at our sole discretion.

At our option, we may redeem the Notes, in whole but not in part, on their respective first call date or on any interest payment date thereafter. All Notes constitute direct, unsecured and subordinated obligations. Payment obligations related to the dated instrument (30,5 NC 10,5) rank in priority to the claims of junior creditors (e.g. claims related to undated instruments). The Notes are listed on the Luxembourg Stock Exchange.

Hybrone I bears interest at a rate of 5,16% per annum until its first call date on 20 June 2016, and thereafter the three-month EURIBOR plus 2,03%.

3.4 Supervision and Solvency

As the insurance regulatory authority, the National Bank of Belgium (NBB) is responsible for the prudential supervision of our activities. Among other checks and balances, prudential supervision includes a quarterly review ensuring we meet our solvency requirements. Accordingly, based on the rules and regulations for insurance companies applicable in Belgium, we report, on a quarterly basis, our available regulatory capital and required solvency to the NBB. Both are assessed on a non-consolidated basis based on local accounting principles. The figures below reflect the results of a similar assessment on a consolidated basis.

	31 December 2013	31 December 2012 <i>restated</i>
Solvency capital available	4.716,0	4.118,2
Less : minimum solvency requirements	-2.450,2	-2.379,5
Solvency surplus	2.265,8	1.738,7
Solvency ratio	192,5 %	173,1 %

Shareholders' equity reconciles to solvency capital available as follows:

	31 December 2013	31 December 2012 <i>restated</i>
Shareholders' equity	4.902,0	5.299,1
Plus:		
Non-controlling interests	123,0	129,5
Subordinated liabilities	1.177,1	896,5
Revaluation of real estate to fair value (90%), net of tax	751,9	748,6
Less:		
Revaluation of debt securities AFS, net of tax and shadow accounting	-1.702,1	-2.142,9
Revaluation of debt securities HTM, net of tax	10,9	11,1
10 % of revaluation of equity securities, net of tax and shadow accounting	-31,0	-11,7
Intangible assets	-351,9	-364,9
Equalisation Reserve	-181,5	-148,7
Unrealised gains and losses on Cash flow hedges, net of tax	18,1	26,1
Solvency capital available	4.716,0	4.442,7

Regulatory asset pledge

Belgian Insurance Control legislation requires the insurer's assets to be pledged in order to secure policyholder liabilities. Accordingly, we formally assigned EUR 59 144 million in assets to this regulatory pledge at year end.

4 Treasury and liquidity

Treasury management occurs at three levels:

- the insurance entity, AG Insurance, which also coordinates the global treasury position
- the real estate entity, AG Real Estate
- the car park management entity, Interparking

We pool the cash management of the other subsidiaries into one of these three levels.

4.1 Cash and cash equivalents

Cash and cash equivalents include current bank account balances, cash on hand and other financial instruments with a term of less than three months from the date on which they were acquired. Cash on hand represents car park cash receipts between successive collection rounds.

	31 December 2013	31 December 2012
Current bank accounts	671,5	881,3
Cash on hand	2,5	2,1
Other	11,8	5,6
Total	685,9	889,0

4.2 Cash flows

Premiums received and investment income represent sources of cash, which we use to pay for insurance benefits, claims and operating costs, investing the balance for the longer term in financial assets or real estate. The cash-flow statement highlights these elements, in particular those relating to Life insurance and to long-term Non-Life insurance, short-term Non-Life insurance usually completing its cash cycle (premium receipt and claim disbursement) within one year. Timing differences may occur, depending upon financial markets, between the receipt of the premiums and the related investments. Usually, such timing differences are absorbed within a few weeks or months after the closing date. Such timing differences may cause some volatility in year-end cash balances.

Financing activities are usually limited to dividend pay-outs. We have resumed dividend payments in 2013, which effect is partly offset by the issuance of subordinated Notes in the same year.

<i>Changes in Cash and cash equivalents</i>	2013	2012
Cash and cash equivalents on 1 January	889,0	1.871,2
Net cash flows for the year from:		
Operating activities	670,9	1.572,8
Investing activities	-501,2	-2.551,2
Financing activities	-372,8	-3,7
Total Net cash flows for the year	-203,1	-982,1
Cash and cash equivalents on 31 December	685,9	889,0

4.3 Liquidity

Assets and liabilities generally have a maturity of more than twelve months, except for Cash and Cash Equivalents, Reinsurance and other receivables, Current tax assets, Accrued Interests and other assets, Other liabilities and Current tax liabilities.

The following table shows all undiscounted expected asset and liability cash flows, other than for unit-linked related contracts, segmented by relevant maturity buckets. As liquidity risk is a short-term concern, the table only shows the net expected cash flows generated by assets and liabilities for the next three years.

Aside from the sale of investments, potential liquidity sources that we may draw upon and that the table below does not reflect are:

- The starting cash position, end 2013, of EUR 686 million (EUR 889 million end 2012);
- New business premiums;
- The expected roll-over of existing one-year repurchase agreements;
- Credit line facilities available at real estate entity level for a global amount of EUR 261,5 million.

Expected changes in cash position	31 December 2013			31 December 2012*		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
	2014	2015	2016	2013	2014	2015
Expected cash-flows arising from:						
Investments (excl. unit linked):						
Financial investments	4.569,9	4.667,1	4.522,3	4.211,9	4.301,4	4.654,9
Loans	219,4	161,0	149,0	225,1	164,4	157,7
Investment property	190,5	189,9	209,2	173,4	162,7	144,1
Property held for own use (IPK)	102,8	108,6	114,2	100,0	100,0	100,0
Other assets	652,8	17,7	17,7	595,7	14,7	14,7
Total assets	5.735,4	5.144,3	5.012,4	5.306,1	4.743,2	5.071,5
Policyholder liabilities (excl. unit linked):						
Premiums, net of reinsurance	2.956,0	1.831,3	1.716,4	2.945,3	1.966,6	1.868,2
Benefits, net of reinsurance	-6.222,2	-5.403,3	-4.647,7	-6.328,2	-5.726,5	-5.492,1
Financial liabilities:						
Subordinated liabilities	-68,5	-68,5	-63,4	-53,1	-53,6	-54,6
Borrowings – repurchase agreements	-1.167,4	-30,6		-868,7	-29,7	-32,1
Other financial liabilities	-106,1	-68,5	-68,5	-159,8	-58,9	-58,9
Other liabilities	-774,4	-5,4	-5,4	-684,2	-6,2	-6,2
Total liabilities	-5.382,6	-3.744,9	-3.068,6	-5.148,7	-3.908,3	-3.775,7
Total expected cash flows for the year, net	352,8	1.399,4	1.943,9	157,4	834,9	1.295,8

* restated to allow cross-reference with statement of financial position

4.4 Currency exposure

The U.S. dollar (USD), through the amounts invested in financial assets and, to a lesser extent, real estate, represents the main foreign currency exposure. We use FX forward contracts to hedge our net USD currency risk other than in equity securities.

The currency exposures in the table below are expressed in EUR millions.

<i>On 31 December 2013</i>	<i>USD</i>	<i>GBP</i>	<i>RON</i>	<i>PLN</i>	<i>HUF</i>	<i>CHF</i>	<i>AUD</i>
Total assets	1.350,3	139,3	19,5	5,2	0,9	2,2	
Total liabilities	425,1	6,6	1,6	1,6		1,9	
Total assets, net	925,2	132,7	17,9	3,6	0,9	0,3	
Off balance	-717,2					0,0	
Net position	208,0	132,7	17,9	3,6	0,9	0,3	
<i>On 31 December 2012</i>							
Total assets	1.193,0	121,6	11,7	4,9	2,8	2,5	
Total liabilities	31,0	6,8	0,4	1,0		1,4	0,5
Total assets, net	1.162,0	114,8	11,3	3,9	2,8	1,1	-0,5
Off balance	-1.050,2						
Net position	111,8	114,8	11,3	3,9	2,8	1,1	-0,5

5 Information on segments

Operating segments represent the primary format for reporting segment information to management. Reportable operating segments consist of groups of assets and operations that provide financial products or services subject to different levels of risk and return. Our current operating segments are as follows:

- Individual Life and Health
- Non-Life (other than Health Care)
- Employee Benefits and Health Care

Individual Life & Health includes insurance contracts covering risks related to the life and death of individuals as well as individual health care insurance. Additionally, it includes individual investment contracts with and without discretionary participation features (DPF) as well as individual unit-linked contracts.

Non-Life comprises four lines of business: Accident (including Workers' Compensation), Motor, Fire and Other (including Third Party Liability).

Employee Benefits & Health Care includes group insurance and health care contracts with employers as well as a small group insurance unit-linked portfolio.

We use the concepts of technical result and operating margin to analyse our insurance results.

The technical result includes premiums, fees and allocated financial income, less claims and benefits and less operating expenses. Realised capital gains and losses on investments backing insurance liabilities, such as separate accounts, are part of financial income and are thus included in the technical result. We allocate financial income, net of the related investment costs, to the various product lines based on the investment portfolios backing the insurance liabilities of these product lines.

The operating margin includes realised capital gains and losses on investments backing other insurance liabilities.

The reconciliation of the operating margin to the profit before taxation includes income and expenses not allocated to insurance or investment contracts (and thus not recognised in the operating margin).

The tables on the following pages detail technical results by operating segment and reconcile them to profit before taxation.

2013	Retail Life & Health	Non-life	Employee Benefits & Health Care	Total
Gross inflow Life	2.994,2		1.107,1	4.101,4
Gross inflow Non-life	34,2	1.565,1	255,4	1.854,8
Operating costs	-125,1	-261,5	-109,1	-495,7
Life technical result	245,7		84,2	329,9
Accident & Health	10,5	12,5	15,8	38,8
Motor		25,4		25,4
Fire and other damage to property		30,8		30,8
Other		-5,7		-5,7
Non-Life technical result	10,5	63,1	15,8	89,3
Total technical result	256,2	63,1	100,0	419,2
Capital gains (losses) allocated to operating margin	55,1	15,9	51,1	122,1
Operating margin	311,2	79,0	151,1	541,3
Other result	46,8	7,6	17,8	72,2
Profit before taxation	358,0	86,6	168,9	613,5
Key performance indicators				
Expense ratio	46,3 %	39,4 %	19,2 %	36,7 %
Claims ratio	22,1 %	61,9 %	76,3 %	63,2 %
Combined ratio	68,4 %	101,3 %	95,5 %	99,9 %
Life cost ratio	0,32 %		0,51 %	0,37 %
Policyholder liabilities	39.055,5	3.020,4	14.645,4	56.721,4

The table introduces the following key performance indicators:

- Expense ratio: expresses expenses as a percentage of net earned premiums, net of reinsurance. Expenses include claim handling costs and net commissions, and exclude asset management costs.
- Claims ratio: expresses the cost of claims, net of reinsurance and excluding claim handling costs, as a percentage of net earned premiums.
- Combined ratio: represents the sum of the expense ratio and the claims ratio.
- The Life cost ratio: expresses expenses as an annualised percentage of (Life) policyholder liabilities

2012	Retail Life & Health	Non-life	Employee Benefits & Health Care	Total
Gross inflow Life	4.022,7		1.103,9	5.126,6
Gross inflow Non-life	34,5	1.494,4	230,2	1.759,1
Operating costs	-118,3	-250,4	-102,2	-471,0
Life technical result	273,1		80,9	354,0
Accident & Health	6,3	12,7	23,1	42,1
Motor		26,8		26,8
Fire and other damage to property		31,7		31,7
Other		-4,8		-4,8
Non-Life technical result	6,3	66,3	23,1	95,7
Total technical result	279,5	66,3	103,9	449,7
Capital gains (losses) allocated to operating margin	65,5	22,2	40,7	128,4
Operating margin	344,9	88,5	144,6	578,1
Other result	54,8	8,3	19,8	82,9
Profit before taxation	399,7	96,8	164,4	661,1
Key performance indicators				
Expense ratio	44,4 %	39,4 %	19,3 %	36,8 %
Claims ratio	36,8 %	61,8 %	72,4 %	62,7 %
Combined ratio	81,2 %	101,2 %	91,7 %	99,5 %
Life cost ratio	0,31 %		0,52 %	0,36 %
Policyholder liabilities	39.230,0	2.914,3	13.964,2	56.108,6

6 Risk management

As an active provider of both Life and Non-Life insurance in the Belgian market, we are exposed to a number of risks, whether internal or external, that may affect the achievement of our objectives.

The *Enterprise Risk Management* approach provides an integrated approach for managing current and emerging risks, thus supporting long-term stability and growth. It ensures that the strategic planning and limit setting conform to the risk appetite and tolerance as set by the Board.

Risk management encompasses the processes of:

- identifying risks we are or we may be exposed to
- measuring the exposure to these risks
- monitoring the risk profile and corresponding capital needs on an on-going basis
- taking the necessary and appropriate steps to control or mitigate the risk position
- reporting to senior management and to the Board on the solvency and capital position

Sound risk governance is the foundation of an effective risk management framework. Accordingly, we have adopted the industry standard 'Three Lines of Defence' model which recognises responsibility for risk management within the business lines, the independent risk management function and internal audit. The other key components of our risk management framework are risk appetite standards, risk policies and procedures, risk models and methodologies, and risk reporting protocols.

6.1 The objectives of risk management

Risk Management is an integral part of the business and a key concern throughout the company. The mission of the Risk Management Function is to promptly identify, measure, manage, report and monitor risks potentially affecting the achievement of strategic, operational and/or financial objectives.

Risk management therefore focuses on achieving the following objectives:

- to understand the key risks taken and maintain a solvency and liquidity position such that no plausible scenario would cause the company to default on its obligations to policyholders and debt holders
- to define risk appetite and ensure that the risk profile is kept within set limits
- to support the company's decision-making process by ensuring that consistent, reliable and timely risk information is available to the decision makers, and by using that information to provide a risk opinion
- to encourage a strong risk awareness culture where managers are aware of the risks to their business, manage them effectively and report them transparently

6.2 Organisation and governance

We have designed the Risk Management Function to provide:

- clearly defined and delegated responsibility and accountability regarding risk management while promoting risk awareness
- independent risk controlling with dedicated specialised risk units monitoring the risk-taking activities
- consistent risk-related decision-making encompassing the full range of risks
- risk transparency, knowledge sharing and best practices
- high standards of risk management and responsiveness to change
- a consistent approach enabling aggregate risk reporting and oversight at the central level

To this end, we have put a structure in place which features:

- a Chief Risk Officer who has overall responsibility for the Risk Management Function at the company level and who is a member of the Management Committee, of the Risk and Audit Committee, and of the Board
- a two-layered organisation of the Risk Management Function with a Central Risk department keeping risk oversight while delegating risk responsibilities to Decentralised Risk Managers at the level of the business and support units. This operating model ensures greater proximity to the business and operations in view of better reflecting their needs, hence fostering the necessary embedding of risk management throughout the company.
- the Actuarial Function, Internal Control and Compliance, all integral parts of the Central Risk Management department. The Actuarial Function provides independent assessments of technical provisions, pricing, reinsurance and profit sharing. Internal Control ensures, to the extent possible, that the internal controls are in place so that company activities are efficient and effective, information is reliable, timely and complete, and that the company complies with applicable laws and regulations. Compliance is primarily responsible for overseeing our compliance with applicable laws, regulations and internal policies, as well as for managing compliance risk.
- several risk committees operating at different levels of the organisation, including an Audit and Risk Committee at the level of the Board, a Business Risk Committee at the level of the Management Committee, a Risk Function Committee (supported by different business line risk committees) as well as a Model Control Board at the level of the Risk Management Function

With our robust 'Three Lines of Defence' model, responsibility for risk management lies at individual and committee levels as well as board, management and staff levels. With the involvement of business line management, an independent corporate Risk Management Function (and Compliance Function) and an independent review by Internal Audit, we provide a significant level of additional control through systematic and ad hoc assessments of management processes including risk management.

6.3 The risk management framework

We have designed our risk management framework to support the mission and objectives of the Risk Management Function. It incorporates a number of core components that form a consistent and effective risk management framework, in accordance with the principles of 'Enterprise Risk Management (ERM)', underlying the process of systematically and comprehensively identifying material risks, assessing their impact and implementing integrated strategies to achieve the company's objectives.

6.3.1 Risk Appetite

In a set of Risk Appetite statements, we have expressed the amount, type and tenor of risk we are willing to take or allow and are able to afford in pursuit of our objectives, taking into account the expectations of our different stakeholders. Through a formal Risk Appetite Policy approved by the Board, we have defined a clear Risk Appetite Framework, setting formal boundaries for risk-taking. This framework sets out two types of criteria to limit risk exposure within acceptable boundaries:

- quantitative criteria which are primarily based on our stand-alone ability and willingness to accept volatility in the key areas of solvency, earnings, value and liquidity
- qualitative criteria for monitoring all material risks with a certain level of concern

Regarding Solvency, a key component in our quantitative criteria, we strive to maintain at all times a capital position such that no plausible scenario would cause the company to default on its obligations to policyholders. To accomplish this, we closely monitor the solvency and capital position within a framework based on the current Solvency I rules and which defines a target level of capital of 200% of the minimum required solvency together with a minimum acceptable level of capital set at 125% of the minimum required solvency. We use stress testing to test the resilience of the available capital buffer (available capital minus minimum acceptable capital). The framework triggers appropriate actions depending on the level of the solvency ratio. In the meantime, until the Solvency II rules come into effect, we already monitor the solvency and capital position based on the current status of this Solvency II framework completed with our best view as to the risk-based assessment of our capital needs.

An earnings-at-risk statement with reference to the year-end budgeted IFRS results, a value at risk statement with respect to our net asset value together with a liquidity statement are also part of the risk appetite.

We further cascade down the risk appetite into workable risk limits at the level of the different risk takers. We monitor it on a quarterly basis.

6.3.2 Policy framework

We have designed an ERM Policy Framework as a core element for formalising the Enterprise Risk Management. It sets standards, principles, processes and business practices that we need to implement throughout the life cycle of the policies. This framework defines minimum requirements on how we organise risk management activities within our company and sets the boundaries within which our business lines have to act from a risk perspective.

6.3.3 Risk Taxonomy

We offer a wide range of insurance products and, like other insurance companies, face a variety of risks, such as underwriting, operational and financial risks. We have developed a risk taxonomy to provide a consistent and comprehensive approach to risk identification, highlighting and defining the risks we are exposed to.



This taxonomy cannot be considered as exhaustive: it is the responsibility of business management and risk management to identify all risks the company faces or may face on an on-going basis. While the objective is to maintain a high degree of stability and consistency over time in this taxonomy, we nevertheless review it annually and adjust it if needed.

6.3.4 Risk process

We perform risk management following the well-known risk management cycle including risk identification, risk assessment and measurement, monitoring and reporting and management (control and mitigation).

6.3.5 Risk systems

Risk processes are rather complex and hence require appropriate systems and supporting technologies to allow us to manage them. We dispose of appropriate risk modelling systems to carry out complex calculations, to quantify the risk exposures, to assess the impact of stress tests and to aggregate risks. Risk monitoring systems are present to analyse risk exposures, monitor any changes in the risk profile of the company and to check that risk exposures remain within the risk appetite that the Board has defined.

6.4 Risk assessment

6.4.1 Financial Risk

Financial risk encompasses all risks relating to the value and performance of financial assets and, accordingly, represents the most significant risk that we are exposed to. The risk framework in place in all operations combines investment policies, limits, stress tests and regular monitoring to control the nature and level of financial risks and to ensure that risks being taken are appropriate for both customers and shareholders and are appropriately rewarded.

We use asset mix research to identify the appropriate strategic asset allocation, and monitor on a regular basis the market situation and prospects to decide on the tactical asset allocation. Our decision process balances risk appetite, capital requirements, long-term risks and return, policyholder expectations, profit-sharing requirements, tax and liquidity aspects to achieve an appropriate target asset mix.

Financial risk includes:

- market and ALM risk
- default risk
- liquidity risk

6.4.1.1 Market and ALM risk

Market and ALM risk refers to 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, liabilities and financial instruments.

Market and ALM risk includes the following subtypes that are further discussed below:

- interest rate risk
- equities risk
- property risk
- (credit) spread risk
- currency risk
- inflation risk

Interest rate risk

The level of and volatility in interest rates may adversely affect our business. To be able to meet future liabilities, insurers invest in a variety of assets that typically include a large portfolio of fixed income securities. Interest rate volatility may adversely affect our businesses by reducing the returns earned and reducing the market value of portfolios. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and internal economic and political considerations, inflation, governmental debt, the regulatory environment, and other factors that are beyond our control.

In particular, sustained low interest rates may adversely affect the achievement of our objectives. In times of low interest rates, bond yields typically decrease for the same amount of risk. Consequently, reinvestment occurs at lower yields, which in turn may decrease investment income in the absence of adequate matching (especially for long-term business). Low interest rates also make it difficult to maintain the required profitability to remunerate shareholders and to continue to offer attractive life investment and savings products to policyholders, which may hamper new business inflow (and thus may represent a business risk).

To reduce the interest rate risk of our life insurance business, we attempt to match our liabilities with assets that have the same, or a similar, sensitivity to interest rates, thereby offsetting the interest rate risk. We closely monitor interest rate risk using a number of indicators including mismatch analysis and stress testing. Investment policies usually require close matching unless specifically approved otherwise. If deemed appropriate, we also use derivative instruments such as interest rate swaps and swaptions to mitigate our exposure to interest rate sensitivity.

Equities risk

Stock market volatility may significantly affect the market prices for equities or their yield, hence affecting our objectives. Volatility and declines in market indices may reduce unrealised capital gains in the investment portfolio and hence adversely affect the solvency margin. Volatility may negatively affect the demand for certain insurance products such as unit-linked products. Stock market downturns and high volatility occur not only because of the economic cycle, but also because of war, acts of terrorism, natural disasters or other events that are beyond our control.

We manage equity risk through limit setting in line with the strategic asset allocation and risk appetite, as well as through an investment policy that requires a range of controls to be in place including actions required in the event of significant decreases in value (e.g. CPPI¹ mechanism).

¹ Constant Proportion Portfolio Insurance: a mechanism designed to protect liabilities by realising at all times or on a set future date a predefined minimum yield on related assets.

The table below identifies what we consider as economic exposure to equities and how it compares to the figures reported under IFRS.

<i>Equities</i>	<i>2013</i>		<i>2012</i>	
	<i>IFRS</i>	<i>Economic</i>	<i>IFRS</i>	<i>Economic</i>
Direct equity investments	1.476,8	1.476,8	1.078,6	1.078,6
Equity funds	80,6	80,6	70,2	70,2
Private equity	46,0		34,1	34,1
Structured funds	11,3		40,4	
Bond funds	527,9		17,7	
Money market funds			189,5	
Real estate funds (SICAFI/REITS)	386,7		359,0	
Other equity funds		14,0		19,8
Total equities (fair value)	2.529,3	1.571,5	1.789,4	1.202,6

Property risk

Property risk arises from the level or volatility of property market prices or their yield. We have significant exposure to property risk. However, our real estate portfolio is well-diversified and includes investments in offices, retail, logistics and, more recently, nursing homes as well as car parks across Europe (through a participation in Interparking). The investments are also geographically diversified over Belgium, France and Luxembourg. Interparking is further diversified over Spain, Germany, Italy, the Netherlands and other European countries. The value of the property portfolio of AG Real Estate, our real estate subsidiary, is subject to risks related to, amongst others, rent levels, property prices, occupancy levels, consumer spending and interest rates. Due to the financial crisis and the related economic downturn, the property market, especially the office market, faces deteriorating occupancy levels and non-core retail properties are adversely affected by the related low consumer spending which, in turn, reduces returns on those property investments. Occupancy levels, mainly in the office market, suffer from this gloomy economic environment. For instance, short term contracts or provisions entitling customers to terminate contracts early may reduce occupancy. The economic downturn has an impact on the real estate market and has clearly split it into core and non-core properties. The liquidity of non-core properties is under pressure, while the desirability of core properties increases their value.

We have the necessary tools in place to closely monitor the real estate risk to which we are exposed. For risk management purposes, we base our definition of real estate exposure on the market value of the properties, and include property held for own use. This differs from the exposure reported under IFRS that excludes unrealised gains and separately reports property held for own use.

The table below identifies what we consider as economic exposure to real estate and how this compares to the figures reported under IFRS.

Real estate	2013		2012	
	IFRS	Economic	IFRS	Economic
Carrying amount:				
Investment property	2.332,3	2.332,3	2.391,6	2.391,6
Land and buildings held for own use	921,6	921,6	971,8	971,8
Buildings held for resale	155,0	155,0	107,5	107,5
Real estate funds		459,8		438,5
Other investment charges		600,5		355,2
Unrealised capital gains:				
Investment properties		946,7		862,3
Property held for own use		318,9		397,7
Total real estate (fair value)	3.408,9	5.734,9	3.470,9	5.524,7

Spread risk

We own a significant fixed income portfolio where investments match the Life policyholder liabilities. The exposure to spread risk primarily relates to market price and cash flow variability associated with changes in credit spreads. Spread widening will, for example, reduce the value of fixed income securities held while increasing the investment income associated with acquisitions of fixed income securities. Conversely, spread tightening will generally increase the value of fixed income securities in the portfolio and will reduce the investment income associated with acquisitions of fixed income securities. A number of factors may cause a change in spread of an individual asset or a whole class of assets, including a perception or fear in the market of an increased likelihood of default.

We generally aim to hold credit fixed income investments until maturity. Because a great portion of our insurance liabilities is illiquid, this helps reduce the impact of spread risk significantly. As a result, we will unlikely be in a position of needing to sell at distressed prices, but may nevertheless choose to sell if we consider this a better course of action.

Currency risk

Currency risk arises from changes in the level or volatility of relevant currency exchange rates when there is a mismatch between the relevant currency of the assets and liabilities. Through our investments, we carry foreign currency exposures, to the U.S. dollar in particular.

Our investment policy limits this risk by requiring hedging currency mismatches between assets and liabilities. In most cases, hedging entirely eliminates the risk. We further use a range of instruments and strategies to hedge against residual currency risks.

Inflation risk

Our direct exposure to inflation risk mainly arises from the index-linked payroll expenses. Our exposure to inflation is also indirect, for example inducing changes in interest rates. A sustained increase in the inflation rate may result in an increase in market interest rates which may, in turn, decrease the estimated fair value of certain fixed income securities we hold in our investment portfolio. In addition, in the context of certain property

and casualty risks we have underwritten (particularly “long-tail” risks), a sustained increase in inflation may result in (i) claims inflation (i.e. an increase in the amount ultimately paid to settle claims several years after the policy coverage period or event giving rise to the claim), coupled with (ii) an underestimation of corresponding claims reserves at the time of establishment due to a failure to fully anticipate increased inflation and its effect on the amounts ultimately payable to policyholders, and, consequently, (iii) actual claims payments significantly exceeding associated insurance reserves. In addition, a failure to accurately anticipate higher inflation and factor it into the product pricing assumptions may result in a systemic mispricing of products.

We closely monitor the development of our expenses through the periodic analysis of cost ratios. To the extent possible, premium rates in non-life as well as reserving parameters take fluctuations in inflation into account.

Sensitivities to Market risk

The table below shows the (net of income tax) impact, as determined at year-end, of stress testing on the income statement and on shareholders’ equity using scenarios that may occur once every 30 years:

- Interest rate: increase and decrease of around 50% on the short end of the yield curve to over 20% on the long end
- Equity securities: decrease in fair value by 30% (non-listed equities by 40%)
- Real estate: decrease in fair value by 18%
- Spread risk: factor times duration. The factor ranges from 70bp for AAA to almost 2% for BBB corporates.

<i>Increase (decrease)</i>	<i>Income statement</i>	<i>Shareholders’ equity</i>
Interest rate risk – down	-14,4	228,6
Interest rate risk – up		-1.128,8
Equity securities market risk	-72,8	-426,8
Real estate risk	-171,9	-217,6
Spread risk	-10,4	-447,7

6.4.1.2 Default risk

Default risk arises directly from our investment activities as well as from default exposure to counterparties and debtors.

Investment default risk includes the risk of actual default of the issuer of debt. There is a risk that the debt issuer may be unable or unwilling to repay principal or pay interest when due in accordance with the terms of such debt, and we may have limited recourse to compel payment in the event of a default. This risk includes exposure to issuers of sovereign bonds and corporate bonds.

Given the large proportion of sovereign bonds in our investment portfolio, we are exposed to the risk of potential sovereign debt default. Investing in such instruments creates exposure to the direct or indirect consequences of political, social or economic changes (included changes in governments) and to the creditworthiness of the sovereign nation. Different factors (such as the relative size of the debt service burden to the economy as a whole) that are beyond our control may affect a sovereign debtor’s willingness or ability to repay principal and to pay interest timely. Periods of economic uncertainty may affect the volatility of market prices of sovereign debt to a greater extent than the volatility inherent in debt obligations of other types of issues. Concerns about the quality of sovereign debt issued by certain European countries and the sustainability of some sovereign credit ratings are still present. This also raised questions about the continued

viability of the Euro as a common currency and whether certain Euro zone countries may withdraw from the currency union. As a result of this turbulence within the Euro zone, the government bond market for certain jurisdictions has experienced increased spreads and price volatility, credit downgrade events and increased probability of default. In past years, we have reduced a major part of our exposure to the Euro zone periphery, leading to an increase of the share of Belgian government bonds that now constitutes a substantial part of our investment portfolio. Hence, we are significantly exposed to the risks associated with the Belgian political and economic situation.

We manage investment default risk through limits, which take the type of credit exposure, credit quality and maturity into account. Regular monitoring and early warning systems are in place.

We recognise impairment losses for specific credit risk if there is objective evidence that we will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment loss is the difference between the carrying amount and the recoverable amount. For market-traded securities, the recoverable amount is the fair value.

Counterparty default risk reflects possible losses due to the unexpected default of third parties involved with risk-mitigating contracts, such as reinsurance arrangements, securitisations and derivatives. Assets exposed to counterparty risk further include receivables from intermediaries and clients, private loans to intermediaries, mortgage loans to clients and policy loans to policyholders.

We have the necessary tools in place to closely monitor the creditworthiness of the reinsurers we deal with based on periodic reviews of their financial statements, reputation and rating. A dedicated team manages relations with intermediaries and has a procedure in place for selecting the appropriate intermediaries. Strict acceptance criteria (including account limits) apply when granting private loans and we have a mortgage loan acceptance policy in place.

The next table summarises our total credit risk exposure.

	31 December 2013	31 December 2012
Cash and cash equivalents	685,9	889,0
Derivatives held for trading (assets)	7,6	23,2
Loans	4.725,3	3.759,1
Impairments	-13,3	-10,8
Total Loans, net	4.712,0	3.748,2
Interest-bearing investments	46.730,4	48.306,1
Impairments	-2,3	-2,3
Total Interest bearing investments, net	46.728,1	48.303,9
Reinsurance and other receivables	787,4	741,4
Impairments	-4,6	-4,7
Total Reinsurance and other receivables, net	782,8	736,6
Credit commitments	659,7	456,3
Total credit risk exposure, gross	53.596,3	54.175,1
Impairments	-20,2	-17,8
Total credit risk exposure, net	53.576,1	54.157,3

Impaired credit risk exposure	31 December 2013			31 December 2012		
	Impaired outstanding	Impaired credit risk	Coverage ratio	Impaired outstanding	Impaired credit risk	Coverage ratio
Loans	128,4	-12,5	9,7 %	128,8	-9,8	7,6 %
Interest-bearing investments	3,7	-2,3	62,2 %	3,7	-2,3	62,2 %
Other receivables	4,6	-4,6	100,0 %	4,7	-4,7	100,0 %
Total impaired credit exposure	136,7	-19,4	14,2 %	137,2	-16,8	12,2 %

6.4.1.3 Liquidity risk

Liquidity risk is the inability to meet cash obligations when payment is due. We consider two categories of liquidity risk:

- *Funding liquidity risk* is the inability to meet the expected and unexpected cash demands of policyholders or other contract holders without suffering unacceptable losses or without endangering the business franchise.
- *Market liquidity risk* is the inability to realise assets due to inadequate market depth or market disruption. As such, it relates to market risk.

Liquidity risk in our business stems from the liquidity characteristics of assets and liabilities. Some liabilities arising from life insurance products are subject to surrender while others, such as liabilities arising from pension insurance, term insurance and annuities, are highly illiquid. Tax legislation and built-in penalties in case of surrender strengthen the illiquidity of some life insurance products. Non-life liabilities are also considered illiquid by nature. Assets are characterised by a different degree of liquidity, ranging from highly liquid (cash) to a low degree of liquidity (real estate). Additionally, protracted market declines may reduce the liquidity of markets that are typically liquid. Traditionally, however, liquidity risk has not been significant (even in the stressed and illiquid market conditions of 2008).

Liquidity risk management at the AG Insurance level involves determining the net cash position, i.e. cash resources minus cash drain in normal and stressed situations. Actions depend on the level of the liquidity ratio obtained.

6.4.2 Insurance Liability Risk

The results of our life and non-life businesses depend significantly upon the extent to which our actual claim experience remains consistent with the assumptions used in the *pricing* of our products. We calculate Life insurance premiums using assumptions about mortality, interest rates, lapses and expenses used to project future liabilities. In non-life insurance, we use claim frequency, claim severity, expense and inflation assumptions to determine our rates. Although we closely monitor experience (i.e. the claims and expenses that we presently experience), there is no guarantee that actual experience matches the assumptions that we used in initially establishing the future policyholder benefits and related premium levels.

Our *technical provisions* cover the current and future liabilities towards our policyholders. We set up technical provisions with respect to both our life and non-life businesses. They include, *inter alia*, mathematical provisions, claims provisions (for reported and unreported claims), unearned premium provisions and ageing provisions. These technical provisions (and the assets backing them) represent the major part of our balance sheet. Depending on the actual realisation of the assumptions underlying the estimated future liabilities (mortality, morbidity, expenses, lapses, etc...) the current technical provisions may prove to be inadequate.

Reserving inadequacy may also occur due to other factors that are beyond the control of insurers, such as unexpected legal developments, advances in medicine and changes in social attitudes.

We are also exposed to *catastrophic risk* arising from pandemics, natural catastrophic events (such as hurricanes, windstorms, hailstorms, floods, earthquakes) and man-made disasters (such as acts of terrorism).

Each business manages insurance risk through a combination of a number of policies such as an insurance risk policy, an underwriting policy, a product approval policy, a claims policy, a reserving policy and a reinsurance policy.

In managing insurance risk, we give particular attention to the *underwriting process* and the risk selection this involves in order to ensure that the customer segment purchasing the product is consistent with the underlying assumptions made about the customers when the product was designed and priced. Underwriting involves review procedures by actuarial staff examining the actual loss experience. We employ a range of indicators and statistical analysis tools to further refine underwriting standards in order to improve the loss experience and/or ensure that we adjust pricing appropriately.

Business lines set *premiums* at levels that will ensure that the premiums received and the investment income earned exceed the total value of claims, plus handling and management costs. We test pricing appropriateness using a range of techniques and key performance indicators appropriate for a particular portfolio, on both an *a priori* (e.g. profit testing) and a *posteriori* (e.g. embedded value, combined ratios) basis.

We closely monitor reserving risk, i.e. the risk that the technical provisions prove to be inadequate, through Liability Adequacy Testing (LAT), which we perform on each reporting date and which, if necessary, requires recognition of additional liabilities that we charge to the income statement. Certified actuaries (internal and external) express their independent opinion on the overall adequacy of the liabilities arising from the insurance contracts.

In the normal course of business, we further transfer exposure to certain risks in our life and non-life insurance business to reinsurers through appropriate *reinsurance* arrangements (treaties). Under these arrangements, reinsurers assume a portion of our losses and expenses associated with reported and unreported claims in exchange for a share of the premiums. We primarily use external reinsurance to mitigate the impact of natural catastrophes (e.g. hurricanes, earthquakes and floods), large single claims from policies with high limits, and multiple claims triggered by a single man-made event. We select reinsurers primarily on pricing and counterparty risk considerations (see above).

6.4.3 Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people or systems risk, or external events. It includes compliance risk as well as financial reporting risk, where a material misstatement may cause significant reputational damage.

We have a sound operational risk management in place for administering our portfolio of products, activities, processes and systems. Risk procedures include business continuity management, information security management, anti-fraud management, outsourcing management and internal control.

6.4.4 Other risks

'Other risks' groups risks such as strategic risk, business risk and reputational risk. *Strategic risk* represents the risk that poor decision-making, execution, or response to industry changes or competitor actions harm our competitive position. *Business risk* is the risk that represents the volatility in the realisation of business objectives due to potential economical, societal, technological, environmental and legal changes. *Reputational*

risk is the risk of loss resulting from a decrease in the number of clients, transactions and funding opportunities arising from the adverse perception of the image of the company on the part of clients, counterparties, employees, shareholders, investors or regulators. It can also stem from individual business transactions, and operational failures may also affect our reputation.

The responsibility of managing *strategic risk* lies with the Board of Directors. We address strategic risk by examining multi-year scenarios, considering the related risks, as well as by monitoring the implementation of the chosen strategy through the multi-year business plan. Monitoring *business risk* requires pre-emptive risk management, anticipating possible developments in the landscape we are operating in. We dispose of a structured horizon-scanning process of threats and opportunities surrounding our activities, information which we exploit in the strategic and multi-year planning process. As for *reputational risk*, we have a tradition of long-standing commitment to sustainable business practices and good governance. We mitigate reputational risk through clear corporate values, a business code of conduct, robust internal controls and a clear dialogue with our stakeholders.

7 Governance

7.1 Remuneration of the members of the Board of Directors

Total consideration paid to executive and non-executive members of the Board of Directors in 2013 amounted to EUR 4,7 million. On 31 December 2013, outstanding loans to the Board members amounted to EUR 0,3 million.

7.2 Related parties

Parties related to AG Insurance include associates, Ageas companies and their key personnel, and minority shareholder BNP Paribas Fortis nv-sa.

We frequently enter into transactions with related parties in the course of our business operations. Such transactions mainly concern distribution agreements and regular financial operations with BNP Paribas Fortis, service level agreements with Ageas, and other regular business operations that we enter into under similar commercial and market terms that would apply to non-related parties:

Bankinsurance distribution agreement with BNP Paribas Fortis

AG Insurance has a historical partnership with BNP Paribas Fortis relating to the distribution of its products through the retail channel of BNP Paribas Fortis. The existing agreements provide for the practical and legal aspects of the distribution strategy and operations with BNP Paribas Fortis. They regulate the parties' mutual obligations in terms of marketing, sales management, sales support, distribution channels, liabilities, compliance, products offering, trademark use, complaints management, etc. The agreements also stipulate that BNP Paribas Fortis will distribute AG Insurance products exclusively. The global partnership agreement runs until at least 31 December 2020. However, until 31 December 2017, either party can terminate the agreement by giving the other party at least three years' prior notice.

Service agreement with BNP Paribas Fortis

Following the dismantling of the Fortis group, AG Insurance and BNP Paribas Fortis entered into a long-term mainframe outsourcing service agreement that allows AG Insurance to use BNP Paribas Fortis's mainframe to conduct its business. As of 1 January 2012, either party can terminate the agreement for convenience by giving the other 30 days' prior notice.

Real estate transaction with BNP Paribas Fortis

In December 2012, we sold an office building to current tenant BNP Paribas Fortis through a financial lease, for a total consideration of EUR 51 million.

Real estate transactions with DTH Partners LLC

DTH Partners LLC is an entity affiliated with the late Mr Ronny Brückner, a member of the Ageas Board of Directors. Accordingly, the transactions with and commitments made to DTH Partners LLC as detailed below qualify as related party transactions. Although these are unique circumstances, management considers that it concluded the transactions at arm's length. The tables further below include the relevant amounts under the heading Ageas.

In December 2011, we granted DTH Partners LLC and NB 70 Pine LLC (joint and several borrowers), both real estate investment companies in the U.S.A., a convertible bridge loan of USD 70 million (EUR 53,1 million) to help finance the acquisition of a landmark building located on 70 Pine Street in Manhattan (New York).

This loan matured on 26 April 2013, when we subscribed to:

- a USD 102,9 million (EUR 78,9 million) capital contribution for DTH Partners LLC, representing a 33% equity stake;
- two tranches of Mezzanine loans to DTH Partners LLC granting it a total nominal amount of USD 117,5 million (EUR 90,0 million) at initial interest rates between 10,5% and 15%;
- a bridge loan of USD 23 million (EUR 17,6 million) to Eastbridge SARL.

The mezzanine loans benefit from a security package that features (i) pledges over all shares of DTH Partners LLC, (ii) guarantee agreements and (iii) pledges over receivables.

The tables below detail the amounts in the income statement and the balances in the statement of financial position relating to related parties.

2013	Associates	Ageas	BNP Paribas Fortis	Total
Income and expense				
Interest income	7,4	8,6	8,8	24,8
Interest expense		-36,3	-5,9	-42,2
Premiums				
Dividends and other investment income			21,3	21,3
Fee and commission income	11,0		18,8	29,8
Realised gains			10,4	10,4
Other income	0,7	14,7	0,7	16,1
Fee and commission expenses			-222,0	-222,0
Realised losses			-10,1	-10,1
Operating, administrative and other expenses	-18,3	-2,9		-21,2
Statement of financial position				
Cash and cash equivalents			187,2	187,2
Trading assets			0,1	0,1
Due from banks			177,5	177,5
Investments	57,7	79,5	161,9	299,1
Due from customers	136,1	103,7		239,8
Other assets	1,1	-3,9		-2,8
Reinsurance share, trade and other receivables	4,4	4,0	0,8	9,2
Accrued income and deferred charges	0,1	7,4	8,0	15,5
Investments on behalf of policyholders			2.066,4	2.066,4
Trading liabilities			4,4	4,4
Due to banks			932,0	932,0
Liabilities arising from insurance and investment contracts				
Debt certificates, subordinated liabilities and other borrowings	4,7	684,9	100,0	789,6
Deferred revenues and accrued interest and expenses	1,4	9,8	14,1	25,3
Other liabilities	1,5	-2,3	3,8	3,0

2012	Associates	Ageas	BNP Paribas Fortis	Total
Income and expense				
Interest income	3,1	6,7	9,2	19,0
Interest expense		-55,0	-3,2	-58,2
Premiums				
Dividends and other investment income			23,4	23,4
Fee and commission income	12,6		19,8	32,4
Realised gains			44,9	44,9
Other income	0,5	16,8	1,0	18,3
Fee and commission expenses			-234,9	-234,9
Realised losses			-2,6	-2,6
Operating, administrative and other expenses	-18,0	-4,0		-22,0
Statement of financial position				
Cash and cash equivalents			418,9	418,9
Trading assets			-0,3	-0,3
Due from banks			161,1	161,1
Investments	8,0		152,1	160,1
Due from customers	47,4	53,1	39,4	139,9
Other assets	1,0	73,4		74,4
Reinsurance share, trade and other receivables	56,8	4,0	53,1	113,9
Accrued income and deferred charges		4,5	10,4	14,9
Investments on behalf of policyholders			1.610,8	1.610,8
Trading liabilities			-0,1	-0,1
Due to banks			315,0	315,0
Liabilities arising from insurance and investment contracts				
Debt certificates, subordinated liabilities and other borrowings	4,9	896,5		901,4
Deferred revenues and accrued interest and expenses	1,7	27,1	15,7	44,5
Other liabilities	5,2	73,4	1,0	79,6

7.3 Remuneration of auditors

Fees paid to AG Insurance's auditors KPMG include:

- audit fees for auditing the statutory and consolidated financial statements as well as the quarterly reports, the embedded value report and other reports;
- audit-related fees such as assurance certification on prospectuses and other certifications required from the statutory auditor;
- fees for tax advice;
- other non-audit fees for services and advice in areas other than tax.

	2013	2012
Audit fees	1,5	1,4
Audit-related fees	0,1	0,1
Tax fees		
Other non-audit fees		
Total	1,6	1,4

* 2012 restated showing KPMG only

8 Employee benefits

This note covers post-employment benefits, other long-term employee benefits and termination benefits.

Post-employment benefits cover retirement benefits and post-employment medical care. They fall due after employment ends.

Other long-term employee benefits include long-service awards and long-term disability benefits. They do not fall due wholly within twelve months after the period of service has been rendered.

Termination benefits result from early termination of the employee's employment contract.

IAS 19 R came into effect on 1 January 2013 (Note 1.2) affecting the reporting of post-employment benefits as follows:

- Remeasurements of defined benefit liabilities are now recognised in other comprehensive income; the 'corridor' method has been eliminated.
- Pension cost includes net interest expense, now calculated by discounting the net pension liability. The discount rate remains a high quality corporate bond rate, when there is a deep market in such bonds, and a government bond rate in other markets.
- Defined Benefit Obligation now includes a tax liability resulting from recognising taxes and social security contributions on future premiums.

Accordingly, we have restated the 2012 figures, increasing defined benefit liabilities on 31 December 2012 by EUR 108,9 million as compared to the amounts initially reported.

Defined benefit liabilities	31 December 2013	31 December 2012
Post-employment benefits – defined benefit pension plans	364,8	379,3
Post-employment benefits – other	88,6	91,8
Other long-term employee benefits	12,0	12,0
Termination benefits	10,7	14,7
Total Defined benefit liabilities	476,0	497,7

We classify defined benefit liabilities in the Statement of financial position under the heading 'Other liabilities' (Note 24).

8.1 Post-employment benefits

Defined benefit pension plans and other post-employment benefits

Under defined benefit pension plans, years of service and salary level determine the level of benefits. Mortality tables, employee turnover, wage drift and economic assumptions such as inflation and discount rate are other parameters determining the level of pension obligations. The yield (at closing date) of debt securities of similar duration issued, in the absence of a representative corporate market, by blue-chip companies or by the government sets the basis for the discount rate.

In addition to pensions, post-employment benefits include other expenses such as (partial) reimbursement of health insurance premiums that we continue to grant to employees after retirement.

The defined benefit liability is the present value of the defined benefit obligation, less plan assets measured at fair value.

The present value of the defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current year.

As we are both employer and insurer, we insure most of our own employee pension plans ourselves. Under IFRS, the assets backing such self-insured pension plans are non-qualifying and, accordingly, plan assets exclude such amounts. Plan assets shown in this section relate to external plans.

We determine defined benefit liabilities and the related current service cost in accordance with the Projected Unit Credit Method. Under this method, we charge each participant's benefits to the income statement as they accrue, taking into account future compensation increases and the plan's benefit allocation principles.

<i>Components of net defined benefit liabilities</i>	<i>Defined benefit pension plans</i>		<i>Other post-employment benefits</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Present value of unfunded obligations	362,3	374,4	88,6	91,8
Present value of funded obligations	26,5	26,2		
Defined benefit obligation	388,8	400,6	88,6	91,8
Fair value of plan assets	-24,0	-21,4		
Defined benefit liabilities, net	364,8	379,3	88,6	91,8

The following tables further detail the changes in net defined benefit liabilities and their components.

<i>Changes in net defined benefit liabilities</i>	<i>Defined benefit pension plans</i>		<i>Other post- employment benefits</i>	
	2013	2012	2013	2012
Balance on 1 January, as previously reported	308,2	291,3	54,0	51,8
IAS 19 R restatement	71,0	38,9	37,8	19,8
Balance on 1 January, restated	379,3	330,2	91,8	71,6
Defined benefit expense	31,1	28,4	5,0	4,0
Employers' contributions	-2,5	-2,0		
Benefits directly paid by the employer	-18,3	-9,5	-2,2	
Remeasurement	-17,9	32,1	-6,1	18,1
Settlements	-6,9			
Other				-1,8
Balance on 31 December, restated	364,8	379,3	88,6	91,8

<i>Changes in defined benefit obligation</i>	<i>Defined benefit pension plans</i>		<i>Other post- employment benefits</i>	
	2013	2012	2013	2012
Balance on 1 January, as previously reported	388,0	339,6	79,5	62,0
IAS 19 restatement	12,6	9,2	12,3	9,6
Balance on 1 January, restated	400,6	348,8	91,8	71,6
Current service cost	23,3	17,9	2,5	1,4
Interest cost	9,1	11,9	2,5	2,4
Past service cost - vested benefits				
Settlements	-0,6	-0,8		
Remeasurement	-17,8	32,5	-6,1	18,0
Participants' contributions	0,1	0,1		
Benefits paid	-0,8	-0,6		
Benefits directly paid by the employer	-18,3	-9,5	-2,2	-1,8
Settlements	-6,9			
Other		0,3		0,2
Balance on 31 December, restated	388,8	400,6	88,6	91,8

<i>Changes in fair value of plan assets</i>	<i>Defined benefit pension plans</i>		<i>Other post- employment benefits</i>	
	2013	2012	2013	2012
Balance on 1 January	21,4	18,8		
Settlements	0,1			
Interest income	0,6	0,9		
Remeasurement	0,1	0,4		
Employers' contributions	2,5	1,9		
Participants' contributions	0,1	0,1		
Benefits paid	-0,8	-0,6		
Transfer				
Balance on 31 December	24,0	21,4		

The following table details the components that we recognise in the income statement.

	Defined benefit pension plans		Other post-employment benefits	
	2013	2012	2013	2012
Current service cost	23,3	17,9	2,5	1,4
Interest cost	9,1	11,9	2,5	2,4
Settlements	-0,7	-0,8		
Other	-0,6	-0,6		0,2
Total defined benefit expense	31,1	28,4	5,0	4,0

We classify current service cost as well as gains and losses on settlements in the income statement under 'Staff expenses' (Note 38), and other defined benefit expenses in 'Finance costs' (Note 35).

The following table details the remeasurement that we recognise in other comprehensive income.

	2013	2012
Actuarial gains (losses) on DBO arising from changes in financial assumptions	24,8	-46,1
Actuarial gains (losses) on DBO arising from changes in demographic assumptions		
Actuarial gains (losses) on DBO arising from experience adjustments	-0,9	-4,4
Return on plan assets, excluding unwinding of discount	0,1	0,4
Remeasurement of net defined benefit liability	24,0	-50,2

Assumptions and sensitivities

The next tables highlight the major actuarial assumptions we use when determining the defined benefit obligation as well as the sensitivity of the defined benefit obligations to changes of selected parameters.

	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 %	2,1 %	2,8 %	3,2 %	3,3 %	2,8 %	2,8 %
Future salary increases *	2,5 %	4,3 %	2,5 %	4,3 %				
Future pension increases *	2,0 %	2,0 %	2,0 %	2,0 %				
Medical cost trend rates					3,8 %	3,8 %	3,8 %	3,8 %

* including inflation

Defined benefit pension plans	100 bp increase	100 bp decrease
Discount rate	-44,6	53,9
Future salary increase	86,6	-48,8
Future pension increase	42,2	-35,2

Other post-employment benefits	100 bp increase	100 bp decrease
Discount rate	-13,6	17,8
Medical cost trend increase	-0,8	0,6

Plan assets

Plan assets are primarily investment contracts with insurance companies, equity securities, and fixed-income securities. In accordance with our internal investment policy, we do not invest in derivatives or emerging markets for funding pension plans. We gradually adjust the asset allocation policy to ensure a close match between the duration of plan assets and related pension liabilities.

<i>Plan assets: asset mix</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Insurance contracts	45,3 %	43,6 %
Debt securities	30,6 %	36,9 %
Equity securities	18,6 %	15,4 %
Cash	3,8 %	1,1 %
Other	1,6 %	3,0 %

<i>Non-qualifying assets: asset mix</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Debt securities	86,4 %	89,1 %
Real estate	8,7 %	7,3 %
Equity securities	4,7 %	3,3 %
Other	0,2 %	0,3 %

Next year, we expect following employer's contributions to post-employment benefit plans:

<i>Expected employer's contribution for next year</i>	<i>Defined benefit pension plans</i>
To plan assets	2,2
To non-qualified plan assets	19,9

Defined contribution plans

We also set up and manage defined contribution plans. The employer's commitment to a defined contribution plan is limited to the payment of contributions calculated as per the plan's regulations. We classify employer contributions to defined-contribution plans in the income statement under 'Staff expenses' (Note 38).

8.2 Other long-term employee benefits

Other long-term employee benefits include long-service awards.

We classify other long-term employee benefits liabilities in the statement of financial position under 'Other liabilities' (Note 24).

<i>Changes in net defined benefit liabilities</i>	2013	2012
Net liability on 1 January	12,0	10,9
Total expense	0,9	1,9
Benefits directly paid by the employer	-0,9	-0,8
Net liability on 31 December	12,0	12,0

The following table details the range of actuarial assumptions we apply when calculating the liabilities for other long-term employee benefits. Sensitivities to these assumptions are not significant.

	2013		2012	
	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
Discount rate	2,5 %	2,6 %	2,2 %	2,3 %
Future salary increases	2,5 %	4,3 %	2,5 %	4,3 %

8.3 Termination benefits

Termination Benefits are employee benefits payable as a result of either a company'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.

We classify liabilities related to termination benefits in the Statement of financial position under 'Other liabilities' (Note 24).

<i>Changes in net defined benefit liabilities</i>	2013	2012
Net liability on 1 January	14,7	20,3
Total expense	-0,1	-0,5
Employers' contributions		
Benefits directly paid by the employer	-3,9	-5,1
Transfer		
Net liability on 31 December	10,7	14,7

Notes to the consolidated statement of financial position

9 Financial investments

We classify financial investments into four different categories:

- Held-to-maturity investments, consisting of Belgian government bonds that we have both the ability and the intent to hold until maturity. We measure these at amortised cost.
- Available-for-sale financial assets, consisting of listed debt and equity securities. We measure these at fair value and recognise changes in fair value in other comprehensive income.
- Held-at-fair value investments, consisting primarily of structured products pending disposal that we have transferred from unit-linked investment portfolios. We recognise changes in fair value in the income statement.
- Held-for-trading instruments, consisting of derivatives. We recognise changes in fair value in the income statement.

31 December 2013	Held to maturity	Available for sale	Held at fair value	Held for trading	Total
Government	4.361,9	25.004,6			29.366,5
Corporate - Bank and Finance		9.520,1	188,0		9.708,1
Corporate - Other		7.305,5			7.305,5
Structured credit instruments		297,7	50,3		348,0
Total Debt securities	4.361,9	42.128,0	238,3		46.728,1
Equity securities		2.444,9	31,9		2.476,8
Private equities		50,2			50,2
Other investments		5,3			5,3
Total Equity securities & other		2.500,4	31,9		2.532,3
Derivatives				7,6	7,6
Total Financial investments	4.361,9	44.628,3	270,2	7,6	49.268,0

31 December 2012	Held to maturity	Available for sale	Held at fair value	Held for trading	Total
Government	4.367,8	25.961,6			30.329,4
Corporate - Bank and Finance		10.547,7	152,1		10.699,8
Corporate - Other		6.959,6			6.959,6
Structured credit instruments		266,0	49,0		315,1
Total Debt securities	4.367,8	43.734,9	201,1		48.303,9
Equity securities		1.732,0	21,8		1.792,0
Private equities		34,1			
Other investments		4,1			
Total Equity securities & other		1.770,2	21,8		1.792,0
Derivatives				23,2	23,2
Total Financial investments	4.367,8	45.505,1	222,9	23,2	50.118,9

The following tables provide the split of debt security holdings by country.

<i>31 December 2013</i>	<i>Government</i>	<i>Corporate – Bank and Finance</i>	<i>Corporate – Other</i>	<i>Structured Credit Instruments</i>	<i>Total</i>
Belgium	18.056,7	240,1	424,4	11,8	18.733,0
France	4.303,1	2.091,9	1.879,5	16,0	8.290,5
Germany	1.103,4	1.898,1	726,2	94,8	3.822,6
Austria	2.423,3	546,3	424,2		3.393,9
Supranational	178,0	2.208,4			2.386,4
Netherlands	362,9	480,0	404,8	64,7	1.312,4
Italy	970,2	90,3	181,9	43,0	1.285,4
Spain	298,4	616,3	161,7		1.076,4
United States	31,8	441,0	406,3	45,4	924,5
UK		167,9	604,7	10,1	782,7
Ireland	527,1	16,4	74,3		617,8
Australia		189,1	282,0		471,0
Sweden		192,1	273,3		465,5
Slovakia	320,2		94,1		414,3
Finland	196,7	68,1	95,1		359,9
Czech Republic	273,1		48,8		321,9
Switzerland		91,0	140,9		231,9
Poland	196,7	1,7	11,2		209,6
Norway		116,5	88,8		205,3
Luxembourg	19,9		147,1		167,1
Denmark		22,3	113,3		135,6
Mexico			127,1		127,1
Brazil		11,3	89,4		100,7
Asia	10,3	66,5	178,0		254,8
Other European countries	55,8	4,1	40,1		100,0
Other Countries	38,7	148,4	288,6	62,2	537,9
Total Debt securities	29.366,5	9.708,1	7.305,5	348,0	46.728,1

<i>31 December 2012</i>	<i>Government</i>	<i>Corporate – Bank and Finance</i>	<i>Corporate – Other</i>	<i>Structured Credit Instruments</i>	<i>Total</i>
Belgium	18.306,9	74,5	274,5	16,5	18.672,3
France	4.312,4	2.312,7	1.845,2	41,6	8.511,9
Germany	1.357,4	2.139,5	735,9	110,1	4.342,9
Austria	2.642,9	663,1	404,7		3.710,7
Supranational	195,0	2.470,4			2.665,4
Netherlands	547,3	602,8	399,4	74,5	1.624,1
Italy	1.120,2	128,9	205,1		1.454,2
United States	35,3	392,9	723,0	44,2	1.195,5
Spain	273,3	649,3	136,1		1.058,7
UK		228,3	658,3	9,5	896,1
Ireland	391,8	26,4	36,4	6,9	461,5
Sweden		176,0	279,8		455,8
Australia		201,9	211,8		413,7
Finland	234,3	69,8	103,9		408,1
Czech Republic	278,3		51,0		329,3
Slovakia	244,8				244,8
Switzerland		109,4	111,3		220,7
Norway		134,2	82,2		216,4
Poland	203,6		11,7		215,3
Denmark		48,1	95,4		143,5
Canada	50,2	21,7	28,3		100,1
Other European countries	125,0	137,6	137,0	11,7	411,4
Asia	10,7	77,5	170,1		258,3
Other Countries		34,8	258,5		293,3
Total Debt securities	30.329,4	10.699,8	6.959,6	315,1	48.303,9

The following tables segment debt security holdings by investment grade.

2013	Government	Corporate - Bank and Finance	Corporate - Other	Structured Credit Instruments	Total
AAA	4.265,0	4.307,6		166,6	8.739,2
AA	22.454,0	3.344,5	996,1	23,7	26.818,2
A	796,0	1.407,5	3.016,7	93,8	5.313,9
BBB	1.788,2	587,4	2.998,9	1,7	5.376,2
Investment grade	29.303,2	9.647,0	7.011,6	285,8	46.247,5
BB or lower	63,1	26,9	214,9		304,9
Unrated	0,2	34,3	79,0	62,2	175,7
Non-investment grade and unrated	63,3	61,1	293,9	62,2	480,6
Total	29.366,5	9.708,1	7.305,5	348,0	46.728,1

2012	Government	Corporate - Bank and Finance	Corporate - Other	Structured Credit Instruments	Total
AAA	4.977,3	4.980,7		210,4	10.168,5
AA	22.729,1	3.612,3	1.057,1	35,1	27.433,6
A	1.102,8	1.284,8	3.168,9	1,9	5.558,4
BBB	1.426,1	645,8	2.423,1	49,0	4.543,9
Investment grade	30.235,3	10.523,6	6.649,0	296,4	47.704,4
BB or lower	93,8	35,4	243,3		372,5
Unrated	0,2	140,8	67,3	18,6	226,9
Non-investment grade and unrated	94,1	176,2	310,6	18,6	599,4
Total	30.329,4	10.699,8	6.959,6	315,1	48.303,9

* 2012 restated for comparative purposes

9.1 Investments held to maturity

This heading includes Belgian government bonds that we have reclassified at an earlier date from the heading 'Available for sale'.

The (level one) fair value of these bonds amounts to EUR 5.159,4 million on 31 December 2013 (EUR 5.510,6 million on 31 December 2012).

9.2 Investments available for sale

31 December 2013	Amortised cost before impairments	Impairment allowance	Amortised cost net of impairments	Unrealised gains	Unrealised losses	Fair value
Government bonds	22.801,4		22.801,4	2.233,1	-29,9	25.004,6
Corporate debt securities	15.736,3		15.736,3	1.154,2	-64,8	16.825,7
Structured credit instruments	289,6	-2,3	287,3	13,5	-3,0	297,7
Debt securities	38.827,3	-2,3	38.825,0	3.400,7	-97,7	42.128,0
Equity securities	2.224,8	-197,7	2.027,1	435,0	-17,2	2.444,9
Private equities and venture capital	49,9		49,9	0,3		50,2
Other investments	5,3		5,3			5,3
Equity securities and other	2.280,0	-197,7	2.082,3	435,3	-17,2	2.500,4
Total investments available for sale	41.107,3	-200,0	40.907,3	3.836,0	-114,9	44.628,3

31 December 2012	Amortised cost before impairments	Impairment allowance	Amortised cost net of impairments	Unrealised gains	Unrealised losses	Fair value
Government bonds	22.824,5		22.824,5	3.206,1	-69,0	25.961,6
Corporate debt securities	15.905,6		15.905,6	1.629,6	-27,9	17.507,3
Structured credit instruments	259,0	-2,3	256,7	15,7	-6,4	266,0
Debt securities	38.989,1	-2,3	38.986,8	4.851,4	-103,3	43.734,9
Equity securities	1.755,9	-208,6	1.547,3	205,2	-20,5	1.732,0
Private equities and venture capital	33,5		33,5	0,6		34,1
Other investments	4,1		4,1			4,1
Equity securities and other	1.793,5	-208,6	1.584,9	205,8	-20,5	1.770,2
Total investments available for sale	40.782,6	-210,9	40.571,7	5.057,2	-123,8	45.505,1

Our investments in structured credits relate mainly to asset or mortgage backed securities or similar instruments. Apart from our EUR 50 million investment in the real estate certificate Rue Royale where we also act as fund and asset manager, we are not further involved with the emittents of those instruments. Accordingly, the maximum loss exposure we have on those instruments is limited to their carrying value.

The fair value hierarchy described in Note 1 'Summary of significant accounting policies' determines the classification of fair value measurements shown below.

31 December 2013	Level 1	Level 2	Level 3	Total
Government bonds	25.004,6			25.004,6
Corporate debt securities	16.776,8	48,8		16.825,6
Structured credit instruments	156,2	44,5	97,0	297,7
Private equities and venture capital			50,2	50,2
Equity securities	1.816,6	543,2	85,0	2.444,8
Other investments		5,3		5,3
Total fair values	43.754,2	641,8	232,2	44.628,3

31 December 2012	Level 1	Level 2	Level 3	Total
Government bonds	25.961,6			25.961,6
Corporate debt securities	17.498,8	8,5		17.507,3
Structured credit instruments	152,3	45,9	67,8	266,0
Private equities and venture capital			34,1	34,1
Equity securities	1.418,9	311,3	1,5	1.732,0
Other investments		2,4	1,8	4,1
Total fair values	45.031,6	368,1	105,2	45.505,1

Changes in Level 3	2013	2012
Balance on 1 January	105,2	91,0
Maturity / Redemption		
Acquisitions/divestment of subsidiaries		
Acquired	85,6	23,0
Proceeds from sales	-22,2	-5,1
Realised losses (gains)		
Reversal of impairments		
Impairments	-0,5	
Unrealised gains	2,3	-3,0
Transfers between valuation categories	61,8	
Foreign exchange differences		-0,7
Balance on 31 December	232,2	105,2

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.

Level 3 positions are mainly sensitive to a change in the level of credit spreads. For each increase of the general level of credit spreads by one basis point, we expect the market value of these positions to decrease

by three basis points. This translates into a loss of value by approximately EUR 3 million. We recognise changes in fair value of the level 3 instruments in '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

31 December 2013	Amortised cost before impairments	Impairments	Unrealised gains (losses)	Fair value
Belgium	12.525,2		1.169,6	13.694,8
France	3.949,4		353,7	4.303,1
Austria	2.194,2		229,2	2.423,3
Germany	928,5		175,0	1.103,4
Italy	921,2		49,0	970,2
Ireland	481,4		45,7	527,1
The Netherlands	321,8		41,1	362,9
Slovakia	288,6		31,7	320,2
Spain	287,5		10,9	298,4
Czech Republic	243,4		29,7	273,1
Poland	165,9		30,8	196,7
Finland	177,9		18,8	196,7
Supranational	168,1		10,0	178,0
Slovenia	45,1		0,7	45,9
Canada	36,0		2,7	38,7
United States of America	28,2		3,6	31,8
Other	39,0		1,2	40,2
Total	22.801,4		2.203,2	25.004,6

31 December 2012	Amortised cost before impairments	Impairments	Unrealised gains (losses)	Fair value
Belgium	12.178,8		1.760,3	13.939,1
France	3.756,1		556,2	4.312,4
Austria	2.284,6		358,3	2.642,9
Germany	1.093,1		264,3	1.357,4
Italy	1.121,2		-1,0	1.120,2
The Netherlands	489,5		57,8	547,3
Ireland	370,5		21,3	391,8
Czech Republic	243,8		34,5	278,3
Spain	296,2		-22,8	273,3
Slovakia	213,3		31,5	244,8
Finland	203,7		30,6	234,3
Slovenia	62,0		-0,2	61,7
United States of America	29,9		5,4	35,3
Portugal	14,1		-2,0	12,2
Other	467,7		42,9	510,6
Total	22.824,5		3.137,1	25.961,6

Impairments of investments available for sale

	Debt securities	2013 Equity securities	Total	Debt securities	2012 Equity securities	Total
Balance on 1 January	2,3	208,6	210,9	1.215,6	193,2	1.408,8
Acquisitions/divestment of subsidiaries						
Increase in impairments		17,3	17,3	2,3	94,1	96,4
Release of impairments						
Reversal on sale/disposal		-26,8	-26,8	-1.215,5	-78,4	-1.294,0
Other		-1,3	-1,3		-0,2	-0,2
Balance on 31 December	2,3	197,7	200,0	2,3	208,6	210,9

9.3 Investments held at fair value through profit or loss

This heading mainly accumulates securities awaiting disposal that have been reclassified from the heading 'Investments related to unit-linked contracts' upon redemption of the related contracts.

	31 December 2013	31 December 2012
Corporate debt securities	188,0	152,1
Structured credit instruments	50,3	49,0
Debt securities	238,3	201,1
Equity securities and other	31,9	21,8
Total Investments held at fair value through profit or loss	270,2	222,9

The fair value hierarchy described in Note 1 — Summary of significant accounting policies determines the classification of fair value measurements shown below.

31 December 2013	Level 1	Level 2	Level 3	Total
Government bonds				
Corporate debt securities		188,0		188,0
Structured credit instruments			50,3	50,3
Private equities and venture capital				
Equity securities		31,9		31,9
Other investments				
Total fair values		219,9	50,3	270,2

31 December 2012	Level 1	Level 2	Level 3	Total
Government bonds				
Corporate debt securities		152,1		152,1
Structured credit instruments			49,0	49,0
Private equities and venture capital				
Equity securities		21,8		21,8
Other investments				
Total fair values		173,9	49,0	222,9

Changes in Level 3	2013	2012
Balance on 1 January	49,0	85,7
Acquisitions/divestment of subsidiaries		
Acquired		
Maturity / Redemption		-50,0
Proceeds from sales		
Realised losses (gains)		0,6
Reversal of impairments		
Impairments		
Unrealised gains	1,3	12,8
Transfers between valuation categories		
Foreign exchange differences and other adjustments		
Balance on 31 December	50,3	49,0

Level 3 positions are mainly sensitive to a change in the general level of credit spreads. For every basis point increase of the general level of credit spreads, the market value of these positions is expected to decrease by three basis points, which translates into a loss of value by approximately EUR 1,5 million.

9.4 Derivatives held for trading (assets)

This heading includes over-the-counter derivatives, the fair value of which is based on a level 2 valuation. Note 10 further analyses derivative positions.

10 Derivatives

We use derivatives to manage market and investment risks by hedging selected portfolio segments against adverse market movements. Derivative financial instruments such as swaps and options hedge our investment portfolios against undesired changes in equity prices and interest rates.

Derivatives classified as held for trading

We assess the fair value of derivative assets held for trading from observable market data (level 2).

31 December 2013	Assets	Liabilities	Notional to receive	Notional to deliver
Inflation swaps		4,5	239,2	239,2
Equity-linked swaps	2,6		13,0	13,0
Equity call options				
Swaptions	1,6		1.170,0	1.170,0
FX forwards	3,5	0,1	1,5	687,0
Total derivatives held for trading	7,6	4,5	1.423,7	2.109,2

31 December 2012	Assets	Liabilities	Notional to receive	Notional to deliver
Inflation swaps	1,4		266,1	266,1
Equity linked swaps	1,2		8,0	8,0
Equity call options			0,6	
Swaptions	1,3		2.014,0	2.014,0
FX forwards	19,2	0,1	5,2	1.050,2
Total derivatives held for trading	23,2	0,1	2.293,9	3.338,3

Inflation swaps allow the holder to exchange, on predetermined dates, cash flows based on floating inflation rates for cash flows based on pre-defined fixed rates. They protect specific policyholder liabilities against future inflation rate fluctuations. We show inflation swaps net, both legs being subject to a master netting agreement and meeting the offsetting criteria:

	31 December 2013	31 December 2012
Gross carrying amounts:		
Receiving legs	242,8	283,1
Paying legs	-247,3	-281,7
Net amounts presented in the statement of financial position	-4,5	1,4

Equity-linked swaps give the holder the right to exchange cash-flows based on a fixed return for cash-flows based on an equity index. They allow the holder to benefit from favourable equity price movements.

Equity call options give the holder the right to exercise an option and to sell or buy shares or indices at a future date at a pre-defined price. They protect the holder against adverse equity price movements.

Swaptions are call option agreements that allow the holder to acquire interest rate swap contracts at a future date at pre-defined rates. Swaptions protect against future market interest rate increases.

Foreign currency forward contracts are binding obligations to buy or sell a certain amount of foreign currency at a pre-agreed exchange rate, on a specified date in the future. We use forward contracts to protect our USD investments against adverse currency fluctuations.

Most derivatives classified as held for trading other than inflation swaps and swaptions have maturities of less than one year.

31 December 2013	Notional to receive	Notional to deliver
Less than 1 year	697,2	1.382,7
1 to 5 years	480,5	480,5
More than 5 years	246,0	246,0
Total notional amounts	1.423,7	2.109,2

31 December 2012	Notional to receive	Notional to deliver
Less than 1 year	847,7	1.788,5
1 to 5 years	1.174,1	1.222,4
More than 5 years	271,5	327,4
Total notional amounts	2.293,9	3.338,3

Derivatives subject to hedge accounting

We determined the fair values of the instruments listed below based on observable market data (level 2).

31 December 2013	Assets	Liabilities	Notional to receive	Notional to deliver
Interest rate swaps	0,1	19,5	329,0	329,0
Interest rate caps	1,1		82,2	

31 December 2012	Assets	Liabilities	Notional to receive	Notional to deliver
Interest rate swaps		28,1	324,7	324,7
Interest rate caps	0,7		82,2	

Interest rate swaps limit our exposure to interest rate risk on floating rate bank loans. We entered into pay fixed/receive floating interest rate swaps for maturities matching those of the underlying borrowings. Interest rate caps provide a ceiling on interests payments related to forecasted loan renewals.

31 December 2013	Notional to receive	Notional to deliver
Less than 1 year	4,1	4,1
1 to 5 years	148,0	148,0
More than 5 years	259,3	177,0
Total notional amounts	411,3	329,0

31 December 2012	Notional to receive	Notional to deliver
Less than 1 year	3,8	3,8
1 to 5 years	146,3	146,3
More than 5 years	256,8	174,5
Total notional amounts	406,9	324,7

Under hedge accounting, we account for the swaps as cash flow hedges. We recognise them under the following headings in the consolidated financial statements:

Other comprehensive income	2013	2012
Unrealised gains or losses on January 1:		
gains		
losses	-27,8	-17,3
Unrealised net gains (losses) on January 1	-27,8	-17,3
Changes in fair values arising during the year	8,9	-10,4
Amounts reclassified to the income statement:		
to interest income		
to interest expense		
Amounts removed upon hedge discontinuation		
Unrealised gains or losses on 31 December:		
gains		
losses	-18,9	-27,7
Unrealised net gains (losses) on 31 December	-18,9	-27,7
Income statement	2013	2012
Income (expense) resulting from hedge ineffectiveness	0,4	-0,6

11 Investment property

Investment property consists primarily of office buildings and retail space.

<i>Changes in investment property</i>	2013	2012
Acquisition cost on 1 January	2.988,4	2.585,2
Acquisitions of subsidiaries	64,3	48,3
Divestment of subsidiaries	-224,2	
Construction work and capital expenditure	44,3	108,4
Acquisitions	167,4	161,0
Disposals	-93,9	-96,1
Transfer from (to) property held for own use	116,7	
Transfer from (to) buildings held for resale	14,2	187,4
Other	14,1	-5,8
Acquisition cost on 31 December	3.091,3	2.988,4
Accumulated depreciation on 1 January	-564,7	-530,4
Divestment of subsidiaries	4,7	
Depreciation expense	-82,1	-72,2
Disposals	10,5	38,1
Transfers from (to) property held for own use	-66,9	-0,2
Transfer from (to) buildings held for resale		
Other	-16,7	
Accumulated depreciation on 31 December	-715,2	-564,7
Impairments on 1 January	-32,2	-33,9
Increases	-11,6	-0,5
Reversals		1,1
Disposals		1,1
Transfer from (to) property held for own use		
Transfer from (to) buildings held for resale		
Other		
Impairments on 31 December	-43,8	-32,2
Net investment property on 31 December	2.332,3	2.391,6

Until 2012, we 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, we use in-house models to regularly adjust the fair value (of which 80% level 2 and 20% level 3), of our investment property, based on available market data and/or transactions reported annually. We base level 3 valuation techniques 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. We then discount 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).

As the fair value of investment property under construction is not reliably measurable, we measured it at cost, as per the table below.

	31 December 2013	31 December 2012
Total fair value	3.278,7	3.253,9
Less : total carrying amount	-2.332,3	-2.391,6
Gross unrealised gain/loss	946,7	862,3
Taxation	-321,8	-293,1
Net unrealised gain	624,9	569,2
 Cost of investment property under construction	 40,5	 106,9

We do not recognise unrealised gains in the Statement of financial position, in contrast to unrealised gains on financial assets that we recognise in other comprehensive income.

We lease out investment property under operating lease agreements. The table below details expected minimum payments receivable under irrevocable lease agreements.

	2013	2012
Less than 1 year	213,4	197,9
1 year to 5 years	669,4	629,2
More than 5 years	927,6	940,1
Total	1.810,4	1.767,2

Interests in unconsolidated structured entities

In prior years, we sponsored a number of real estate certificates that represent a market capitalisation of EUR 556,7 million on 31 December 2013. Such certificates are investment property-backed securitisation vehicles that are self-funding through debt certificate issues. Certificates may or may not be listed on the stock exchange and offer a variable return, i.e. the net income from the property as well as the proceeds upon sale. We do not consolidate these securitisation vehicles, having transferred all risk and rewards to the certificate holders. We only provide asset management or property management services, earning a market-consistent fee for providing such services.

We sponsor Ascencio SCA, a listed REIT (hereafter 'the fund'), through our 49% equity interest in Ascencio SA, the statutory manager of the fund. The statutory manager of the fund bears unlimited responsibility for the

commitments taken by the fund and earns a fee amounting to 4% of the gross dividend paid by the fund. We account for our 49% ownership in Ascencio SA using the equity method, classified under investments in associates. Additionally, we own 14,8% of the shares in the fund, classified under investments available for sale.

Other than those listed below, we do not hold any significant interest in the certificates we have issued. As equity or bond holders, our maximum loss exposure to these certificates is limited to the carrying value of those instruments in our Statement of financial position.

	31 December 2013		31 December 2012	
	Ownership	Amount	Ownership	Amount
Woluwe extension	19,4 %	12,3	19,4 %	11,6
Ascencio SCA	14,8 %	34,6	14,8 %	32,6

12 Loans

This heading covers the following types of loans:

- loans to governments and official institutions
- residential mortgages
- loans to banks: include term deposits for terms longer than three months, received as collateral on open derivative positions
- commercial loans: real estate loans, infrastructure loans and other commercial loans
- policyholder loans, reflecting advances on future Life benefits

	31 December 2013	31 December 2012 restated
Governments and official institutions	1.875,2	1.309,1
Residential mortgages	1.546,6	1.527,3
Loans to banks	620,8	520,9
Commercial loans	489,8	274,8
Policyholder loans	151,5	126,7
Financial lease receivables	41,4	0,3
Total loans	4.725,3	3.759,1
Less impairment allowance:		
Specific credit risk	-12,5	-9,8
Incurred but not reported (IBNR)	-0,8	-1,0
Total loans, net of impairment allowance	4.712,0	3.748,2

The table below details the major loan types by investment grade.

2013	Governments and official institutions	Loans to banks	Commercial loans
AAA	333,5	12,9	
AA	891,2	157,0	
A	635,5	323,3	
BBB			
Investment grade	1.860,2	493,1	
BB or lower		25,0	87,0
Unrated	15,0	102,7	402,8
Non-investment grade and unrated	15,0	127,7	489,8
Total	1.875,2	620,8	489,8

The following tables detail collateral received (measured at fair value) and other credit enhancements that reduce credit risk.

2013	Credit exposure	Financial instruments	Property	Other collateral	Total collateral	Excess collateral	Unsecured exposure
Governments and official institutions	1.875,2						1.875,2
Residential mortgages	1.546,6		2.381,1		2.381,1	834,5	
Loans to banks	620,8						620,8
Commercial loans	489,8	1,1	13,6	39,3	54,0		435,8
Policyholder loans	151,5	538,4			538,4	386,9	
Finance lease receivables	41,4						41,4
Total credit exposure, net	4.725,3	539,5	2.394,7	39,3	2.973,5	1.221,4	2.973,2

2012 restated	Credit exposure	Financial instruments	Property	Other collateral	Total collateral	Excess collateral	Unsecured exposure
Governments and official institutions	1.309,1						1.309,1
Residential mortgages	1.527,3		2.370,1		2.370,1	842,8	
Loans to banks	520,9						520,9
Commercial loans	274,8	1,1	9,0		10,1		264,7
Policyholder loans	126,7	520,2			520,2	393,5	
Finance lease receivables	0,3						0,3
Total credit exposure, net	3.759,1	521,3	2.379,1		2.900,4	1.236,3	2.095,0

Furthermore, infrastructure loans benefit from extensive security packages that feature, among other, (i) pledges over shares and bank accounts, (ii) guarantee agreements and (iii) step-in agreements.

The table below details the impaired credit exposure on the loan portfolios.

31 December 2013	Outstanding	Specific allowance	Coverage
Governments and official institutions			
Residential mortgages	122,6	11,8	9,7 %
Commercial loans	5,8	0,6	10,7 %
Policyholder loans			
Total impaired credit exposure	128,4	12,5	9,7 %

31 December 2012	Outstanding	Specific allowance	Coverage
Governments and official institutions			
Residential mortgages	123,9	9,1	7,3 %
Commercial loans	4,8	0,7	14,6 %
Policyholder loans			
Total impaired credit exposure	128,8	9,8	7,6 %

<i>Change in impairment allowance</i>	<i>2013</i>		<i>2012</i>	
	<i>Specific credit risk</i>	<i>IBNR</i>	<i>Specific credit risk</i>	<i>IBNR</i>
Balance on 1 January	9,8	1,0	7,2	0,7
Increases	5,4	0,1	5,6	0,3
Releases	-2,1	-0,3	-0,7	
Write-offs of uncollectible loans	-0,6		-2,3	
Foreign currency translation adjustments				
Balance on 31 December	12,5	0,8	9,8	1,0

13 Investments in associates

Associates are investments where we exercise a significant influence, without having control. Typically, these are real estate entities in which we hold an interest between 20 and 50%.

Carrying amounts	% interest	31 December 2013	31 December 2012
DTHP	33,0 %	79,4	
Predirec	29,4 %	39,0	0,9
Aviabel	24,7 %	26,5	25,3
North Light	40,0 %	22,5	
Pole Star	40,0 %	22,3	
BITM	50,0 %	20,4	27,4
Credimo	34,4 %	20,2	18,9
Frey SA	20,0 %	19,5	
Frey Retail Fund 2	33,3 %	10,6	2,8
Regatta-Lo	50,0 %	11,0	8,4
DBFM	37,5 %	6,6	4,8
Kanaalkom			5,5
Other (including Interparking associates)		27,8	33,4
Total		305,8	127,5

The tables below provide key figures for these associates (assets and liabilities as at 31 December):

2013	Total assets	Total liabilities	Total income	Total expenses
Credimo	1.017,8	958,6	129,5	127,4
DTHP	977,1	652,3	34,3	38,2
Frey SA	329,2	220,1	5,7	11,0
Aviabel	215,0	107,7	41,9	36,6
Pole Star	169,9	114,1	0,5	0,3
DBFM	165,1	147,4	38,3	32,7
North Light	147,8	91,5	0,4	0,4
Predirec	132,8	0,5	1,6	1,7
Frey Retail Fund 2	103,8	71,9	5,0	5,6
BITM	96,4	55,6	17,2	10,9
Regatta-Lo	30,0	8,0	1,0	1,0
2012				
Credimo	977,9	922,4	127,0	126,0
Aviabel	213,8	111,2	10,9	
BITM	111,0	33,1	16,8	26,8
DBFM	101,4	88,6	21,9	24,2
Kanaalkom	29,3	13,9	0,8	0,8
Regatta-Lo	25,7	0,3		
Association Westland Shopping Center	6,9	0,7	3,9	6,2

14 Reinsurance and other receivables

The Statement of financial position lists the reinsurers' share of liabilities arising from insurance contracts as a separate asset. This relates primarily to Non-life contracts. The recognition and measurement of reinsurance assets follows the recognition and measurement of the gross policyholder liabilities ceded to reinsurers.

	31 December 2013	31 December 2012
Reinsurers' share of liabilities arising from insurance contracts	195,3	180,6
Receivables from policyholders	259,3	251,2
Receivables from intermediaries	88,7	82,6
Fees and commissions receivable	62,1	63,6
Reinsurance receivables	7,0	15,6
Operating lease receivables	1,8	2,0
Other	173,2	145,8
Total before impairments	787,4	741,3
Impairment allowance	-4,6	-4,7
Total Reinsurance and other receivables	782,8	736,6

At year-end, we had received from reinsurers EUR 60 million (previous year EUR 78 million) deposits (Note 22 – Borrowings), as well as bonds for a total value of EUR 101 million (previous year EUR 54 million), as collateral to guarantee their share in the liabilities arising from insurance contracts.

The line 'Other' primarily reflects outstanding receivables related to securities and real estate and pending settlement.

<i>Changes in Reinsurers' share of liabilities arising from insurance contracts</i>	2013	2012
Balance on 1 January	180,6	173,6
Change in liabilities, current year	21,5	38,3
Change in liabilities, prior years	11,1	-7,5
Claims paid current year	-9,0	-7,6
Claims paid prior years	-8,9	-15,7
Other net additions through income statement	-0,1	-0,5
Balance on 31 December	195,3	180,6

The impairment allowance relates to receivables from intermediaries. It evolved as follows:

<i>Changes in impairment allowance</i>	2013	2012
Balance on 1 January	4,7	4,9
Increase in impairments	0,3	0,2
Release of impairments	-0,2	-0,3
Write-offs of uncollectible amounts	-0,2	-0,1
Balance on 31 December	4,6	4,7

15 Accrued interest and other assets

	31 December 2013	31 December 2012 <i>restated</i>
Accrued interest	1.120,8	1.121,4
Deferred acquisition costs	158,1	158,8
Buildings held for sale	155,0	107,5
Other deferred charges	62,5	73,3
Derivatives held for hedging purposes	1,1	0,7
Other	30,6	27,3
Total Accrued interest and other assets, before impairment allowance	1.528,2	1.489,1
Impairment allowance	-5,9	
Total Accrued interests and other assets	1.522,3	1.489,1

Deferred acquisition costs represent the cost of acquiring insurance and investment contracts. We defer only the direct variable portion of the acquisition costs, determined on a contract basis. We amortise them over the average expected lifetime of the related contract portfolio.

<i>Changes in Deferred acquisition costs</i>	2013	2012
Balance on 1 January	158,8	162,5
Amounts capitalised during the year	317,0	301,3
Amortisation for the year	-317,6	-305,0
Balance on 31 December	158,1	158,8

16 Property held for own use

Property held for own use includes owner-occupied office buildings and owner-managed public car parks.

	31 December 2013	31 December 2012
Land and buildings	921,6	971,8
Equipment	61,5	49,7
Leasehold improvements	18,2	14,4
Total Property held for own use	1.001,2	1.035,8

Car parks appear under property held for own use rather than for investment as we manage them ourselves, thereby taking on the operational risk, rather than leasing them to a third-party operator. Accordingly, the Wiltcher's hotel appeared under this heading until the end of 2012 to reflect our exposure to operational risk. Starting 2013, the hotel is classified as investment property, as a new tenant bears the operational risk.

2013	Office buildings	Car parks	Hotel	Total
Acquisition cost on 1 January	254,5	1.096,2	112,2	1.462,9
Acquisitions/divestment of subsidiaries				
Capitalised construction expenditures		31,8		31,8
Acquisitions	0,6	1,7		2,3
Disposals	-0,2			-0,2
Transfer from (to) investment property	-4,5		-112,2	-116,7
Other	0,5			0,5
Acquisition cost on 31 December	250,9	1.129,7		1.380,6
Accumulated depreciation on 1 January	-139,9	-282,1	-63,4	-485,4
Depreciation expense	-6,1	-26,2		-32,3
Disposals				
Transfer from (to) investment property	3,5		63,4	66,9
Other		-0,2		-0,2
Accumulated depreciation on 31 December	-142,5	-308,5		-451,0
Accumulated impairment losses on 1 January		-5,7		-5,7
Increases		-2,3		-2,3
Reversals				
Disposals				
Transfer from (to) investment property				
Accumulated impairment losses on 31 December		-8,0		-8,0
Land and buildings on 31 December	108,4	813,2	0,0	921,6

2012	Office buildings	Car parks	Hotel	Total
Acquisition cost on 1 January	249,2	1.069,4	111,7	1.430,3
Acquisitions/divestment of subsidiaries				
Capitalised construction expenditures	5,4	23,5	0,5	29,4
Acquisitions		3,3		3,3
Disposals	-0,1			-0,1
Transfer from (to) investment property				
Other				
Acquisition cost on 31 December	254,5	1.096,2	112,2	1.462,9
Accumulated depreciation on 1 January	-132,1	-258,3	-61,8	-452,2
Depreciation expense	-7,8	-24,0	-1,6	-33,4
Disposals				
Transfer from (to) investment property		0,2		0,2
Other				
Accumulated depreciation on 31 December	-139,9	-282,1	-63,4	-485,4
Accumulated impairment losses on 1 January		-6,0		-6,0
Increases				
Reversals		0,3		0,3
Disposals				
Transfer from (to) investment property				
Accumulated impairment losses on 31 December		-5,7		-5,7
Land and buildings on 31 December	114,6	808,4	48,8	971,8

Until 2012, we conducted independent external appraisal every five years, on a rotating basis, to determine the fair values of properties other than car parks. Since 2013, we have increased the appraisal frequency to once every two years. Accordingly, about half of our 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.

Unlike financial assets, we do not recognise unrealised gains in other comprehensive income.

<i>Office buildings</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Total fair value	228,7	303,8
Less : total carrying amount	-108,4	-163,4
Gross unrealised gain	120,3	140,5
Income taxes	-40,9	-47,7
Net unrealised gain	79,4	92,7

<i>Car parks</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Total fair value	1.011,8	1.065,7
Less : total carrying amount	-813,2	-808,4
Gross unrealised gain	198,6	257,3
Income taxes	-67,5	-87,5
Net unrealised gain	131,1	169,8

In addition to holding property for our own use, we also lease office space, office equipment, company cars and public car parks. The table below details the minimum future commitments resulting from non-cancellable operating leases, by remaining maturity.

	<i>31 December 2013</i>	<i>31 December 2012</i>
Less than 1 year	48,9	48,3
1 year to 5 years	170,5	155,2
More than 5 years	294,6	228,1
Total	514,0	431,6
Annual lease expense	113,0	98,3

17 Intangible assets

Intangible assets consist of public car park service concessions, mainly.

	31 December 2013	31 December 2012
Public car park service concessions	291,3	297,5
Goodwill	23,7	23,8
Software	1,1	2,4
Other	35,8	41,3
Total	351,9	364,9

As first-time adopters of IFRS in 2005, we chose not to restate earlier business combinations, an option available in IFRS 1. As a result, we recognised business combinations prior to 1 January 2004 on a previous reporting basis – charging acquisition goodwill to shareholders' equity as incurred – in our financial statements. The goodwill balance therefore only reflects acquisitions made since 2005: in almost equal proportions, a 5% share of Interparking acquired in 2005 and a 67,5% share of Devimo, a real estate management entity, acquired in 2008. There have been no significant changes in these balances in the current or previous year.

<i>Changes in carrying value of public car park service concessions</i>	2013	2012
Acquisition cost on 1 January	458,6	428,0
Acquisitions/divestment of subsidiaries		
Acquisitions	16,3	30,9
Additions		
Disposals		-0,3
Other		
Acquisition cost on 31 December	474,9	458,6
Accumulated amortisation on 1 January	-151,9	-139,0
Amortisation for the year	-16,6	-16,2
Disposals		0,2
Transfer		3,0
Accumulated amortisation on 31 December	-168,5	-151,9
Impairment allowance on 1 January	-9,2	-4,8
Increases	-6,4	-1,3
Reversals		
Transfer	0,5	-3,1
Impairment allowance on 31 December	-15,1	-9,2
Net car park service concessions on 31 December	291,3	297,5

We determine the fair value of car park service concessions using in-house models that we regularly calibrate to reflect available market data and/or transactions. The models also use unobservable market data (level 3). Unlike financial assets, we do not recognise unrealised gains in other comprehensive income.

<i>Fair value of public car park service concessions</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Total fair value	369,2	374,5
Less : total carrying amount	291,3	297,5
Gross unrealised gain	77,9	77,0
Income tax effect	-26,5	-26,2
Net unrealised gain	51,4	50,8

18 Liabilities arising from Life insurance contracts

	31 December 2013	31 December 2012
Liability for future policyholder benefits	21.606,9	21.110,5
Reserve for policyholder profit sharing	107,9	131,2
Shadow Accounting adjustment	357,0	644,6
Total liabilities arising from Life insurance contracts	22.071,8	21.886,3

<i>Changes in liabilities arising from Life insurance contracts</i>	2013	2012
Balance on 1 January	21.886,3	20.720,5
Reserved Premiums	1.202,0	1.362,6
Time value	785,1	705,8
Payments due to surrenders, maturities and other	-1.504,4	-1.425,4
Transfer of liabilities	73,5	22,4
Shadow accounting adjustment	-287,6	534,7
Other changes	-82,9	-34,3
Balance on 31 December	22.071,8	21.886,3

* 2012 restated for comparative purposes

19 Liabilities arising from Life investment contracts

	31 December 2013	31 December 2012
Liability for future policyholder benefits	24.154,4	23.832,5
Reserve for policyholder profit sharing	140,4	131,4
Shadow accounting adjustment	400,8	817,1
Total liabilities arising from Life investment contracts	24.695,5	24.781,1

<i>Change in liabilities arising from Life investment contracts</i>	2013	2012
Balance on 1 January	24.781,1	22.478,2
Reserved Premiums	1.818,6	2.579,6
Time value	706,2	697,4
Payments due to surrenders, maturities and other	-2.111,9	-1.873,1
Transfer of liabilities	-94,2	102,7
Shadow accounting adjustment	-416,3	778,9
Other changes	12,0	17,4
Balance on 31 December	24.695,5	24.781,1

* 2012 restated for comparative purposes

20 Liabilities arising from Unit-linked contracts

The liabilities related to unit-linked contracts are segmented into investment and insurance contracts.

	31 December 2013	31 December 2012
Investment contracts	5.535,6	5.261,7
Insurance contracts	864,2	773,5
Total	6.399,9	6.035,2

<i>Changes in liabilities related to unit-linked investment contracts</i>	2013	2012
Balance on 1 January	5.261,7	5.210,6
Reserved Premiums	546,2	467,8
Change in fair value	286,5	495,6
Payments due to surrenders, maturities and other	-575,9	-782,8
Transfer of liabilities	38,0	-108,8
Other changes	-20,9	-20,7
Balance on 31 December	5.535,6	5.261,7

* 2012 restated for comparative purposes

<i>Changes in liabilities related to unit-linked insurance contracts</i>	2013	2012
Balance on 1 January	773,5	683,7
Reserved Premiums	73,8	72,3
Change in fair value	64,7	91,0
Payments due to surrenders, maturities and other	-18,5	-12,2
Transfer of liabilities	-32,2	-64,0
Other changes	3,0	2,7
Balance on 31 December	864,2	773,5

* 2012 restated for comparative purposes

21 Liabilities arising from Non-life insurance contracts

	31 December 2013	31 December 2012
Claims reserves	3.118,7	2.941,2
Unearned premiums	359,0	355,4
Reserve for policyholder profit sharing	10,9	8,3
Shadow accounting	63,7	100,8
Total Liabilities arising from Non-life insurance contracts	3.552,3	3.405,7

The reserve for policyholder profit sharing relates to group health care policies.

<i>Changes in liabilities arising from Non-life insurance contracts</i>	2013	2012
Balance on 1 January	3.405,7	3.195,9
Changes in liabilities current year	1.272,2	1.226,0
Claims paid current year	-589,5	-587,2
Change in liabilities, prior years	-118,2	-140,1
Claims paid prior years	-422,0	-431,9
Change in unearned premiums	3,6	7,5
Transfer of liabilities		
Shadow accounting adjustment	-37,1	100,8
Other changes	37,6	34,7
Balance on 31 December	3.552,3	3.405,7

* 2012 restated for comparative purposes

Loss reserve development table

The loss reserve development table shows changes in (gross) claims reserves² arising from Non-life insurance contracts from 31 December 2004 until 31 December 2013.

The first column refers to 'development years', subsequent to the 'accident year', i.e. the year in which a particular claim originated. Claim assumptions and parameters further evolve over these development years. The following column headings refer to the 'accident year'.

The line "Claim reserves on initial recognition" represents the claim reserves arising from claims that originated in a certain accident year, measured on 31 December of the same year.

The section "Cumulative payments made" reports the cumulative amount of claim payments made for claims originating in the same accident year, by development year.

The second section of the table "Claim reserves as estimated" shows the ultimate cost of the claims in a certain accident year, by development year, remeasured on 31 December of that particular development year. The expected ultimate cost becomes increasingly reliable over time.

² Claim reserves include IBN(E)R reserves and allocated claim handling expenses.

The line "Claim reserves analysed" represents the residual claim reserves by accident year as at 31 December 2013.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Claim reserves upon initial recognition	754,8	810,1	822,7	880,5	940,1	963,3	1.060,8	1.068,4	1.125,6	1.226,4
Cumulative payments made:										
One year later	159,9	168,1	188,0	216,7	237,9	258,9	316,6	296,8	285,4	
Two years later	231,8	242,0	271,8	312,8	332,6	361,7	427,7	416,1		
Three years later	285,2	299,4	338,7	377,0	406,3	438,5	514,5			
Four years later	330,2	352,7	387,9	432,4	466,8	505,0				
Five years later	372,8	390,7	430,4	481,2	520,4					
Six years later	402,7	424,5	470,8	523,6						
Seven years later	428,5	455,9	504,4							
Eight years later	454,0	483,7								
Nine years later	477,5									
Claim reserves estimated:										
One year later	740,1	750,7	797,9	884,0	896,5	939,7	1.033,1	1.073,6	1.139,3	
Two years later	698,7	736,2	803,1	853,7	894,2	933,4	1.075,4	1.104,1		
Three years later	687,9	744,2	774,9	842,4	880,0	967,3	1.090,1			
Four years later	693,4	716,9	761,8	832,3	911,0	981,7				
Five years later	668,4	704,1	756,5	859,7	924,5					
Six years later	658,1	700,4	777,1	870,2						
Seven years later	656,4	720,2	789,1							
Eight years later	673,8	726,1								
Nine years later	676,5									
Claim reserves analysed	199,0	242,4	284,7	346,7	404,1	476,7	575,5	688,0	853,9	1.226,4
Claim reserves arising from workers' compensation policies										1.199,0
Other claim reserves										693,3
Total Claim reserves on 31 December 2013										3.118,7

22 Borrowings

Repurchase agreements and bank loans represent the majority of our borrowings. Repurchase agreements are essentially secured short-term loans that we use to hedge specific investments with resettable interest rates and for cash management. Loans from banks finance property investments in specific group entities and also include debt related to cash collateral received (Note 12).

	31 December 2013	31 December 2012
Repurchase agreements	1.184,7	908,2
Loans and other	606,8	601,9
Due to banks	1.791,4	1.510,0
Funds held under reinsurance agreements	60,1	78,1
Finance lease obligations	22,8	27,6
Other borrowings	33,0	42,0
Total borrowings	1.907,3	1.657,7

Collateral given

The following table shows the carrying amount of the collateral given to secure bank borrowings. We have not provided collateral for any other purpose.

Collateral given on behalf of	Type	31 December 2013	31 December 2012
Repurchase agreements	debt securities	1.256,5	975,7
Loans and other	property	391,5	396,6

Remaining contractual maturities

The following tables detail the major outstanding amounts, segmented by remaining maturity term.

Repurchase agreements	31 December 2013	31 December 2012
Less than one year	1.162,4	850,2
1 year to 5 years	22,3	
More than 5 years		58,0
Total Repurchase agreements	1.184,7	908,2

<i>Due to banks - Loans and other</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Less than one year	257,0	226,3
1 year to 5 years	320,7	351,2
More than 5 years	29,1	24,4
Total	606,8	601,9

<i>Finance lease obligations</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Minimum lease payments		
Less than 1 year	2,4	5,7
1 year to 5 years	8,4	9,3
More than 5 years	57,6	60,0
Total Minimum lease payments	68,4	75,0
Present value minimum lease payments		
Less than 1 year	1,4	3,7
1 year to 5 years	4,9	5,6
More than 5 years	16,4	18,3
Total	22,8	27,6
Future finance charges	45,6	47,4

Fair values

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, fair value is based upon observable market data (level 2).

23 Deferred tax assets and liabilities

Deferred tax assets (liabilities) are the amounts of income taxes recoverable (payable) in future periods in respect of taxable timing differences. Unused tax losses or credits carried forward generate additional deferred tax assets.

We offset deferred income tax assets and liabilities when we have a legally enforceable right to settle the amount payable and the amount receivable at the net amount, and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authorities. Accordingly, we have offset some of the amounts shown in the table above in the Statement of financial position, leaving the following residual balances:

	31 December 2013	31 December 2012
Deferred tax assets	17,7	18,1
Less : deferred tax liabilities	-1.045,3	-1.249,3
Net deferred tax assets (liabilities)	-1.027,6	-1.231,3

We recognise deferred tax assets to the extent that we expect to earn sufficient taxable profit in the future against which we can use the deferred tax asset. We have therefore not recognised deferred tax assets on unused (claimed) tax losses and unused tax credits for an estimated tax value of EUR 95 million on 31 December 2013 (EUR 89 million on 31 December 2012). We can carry these amounts forward indefinitely.

The next table details:

- deferred tax assets and liabilities recognised in the Statement of financial position, and
- related deferred tax income and expense recognised in the income statement

We recognise in other comprehensive income rather than in the income statement the movements in deferred tax assets or liabilities arising from movements of items on the Statement of financial position that we record in other comprehensive income.

	Statement of financial position		Income statement	
	2013	2012	2013	2012
Financial investments (available for sale)		92,1	-92,1	2,5
Investment property	20,5	11,6	8,9	-7,8
Property held for own use	33,6	44,1	-10,4	3,5
Intangible assets (excluding goodwill)	5,9	6,1	-0,2	
Insurance policy and claim reserves	399,4	754,4	-103,1	1,8
Provisions for pensions and post-retirement benefits	138,5	78,6	68,2	-0,9
Other provisions	6,1	5,7	0,4	0,9
Accrued expenses and deferred income	0,2	1,5	-1,2	-1,1
Unused tax losses	9,7	15,9	-6,0	-66,3
Other	39,0	38,5	0,5	6,7
Total deferred tax assets	653,1	1.048,3	-135,1	-60,8
Derivatives held for trading (assets)	0,1	0,5	0,5	1,4
Financial investments (available for sale)	1.155,4	1.725,9	91,5	-5,9
Unit-linked investments	1,9	3,4	1,5	-0,7
Investment property	82,2	122,2	26,0	1,3
Loans to customers	1,5	1,4	-0,2	1,6
Property held for own use	185,3	179,0	-6,2	11,2
Intangible assets (excluding goodwill)	76,4	76,4		
Other provisions				
Deferred policy acquisition costs	31,8	32,3	0,5	
Deferred expense and accrued income	1,4	1,5		0,1
Tax exempt reserves	64,3	39,9	-24,4	2,5
Other	80,4	97,0	17,2	-18,2
Total deferred tax liabilities	1.680,7	2.279,6	106,5	-6,7
Deferred tax income (expense)			-28,6	-67,5
Net deferred tax assets (liabilities)	-1.027,6	-1.231,3		

24 Other liabilities

	31 December 2013	31 December 2012 <i>restated</i>
Defined benefit pension liabilities	364,8	379,3
Due to policyholders and intermediaries	307,5	343,8
Accounts payable	110,7	91,8
Deferred revenues	92,6	54,2
Defined benefit liabilities other than pension	88,6	91,8
Short-term employee benefit liabilities	86,6	87,8
VAT and other taxes payable	69,1	75,4
Accrued finance costs	35,6	46,1
Derivatives held for hedging purposes	19,5	28,1
Termination benefits	10,7	14,7
Other long-term employee benefit liabilities	12,0	12,0
Other accrued expenses	4,0	10,0
Due to reinsurers	7,2	7,9
Dividends payable	0,1	2,5
Other liabilities	288,8	326,8
Total Other liabilities	1.497,7	1.572,1

We provide further details on some of these items in the following Notes:

- defined benefit liabilities in Note 8 – Employee Benefits
- derivatives held for trading in Note 10 – Derivatives

Other liabilities primarily include payables pending completion of securities transactions, receipts pending allocation and advance premium payments received.

25 Provisions

Due to the nature of our recurrent operations, we are engaged in various stages of legal proceedings initiated by policyholders or other business parties. We have provided for these contingent liabilities when we are of the opinion that settling the obligation is likely to require an outflow of resources and we can reliably estimate the amount of the obligation. There are no other contingent liabilities of significance.

Provisions for litigations reflect best estimates that are based on management judgement and, in most cases, the opinion of our legal counsel and other specialists. The timing of the related cash outflow is by nature uncertain considering the unpredictability of the outcome and the time required concluding litigation.

<i>Changes in Provisions</i>	<i>2013</i>	<i>2012</i>
Balance on 1 January	23,5	15,6
Acquisition and divestment of subsidiaries		
Increase in provisions	1,0	7,7
Reversal of unused provisions		-0,9
Used during the year	-0,1	1,1
Other	-7,9	
Balance on 31 December	16,5	23,5

In 2013, we have reclassified a net amount of EUR 7,9 million to other liability accounts.

26 Fair value of financial assets and financial liabilities

This note discloses the fair value of financial assets and financial liabilities that we do not measure at fair value in the Statement of financial position.

	<i>Fair value Hierarchy Level</i>	<i>31 December 2013</i>		<i>31 December 2012</i>	
		<i>Carrying value</i>	<i>Fair value</i>	<i>Carrying value</i>	<i>Fair value</i>
Financial assets					
Cash and cash equivalents	2	685,9	685,9	889,0	889,0
Financial investments - held to maturity	1	4.361,9	5.159,4	4.367,8	5.510,6
Loans	2	4.712,0	4.898,4	3.748,2	4.036,5
Reinsurance and other receivables	2	782,8	782,8	736,6	736,6
Total financial assets		10.542,6	11.526,6	9.741,7	11.172,7
Financial Liabilities					
Subordinated liabilities	2	1.177,1	1.221,1	896,5	823,5
Borrowings	2	1.907,3	1.907,1	1.657,7	1.661,0
Total financial liabilities		3.084,4	3.128,2	2.554,3	2.484,5

Most of these financial instruments are not actively traded on financial markets. In forthcoming case, we measure their fair value in accordance with the following principles:

<i>Instrument Type</i>	<i>Products</i>	<i>Fair value methodology</i>
Instruments with no stated maturity	Current and savings accounts, Reinsurance and other receivables, etc.	Nominal value
Instruments with a stated maturity	Deposits	Nominal value
Instruments without option features	Straight loans, repos, etc.	Discounted cash flow methodology; we use the swap curve plus an illiquidity premium as the discounting yield curve
Instruments with option features	Mortgage loans and other instruments with option features	We split the product and value <ul style="list-style-type: none"> the linear (non-optional) component using a discounted cash flow methodology, and the option component based on an option-pricing model
Subordinated liabilities	Subordinated liabilities	Valuation based on broker quotes

Notes to the consolidated income statement

27 Insurance premiums

Insurance premiums are shown net of reinsurance.

<i>Earned premiums</i>	<i>2013</i>	<i>2012</i>
Life	3.534,4	4.639,9
Non-life	1.785,1	1.698,2
Total Earned premiums	5.319,5	6.338,2

We recognise earned premiums in the income statement, but apply deposit accounting to premiums arising from investment contracts without DPF, primarily unit-linked contracts, and we record them as liabilities upon recognition.

As IFRS restricts the definition of premiums to insurance contracts and investment contracts with discretionary participation features (DPF) only, we use the alternative concept of 'gross inflow' as the sum of gross premiums written for insurance and investment contracts.

<i>Gross inflow</i>	<i>2013</i>	<i>2012</i>
Written premiums, gross, for Life insurance contracts	1.635,1	1.946,1
Written premiums, gross, for Life investment contracts	2.466,3	3.180,5
Total Gross inflow -- Life	4.101,4	5.126,6
Written premiums, gross, for Non-life insurance contracts	1.854,8	1.759,1
Total Gross inflow	5.956,1	6.885,7

Life

In Life, earned premiums equal written premiums.

<i>Earned premiums</i>	2013	2012
Insurance contracts, excluding unit-linked		
Single premiums	342,7	335,3
Periodic premiums	690,6	696,3
Total Group	1.033,3	1.031,7
Single premiums	280,5	559,1
Periodic premiums	246,9	282,3
Total Retail	527,3	841,5
Total insurance contracts, excluding unit-linked	1.560,6	1.873,1
Unit-linked insurance contracts		
Single premiums	10,6	7,7
Periodic premiums	63,2	64,6
Total Group	73,8	72,3
Single premiums	0,6	0,7
Periodic premiums		
Total Retail	0,6	0,7
Total unit-linked insurance contracts	74,5	73,0
Investment contracts with DPF		
Single premiums	1.572,7	2.346,0
Periodic premiums	330,9	352,0
Total investment contracts with DPF	1.903,7	2.698,0
Earned Life premiums, gross	3.538,8	4.644,1
Ceded reinsurance premiums	-4,4	-4,3
Earned Life premiums, net of reinsurance	3.534,4	4.639,9
Investment contracts without DPF		
Single premiums	545,2	434,2
Periodic premiums	17,4	48,3
Total investment contracts without DPF	562,6	482,5
Total gross inflow Life	4.101,4	5.126,6

Non-life

2013	Accident & Health	Property & Casualty	Total
Written premiums, gross	516,2	1.338,5	1.854,8
Change in unearned premiums, gross	-0,2	-3,4	-3,6
Earned Non-life premiums, gross	516,0	1.335,1	1.851,1
Ceded reinsurance premiums	-8,8	-57,2	-66,0
Reinsurers' share of unearned premiums			
Earned Non-life premiums, net of reinsurance	507,2	1.277,9	1.785,1

2012	Accident & Health	Property & Casualty	Total
Written premiums, gross	483,5	1.275,6	1.759,1
Change in unearned premiums, gross	-0,3	-7,2	-7,5
Earned Non-life premiums, gross	483,1	1.268,4	1.751,6
Ceded reinsurance premiums	-3,1	-50,1	-53,2
Reinsurers' share of unearned premiums		-0,1	-0,1
Earned Non-life premiums, net of reinsurance	480,0	1.218,2	1.698,2

28 Interest and other investment income

	2013	2012
Interest income:		
Investments	1.686,7	1.703,7
Loans	156,6	133,6
Cash and cash equivalents	2,3	5,5
Other interest income	8,7	10,0
Total interest income	1.854,3	1.852,8
Car park revenues	292,0	277,1
Rental income	222,7	189,1
Dividend income	83,2	67,6
Other investment income	45,9	78,7
Total Interest and other investment income	2.498,1	2.465,2

29 Realised and unrealised gains and losses

We disclose changes in fair value related to unit-linked contract investments in a separate note (see Note 30).

	2013	2012
Subsidiaries	53,5	17,1
Equity securities classified as available for sale	46,2	38,4
Investment property	32,9	66,1
Debt securities classified as available for sale	16,3	127,3
Financial assets held at fair value through profit or loss, other than unit-linked	3,3	26,4
Hedging results	0,4	-0,6
Property held for own use	0,2	0,3
Derivatives held for trading	-0,9	-7,5
Other	10,3	1,1
Total Realised and unrealised gains and losses	162,2	268,7

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. Hedging results reflect the ineffective portion of the hedges (see Note 10).

30 Investment income arising from unit-linked contracts

	2013	2012
Changes in fair value of underlying investments :		
Investment contracts	286,5	495,6
Insurance contracts	64,7	91,0
Total changes in fair value of underlying investments	351,1	586,5
Realised investment yield :		
Investment contracts	21,2	17,4
Insurance contracts	4,8	4,5
Total realised investment yield	26,0	21,9
Total investment income related to unit-linked contracts	377,1	608,4

31 Share of result of associates

2013	Net profit (loss) at 100%	Participation	Share of result of associates
DTHP	-3,9	33,0 %	-1,2
Predirec	-0,1	29,4 %	
Aviabel	5,3	24,7 %	2,4
North Light		40,0 %	
Pole Star	0,2	40,0 %	0,1
BITM	-12,0	50,0 %	-6,0
Credimo	2,1	34,4 %	0,9
Frey SA	-5,3	20,0 %	-1,1
Frey Retail Fund 2	-0,5	33,3 %	-0,2
Regatta-Lo		50,0 %	
DBFM	5,7	37,5 %	2,1
Other (including Interparking associates)			1,3
Total share of result of associates			-1,7

2012	0 %		
Credimo	0,4	34,2 %	0,1
Aviabel	10,9	24,7 %	2,7
BITM	-10,0	50,0 %	-5,0
DBFM	-2,4	37,5 %	-0,9
Kanaalkom		50,0 %	
Regatta-Lo		50,0 %	
Association Westland Shopping Center	-2,4	45,9 %	-1,1
Other (including Interparking associates)			3,9
Total share of result of associates			-0,3

32 Fee and commission income

	2013	2012
Insurance and investment fees	64,3	64,4
Asset management fees	14,6	18,3
Reinsurance commissions	1,5	1,7
Guarantees and commitment fees	1,9	1,5
Other service fees	13,6	15,0
Total fee and commission income	95,9	100,9

Insurance and investment fees relate to unit-linked contracts while asset management fees relate to investment property.

Other service fee income originates primarily from real estate development fees and commissions that our brokerage entities receive for distributing insurance policies.

33 Other income

Other income mainly includes the re-invoicing of service costs related to rental activities and the recovery of staff and other expenses from third parties.

34 Insurance claims and benefits

	2013	2012
Life	4.530,5	5.595,8
Non-life	1.161,7	1.102,1
Total Insurance claims and benefits, net of reinsurance	5.692,1	6.697,9

<i>Life</i>	2013	2012
Benefits and surrenders	3.685,8	3.559,3
Change in liabilities arising from insurance and investment contracts	845,1	2.037,5
Total Life insurance claims and benefits	4.530,9	5.596,8
Reinsurers' share of claims and benefits	-0,4	-1,0
Total Life insurance claims and benefits, net of reinsurance	4.530,5	5.595,8

<i>Non-life</i>	2013	2012
Claims paid	1.018,3	1.025,9
Change in liabilities arising from insurance contracts	169,2	107,4
Total Non-life insurance claims and benefits	1.187,5	1.133,3
Reinsurers' share of change in liabilities	-8,0	-7,8
Reinsurers' share of claims paid	-17,8	-23,4
Total Non-life insurance claims and benefits, net of reinsurance	1.161,7	1.102,1

35 Finance costs

	2013	2012
Subordinated liabilities	58,5	55,0
Borrowings	22,4	29,1
Derivatives	3,4	0,3
Other liabilities	13,2	16,0
Total finance costs	97,5	100,3

Other liabilities mainly relate to interest charges on provisions for post-employment pension and termination benefits.

36 Change in impairments

<i>Additions to (reversals from) impairment allowances</i>	<i>2013</i>	<i>2012</i>
Investments in equity securities and other	17,3	94,1
Investment property	11,6	-0,6
Intangible assets	6,8	1,3
Accrued interest and other assets	5,9	
Loans	3,0	5,2
Property held for own use	1,9	-0,8
Reinsurance and other receivables	0,1	-0,1
Investments in debt securities		2,3
Total change in impairments	46,6	101,3

37 Fee and commission expenses

Fee and commission expenses are primarily commissions paid to brokers. Other fee and commission expense represent retrocessions of fee and commission income, mainly.

	2013	2012
Intermediaries	582,3	589,0
Other fee and commission expenses	42,4	44,8
Total fee and commission expenses	624,7	633,8

38 Staff expenses

	2013	2012
Salaries and wages	325,2	308,9
Social security charges	91,6	87,8
Pension expenses relating to defined benefit plans	22,7	17,3
Defined contribution plan expenses	9,6	8,2
Other	24,9	25,2
Total staff expenses	474,0	447,4

Additional details on pension expenses relating to defined benefit plans are provided in Note 8 on Employee Benefits.

Other staff expenses include the cost of leased cars, meal allowances and non-monetary benefits such as medical expenses.

39 Other expenses

	2013	2012
Depreciation on investment property	82,1	72,4
Depreciation on property held for own use	52,8	52,4
Amortisation of intangible assets	22,0	24,2
Operating leases	10,3	7,7
Operating and other direct expenses relating to investment property	55,0	76,9
Professional fees	50,9	47,5
Capitalised deferred acquisition costs	-317,0	-301,3
Depreciation on deferred acquisition costs	317,6	305,0
Marketing and public relations costs	11,5	11,2
Information technology costs	67,4	66,7
Other investment charges	156,5	170,9
Maintenance and repair expenses	6,7	6,4
Cost of sale of buildings held for sale		
Other charges	123,4	123,3
Total Other expenses	639,1	663,3

Other charges include expenses for travel, postal services, telephone communications, temporary staffing needs and training.

40 Income taxes

Amounts recognised in the income statement

	2013	2012
Current tax expenses arising from:		
Current year	133,6	148,8
Previous years	-0,9	7,3
Total current tax expense	132,8	156,1
Deferred tax expense arising from		
Current year	26,0	77,4
Previous years	2,6	-9,8
Total deferred tax expense	28,7	67,5
Total income tax expense	161,5	223,6

The table below reconciles the expected income tax expense, calculated based on the nominal tax rate, with the actual income tax expense.

	2013	2012
Profit before taxation	613,5	661,1
Nominal income tax rate	34,0 %	34,0 %
Expected income tax expense (income)	208,5	224,7
Notional interest deduction	-21,4	-23,5
Taxation of undistributed earnings of subsidiaries	3,9	17,6
Previously unrecognised tax losses and temporary differences	2,6	-9,8
Disallowed expenses	8,5	7,8
Adjustments for tax payable in respect of previous years	-0,9	7,3
Tax exempt income including capital losses	-30,8	3,3
Foreign tax rate differential	-0,4	-0,4
Other	-8,7	-3,4
Actual income tax expense	161,5	223,6

Amounts recognised in other comprehensive income

	<i>Before tax</i>	<i>2013 Tax</i>	<i>After tax</i>	<i>Before tax</i>	<i>2012 Tax</i>	<i>After tax</i>
Changes in revaluation of investments available for sale	-1.212,4	479,3	-733,1	4.037,1	-1.337,8	2.699,3
Changes in shadow accounting	741,0	-251,9	489,1	-1.414,4	480,8	-933,6
Changes in revaluation of cash-flow hedges	8,9	-0,8	8,1	-10,4	0,9	-9,5
Changes in revaluation originating at associates	1,4		1,4	3,8		3,8
Changes in revaluation of investments held to maturity	0,4	-0,2	0,2	0,4		0,4
Other changes				0,3	-0,1	0,2
Total	-460,7	226,3	-234,3	2.616,8	-856,3	1.760,5

41 Share of results of non-controlling interests

Non-controlling interests represent the relative share of a third party – the minority shareholder – in the shareholders' equity of a consolidated group entity.

Current non-controlling interests relate to real estate subsidiaries. The following table details their share in the net profit or loss of the group entity to which they relate.

2013	Net profit (loss) at 100%	Non-controlling interest	Share of result of non-controlling interests
Interparking	25,6	10,1 %	3,4
Venti M	4,7	40,0 %	1,9
Cortenbergh le Corrége	0,5	38,8 %	0,2
Total	30,8		5,5

2012	Net profit (loss) at 100%	Non-controlling interest	Share of result of non-controlling interests
Interparking	32,6	10,1 %	3,4
Venti M	3,5	40,0 %	1,3
B.G.1	-0,1	10,0 %	
Cortenbergh le Corrége	0,1	38,8 %	
Total	36,1		4,8

Notes to items not recognised on the consolidated statement of financial position

42 Collateral and commitments given

The table below details collateral (at carrying value) and commitments given as a part of the normal course of business.

<i>Collateral given</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Repurchase agreements	1.256,5	975,7
Loans to banks	391,5	396,6
Inward reinsurance	15,1	17,0
Credit insurance	1,4	2,9
Total Collateral given	1.664,5	1.392,3
<i>Commitments</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Real estate commitments	162,8	307,7
Credit lines given	321,2	273,5
Capital commitments	118,7	233,0
Outstanding credit bids	225,5	137,0
Guarantees and financial letters of credit	113,0	45,8
Total Commitments	941,3	996,9