

Ageasfinlux S.A.

Annual accounts
for the year ended
December 31, 2016
(with the report of the Réviseur
d'Entreprises agréé thereon)

6, Rue Eugène Ruppert
L-2453 Luxembourg

R.C.S.: Luxembourg B 86.976

Ageasfinlux S.A.
société anonyme
registered office: 6, Rue Eugène Ruppert
L-2453 Luxembourg R.C.S. Luxembourg B 86 976
(hereinafter referred to as the «Company»)

MANAGEMENT REPORT FOR THE FINANCIAL YEAR AS OF DECEMBER 31, 2016

Dear Shareholders,

We are pleased to provide you with the report on the activities of the Company for the financial year as of December 31, 2016 and to submit the annual accounts for the financial year ended on December 31, 2016 for approval, as well as the accompanying audit report issued by KPMG Luxembourg, Société coopérative, Réviseur d'Entreprises agréé.

1. Preparation of the annual accounts

The annual accounts are prepared by Intertrust (Luxembourg) S.à r.l., with which the Company concluded domiciliation and management & administration agreements, in accordance with legal and regulatory requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg.

2. Development of the Company's business

The Company continues to perform its activities that link with the securities that were issued in 2002, and the on-lending of the proceeds in the form of the convertible loan to Ageas Insurance International N.V. The FRESH-securities that the Company issued will mandatorily convert into ageas SA/NV shares if the Ageas share price equals or exceeds EUR 472.50 for 20 consecutive stock exchange business days. After the events in September/October 2008 that led to the breakup of Fortis and given Ageas' current share price level, this conversion is not expected to take place in the coming decade. This also explains that the FRESH-securities effectively trade as if it were perpetual instruments.

There were no specific events in 2016 that affected the business performance of the Company, other than a continued structural improvement of the Ageas share price that led to a partial reversal of a value adjustment on Securities held for an amount of EUR 1,666,666.68.

3. Results for the financial year

Compared to the previous financial year, the result of the Company has decreased by EUR 15,873,259.08 (profit of EUR 1,999,691.11 in 2016 against a profit of EUR 17,872,950.19 in 2015). This decrease is mainly due to a partial reversal of value adjustment of EUR 1,666,666.68 booked on the ageas SA/NV shares, whereas the partial reversal amounted to EUR 17,539,682.56 in 2015.

Tax of EUR 19,230.00 was composed of Luxembourg net wealth tax. The Company had carried forward losses to compensate the taxable result of 2016.

Other external expenses totaling EUR 84,864.33 are detailed as follows:

- Bank charges	2,206.97
- Audit fees	25,637.77
- Tax advisory fees	3,522.20
- Accounting, domiciliation, directorship and management fees	41,565.71
- Paying agent fees	8,560.00
- Luxembourg Chamber of Commerce and CSSF subscription fees	1,850.00
- Publication costs	585.00
- Other fees	936.68
Total	84,864.33

Other operating expenses amounting to EUR 1,455.20 relate to non-deductible VAT.

4. Balance sheet

The equity value amounts to EUR 117,512,249.68. The share capital of the Company totals EUR 127,794,757.12 represented by 103,060,288 registered shares with a nominal value of EUR 1.24 held by Ageas Insurance International N.V. The latter acquired one share of the Company from FGF Lux S.A. on December 12, 2011, date on which Ageas Insurance International N.V. became the sole shareholder of the Company.

As at December 31, 2016, the Company held 3,968,254 ageas SA/NV shares valued at EUR 113,333,334.24 compared to a net book value of EUR 111,666,667.56 at year-end 2015.

The Board of Directors has decided to recognize a loss as durable if the value is longer than one year below the carrying-value; a loss is reversed when the market value is for more than one year above the carrying value. Since the lowest price in 2016 amounted to EUR 28.56, the value adjustment was reversed for an amount of EUR 1,666,666.68 moving the value of the share portfolio to EUR 113,333,334.24. The purchase price of the shares amounted to EUR 1,030,515,881.00, so the value adjustment amounts to EUR 917,182,546.76 at year end 2016.

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

The Company granted a loan of EUR 1,250,000,000.00 to Ageas Insurance International N.V. bearing interest at a rate of Euribor 3 months + 1.385%.

The current assets of the Company amounting to EUR 6,157,923.18 are detailed as follows:

- interest accrued on the loan granted to Ageas Insurance International N.V. for EUR 2,013,661.20;
- cash at bank for EUR 3,940,071.28;
- other debtors for a total amount of EUR 204,190.70 composed of advances for corporate income tax and net wealth tax and VAT receivable.

The total capital, reserves and liabilities amount to EUR 1,369,494,253.42. Said figure mainly results from capital and reserves for EUR 117,512,249.68 and the FRESH issued by the Company for EUR 1,250,000,000.00. The balance is composed of interest accrued on FRESH for EUR 1,947,916.67, amounts owed to credit institutions for EUR 1.00, other creditors for EUR 10.00, VAT payable for EUR 3,626.40 and trade creditors of EUR 30,449.67

5. Allocation of the result

The financial year 2016 ends with a profit of EUR 1,999,691.11. The Board of Directors proposes to allocate the result as follows:

profit as of December 31,2016	EUR	1,999,691.11
<u>loss brought forward</u>	<u>EUR</u>	<u>(915,090,322.69)</u>
<u>total loss</u>	<u>EUR</u>	<u>(913,090,631.58)</u>
to carry forward	EUR	(913,090,631.58)

The Board of Directors has decided to take the own funds when verifying the criteria of article 100 of the Luxembourg Commercial Law. Taking this into account the Board states that the capital and reserves of the Company exceed 50% of the subscribed capital.

6. Risk Management

Exposure to various risks arises in the normal course of business of the Company. The objective and policy of the Board of Directors is to minimize these risks to the extent possible. It wishes to report as follows about risks to which the Company could be exposed:

Operational risk

The risk of loss resulting from inadequate or failed internal processes or system, human error, external events or change in the competitive environment that damages the franchise or operating economics of the business is low: the activity of the Company is limited to managing the interest flows stemming from the loan and securities outstanding, whereby the board members are directly involved in any cash transaction realised.

Legal risk

In case of any potential risk (e.g. claim received from a note holder or an investor), the Company requests advice from the legal department of Ageas Group and advice from an external advisor if required by one member of the Board of Directors.

Furthermore, the Company follows the compliance rules defined by its Ageas Group in terms of reputational risk and compliance with laws and regulations applicable to the Company.

Tax risk

In case of any potential tax risk, the Company requests advice from the tax advisors of its Ageas Group and advice from an external advisor if required by one member of the Board of Directors.

Credit Risk

The Directors monitor exposure to credit risk on an ongoing basis. As only one loan is granted to Ageas Insurance International N.V., by definition a significant concentration of credit risk exists. Credit evaluations are performed regularly.

The loan including accrued interest granted to Ageas Insurance International N.V. represents about 91% of Assets held at year end 2016; Ageas Insurance International N.V. is rated A (Stable) by Fitch Ratings, while ageas SA/NV (the direct owner of Ageas Insurance International N.V.) is rated BBB (Stable) by Standard & Poor's and Unsolicited Baa3 (Negative) by Moody's as at December 31, 2016.

The Directors have reviewed the debt servicing capacity of the Company and concluded that it completely relies on the debt servicing capacity of Ageas Insurance International N.V., to which it granted a loan. Ageas Insurance International N.V. was involved in some legal proceedings that link with the sale of its Dutch Insurance activity to the Dutch State, linked to the September/October 2008 events that lead to the break-up of Fortis. Based on the evolution of these legal proceedings, the Board concluded that the debt servicing capacity is in good shape. In case the solvency of Ageas Insurance International N.V. would deteriorate materially, it could imply that the coupon payment on the Company's issued securities may not take place under all conditions. Please also note the analysis stated under liquidity risk.

Interest rate risk

The Directors have reviewed the interest rate risk of the Company, taking into account its current liabilities (primarily the FRESH issued in 2002) and current assets (primarily the on-loan to Ageas Insurance International N.V.) In terms of interest rate profile these assets and liabilities are both floating rate based, so the Company is currently not exposed to interest rate risk.

Liquidity risk

The Directors have reviewed the liquidity risks of the Company, given its current liabilities (FRESH) and assets (on-loan to Ageas Insurance International N.V.). The Directors concluded that in principle the coupons received on its assets more than cover the coupons that the Company owes on its liabilities, and are also sufficient to cover other expected running costs. Furthermore, the expected cash inflows on the on-loans take place on the same date as expected outflows on the issued securities.

In case Ageas Insurance International N.V. is not able to service its debt for whatever reason, the Company can elect to move to a so-called Alternative Coupon Settlement Method, to serve the coupons due on its liabilities. Such method implies that Ageas Group will deliver such a number of shares to FRESH bondholders, that it fulfils its coupon obligations. Ageas Group is obliged to issue sufficient shares to fully support the coupon payment. In the unlikely event that the numbers of shares that Ageas Shareholders authorized to Ageas Group with a view to fully satisfy the coupon obligation, such situation leads to a postponement event according to the terms and conditions of the FRESH. In such case no cash will leave the Company. The Directors therefore concluded that in all foreseen circumstances no liquidity risk exists.

7. Corporate Governance Statement

Ageas Group has adopted its own corporate governance charter, which is available on its website (<https://www.ageas.com/en/about-us/corporate-governance>) and which should be followed within all its subsidiaries. Therefore and considering the organisation and the structure, the Company has established the following committees:

The Annual General Meeting of Shareholders;
The Board of Directors.

The annual general meeting of Shareholders

Any regularly constituted meeting of Shareholders of the Company represents the entire body of Shareholders.

Subject to all other powers reserved to the Board of Directors by law or the Articles of Incorporation, the meeting of Shareholders has the broadest powers to carry out or ratify acts relating to the operations of the Company.

The Board of Directors

The Company shall be managed by a Board of Directors, composed of not less than three members who need not to be Shareholders (the "Board of Directors"). The members of the Board of Directors will be elected by the general meeting of Shareholders, who will determine their number, for a period not exceeding six years, and, if their resignation would cause the number of remaining members to fall below three, they will hold office until their successors are elected. They are re-eligible and they may be removed at any time, with or without cause, by a resolution adopted by the general meeting of Shareholders. In the event of a vacancy on the Board of Directors, the remaining directors may elect by co-optation a director to fill such vacancy until the next general meeting of Shareholders, which shall ratify such co-optation or elect a new member of the Board of Directors instead. The Shareholders shall neither participate in nor interfere in the management of the Company.

The Board of Directors is vested with the broadest powers to perform all acts necessary or useful for accomplishing the Company's object. All powers not expressly reserved by the Articles of Association or by the Laws to the general meeting of Shareholders or the statutory auditor(s) are in the competence of the Board of Directors.

The Board of Directors may delegate the daily management of the Company and the representation of the Company within such daily management to one or more persons or committees of its choice. The delegation of the daily management of the Company to members of the Board of Directors is subject to the previous authorisation by the general meeting of Shareholders. The Board of Directors may also delegate other special powers or proxies or entrust determined permanent or temporary functions to persons or committees of its choice.

The Company will be bound towards third parties by the joint signature of any two members of the Board of Directors. The Company will further be bound towards third parties by the joint signatures or single signature of any persons to whom the daily management of the Company has been delegated, within such daily management, or by the joint signatures or single signature of any persons to whom special signatory power has been delegated by the Board of Directors, within the limits of such special power. Payment orders require the formal authorization by at least two members of the Board of Directors.

On December 31, 2016 the Board of Directors, elected by the Shareholders at a general meeting, was composed as follows:

- Mr. Roeland de Graaf, born in Hilversum (Netherlands) on December 23, 1985, residing professionally at L-2453 Luxembourg, 6 rue Eugène Ruppert, was nominated director on April 23, 2014. Mr. Roeland de Graaf is also Relationship Manager Corporate at Intertrust (Luxembourg) S.à r.l.;
- Mr. Johan Brugman, born in Arnhem (the Netherlands) on November 4, 1959, residing professionally at NL-3584 BA Utrecht (the Netherlands), Archimedeslaan 6, was nominated director on February 16, 2009. Mr. Johan Brugman is also Group Director Treasury, ALM and Capital Management at Ageas ;
- Mr. Christophe Boizard, born in Cognac (France) on 14 June 1959, residing professionally at B-1000 Brussels, 1 Rue du Marquis was nominated director on May 9, 2016.
- Mr. Sébastien Andre, company director, born in Metz (France), on October 29, 1974, residing professionally at L-2453 Luxembourg, 6, rue Eugène Ruppert, was nominated director on November 14, 2016. Mr. Sébastien Andre is also Business Unit Manager at Intertrust (Luxembourg) S.à r.l.;
- Mr. Nicolas Henry, company director, born in Charleroi (Belgium), on November 25, 1984, residing professionally at L-2453 Luxembourg, 6, rue Eugène Ruppert, was nominated director on November 14, 2016. Mr. Nicolas Henry is also Manager Accounting Services at Intertrust (Luxembourg) S.à r.l..

Financial Reporting Process

The financial information is prepared on a quarterly basis by Intertrust (Luxembourg) S.à.r.l., with which the Company concluded domiciliation and management & administration agreements.

The financial information prepared by Intertrust (Luxembourg) S.à r.l. is duly reviewed by the Board of Directors.

Payments and transactions cannot be performed without the formal authorization of the Board of Directors.

The Company does not own its own shares, has no branch and has research & development activities.

8. Subsequent events

Since January 1, 2017, no significant commitment has been entered into by the Company.

The Board at this stage does not expect that the Company will issue new securities; its organisation and governance is geared to serve the coupon on the existing FRESH-securities for the expected long term up to the date that the instrument converts.

[signature page follows]

Place: Luxembourg

Date: 25.04.2017

On behalf of the Board of Directors


Johan BRUGMAN
Sébastien ANDRE



KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L - 1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet: www.kpmg.lu

To the Shareholders of
Ageasfinlux S.A.
6, rue Eugène Ruppert
L-2453 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

Following our appointment by the Board of Directors dated 12 April 2016, we have audited the accompanying annual accounts of Ageasfinlux S.A., which comprise the balance sheet as at 31 December 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

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

Responsibility of the Réviseur d'Entreprises agréé

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Ageasfinlux S.A. as of 31 December 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the Corporate Governance Statement but does not include the annual accounts and our report of Réviseur d'Entreprises agréé thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with the applicable legal requirements.

The information required by Article 68bis paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended and included in the Corporate Governance Statement is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

Luxembourg, 25 April 2017

KPMG Luxembourg,
Société coopérative
Cabinet de révision agréé



M. Eichmüller de Souza

Annual Accounts Helpdesk :**Tel. : (+352) 247 88 494****Email : centralebilans@statec.etat.lu****RCSL Nr. : B.86976****Matricule : 2002,2208,420****BALANCE SHEET****Financial year from** ⁰¹ 01/01/2016 **to** ⁰² 31/12/2016 *(in* ⁰³ EUR *)***Ageasfinlux S.A.****6 rue Eugène Ruppert****L-2453 Luxembourg****ASSETS**

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid			
I. Subscribed capital not called	1101 _____	101 <u>0.00</u>	102 <u>0.00</u>
II. Subscribed capital called but unpaid	1103 _____	103 <u>0.00</u>	104 <u>0.00</u>
	1105 _____	105 <u>0.00</u>	106 <u>0.00</u>
B. Formation expenses	1107 _____	107 <u>0.00</u>	108 <u>0.00</u>
C. Fixed assets			
I. Intangible assets	1109 _____	109 <u>1,363,333,334.24</u>	110 <u>1,361,666,667.56</u>
1. Costs of development	1111 _____	111 <u>0.00</u>	112 <u>0.00</u>
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1113 _____	113 <u>0.00</u>	114 <u>0.00</u>
a) acquired for valuable consideration and need not be shown under C.I.3	1115 _____	115 <u>0.00</u>	116 <u>0.00</u>
b) created by the undertaking itself	1117 _____	117 <u>0.00</u>	118 <u>0.00</u>
3. Goodwill, to the extent that it was acquired for valuable consideration	1119 _____	119 <u>0.00</u>	120 <u>0.00</u>
4. Payments on account and intangible assets under development	1121 _____	121 <u>0.00</u>	122 <u>0.00</u>
II. Tangible assets	1123 _____	123 <u>0.00</u>	124 <u>0.00</u>
1. Land and buildings	1125 _____	125 <u>0.00</u>	126 <u>0.00</u>
2. Plant and machinery	1127 _____	127 <u>0.00</u>	128 <u>0.00</u>
	1129 _____	129 <u>0.00</u>	130 <u>0.00</u>

RCSL Nr. : **B.86976**Matricule : **2002,2208,420**

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	0.00	0.00
4. Payments on account and tangible assets in the course of construction	1133	0.00	0.00
III. Financial assets	1135	1,363,333,334.24	1,361,666,667.56
1. Shares in affiliated undertakings	1137	0.00	0.00
2. Loans to affiliated undertakings	1139 3.1	1,250,000,000.00	1,250,000,000.00
3. Participating interests	1141	0.00	0.00
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	0.00	0.00
5. Investments held as fixed assets	1145 3.2	113,333,334.24	111,666,667.56
6. Other loans	1147	0.00	0.00
D. Current assets	1151	6,157,923.18	6,193,350.22
I. Stocks	1153	0.00	0.00
1. Raw materials and consumables	1155	0.00	0.00
2. Work in progress	1157	0.00	0.00
3. Finished goods and goods for resale	1159	0.00	0.00
4. Payments on account	1161	0.00	0.00
II. Debtors	1163	2,217,851.90	2,588,090.70
1. Trade debtors	1165	0.00	0.00
a) becoming due and payable within one year	1167	0.00	0.00
b) becoming due and payable after more than one year	1169	0.00	0.00
2. Amounts owed by affiliated undertakings	1171 10	2,013,661.20	2,385,000.00
a) becoming due and payable within one year	1173	2,013,661.20	2,385,000.00
b) becoming due and payable after more than one year	1175	0.00	0.00
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	0.00	0.00
a) becoming due and payable within one year	1179	0.00	0.00
b) becoming due and payable after more than one year	1181	0.00	0.00
4. Other debtors	1183	204,190.70	203,090.70
a) becoming due and payable within one year	1185	204,190.70	203,090.70
b) becoming due and payable after more than one year	1187	0.00	0.00

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	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 0.00	190 0.00
1. Shares in affiliated undertakings	1191 _____	191 0.00	192 0.00
2. Own shares	1209 _____	209 0.00	210 0.00
3. Other investments	1195 _____	195 0.00	196 0.00
IV. Cash at bank and in hand	1197 _____	197 3,940,071.28	198 3,605,259.52
E. Prepayments	1199 _____	199 2,996.00	200 2,996.00
TOTAL (ASSETS)		201 1,369,494,253.42	202 1,367,863,013.78

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301 4	301 117,512,249.68	302 115,512,558.57
I. Subscribed capital	1303 4.1	303 127,794,757.12	304 127,794,757.12
II. Share premium account	1305 4.2	305 1.26	306 1.26
III. Revaluation reserve	1307	307 0.00	308 0.00
IV. Reserves	1309 4.3	309 902,808,122.88	310 902,808,122.88
1. Legal reserve	1311	311 0.00	312 0.00
2. Reserve for own shares	1313	313 0.00	314 0.00
3. Reserves provided for by the articles of association	1315	315 0.00	316 0.00
4. Other reserves, including the fair value reserve	1429	429 902,808,122.88	430 902,808,122.88
a) other available reserves	1431	431 902,808,122.88	432 902,808,122.88
b) other non available reserves	1433	433 0.00	434 0.00
V. Profit or loss brought forward	1319 4	319 -915,090,322.69	320 -932,963,272.88
VI. Profit or loss for the financial year	1321 4	321 1,999,691.11	322 17,872,950.19
VII. Interim dividends	1323	323 0.00	324 0.00
VIII. Capital investment subsidies	1325	325 0.00	326 0.00
B. Provisions	1331	331 0.00	332 0.00
1. Provisions for pensions and similar obligations	1333	333 0.00	334 0.00
2. Provisions for taxation	1335	335 0.00	336 0.00
3. Other provisions	1337	337 0.00	338 0.00
C. Creditors	1435	435 1,251,982,003.74	436 1,252,350,455.21
1. Debenture loans	1437	437 1,251,947,916.67	438 1,252,321,472.60
a) Convertible loans	1439	439 1,251,947,916.67	440 1,252,321,472.60
i) becoming due and payable within one year	1441 9	441 1,947,916.67	442 2,321,472.60
ii) becoming due and payable after more than one year	1443 3.2	443 1,250,000,000.00	444 1,250,000,000.00
b) Non convertible loans	1445	445 0.00	446 0.00
i) becoming due and payable within one year	1447	447 0.00	448 0.00
ii) becoming due and payable after more than one year	1449	449 0.00	450 0.00
2. Amounts owed to credit institutions	1355	355 1.00	356 0.00
a) becoming due and payable within one year	1357	357 1.00	358 0.00
b) becoming due and payable after more than one year	1359	359 0.00	360 0.00

RCSL Nr.: B.86976

Matricule : 2002,2208,420

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	1361	0.00	0.00
a) becoming due and payable within one year	1363	0.00	0.00
b) becoming due and payable after more than one year	1365	0.00	0.00
4. Trade creditors	1367	30,449.67	25,517.41
a) becoming due and payable within one year	1369	30,449.67	25,517.41
b) becoming due and payable after more than one year	1371	0.00	0.00
5. Bills of exchange payable	1373	0.00	0.00
a) becoming due and payable within one year	1375	0.00	0.00
b) becoming due and payable after more than one year	1377	0.00	0.00
6. Amounts owed to affiliated undertakings	1379	0.00	0.00
a) becoming due and payable within one year	1381	0.00	0.00
b) becoming due and payable after more than one year	1383	0.00	0.00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	0.00	0.00
a) becoming due and payable within one year	1387	0.00	0.00
b) becoming due and payable after more than one year	1389	0.00	0.00
8. Other creditors	1451	3,636.40	3,465.20
a) Tax authorities	1393	3,626.40	3,455.20
b) Social security authorities	1395	0.00	0.00
c) Other creditors	1397	10.00	10.00
i) becoming due and payable within one year	1399	10.00	10.00
ii) becoming due and payable after more than one year	1401	0.00	0.00
D. Deferred income	1403	0.00	0.00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	405	1,369,494,253.42	1,367,863,013.78

Annual Accounts Helpdesk :**Tel. : (+352) 247 88 494****Email : centralebilans@statec.etat.lu**RCSL Nr. : **B.86976**Matricule : **2002,2208,420****PROFIT AND LOSS ACCOUNT****Financial year from** ⁰¹ 01/01/2016 **to** ⁰² 31/12/2016 (in ⁰³ EUR)**Ageasfinlux S.A.****6 rue Eugène Ruppert****L-2453 Luxembourg****PROFIT AND LOSS ACCOUNT**

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 <u>0.00</u>	702 <u>0.00</u>
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 <u>0.00</u>	704 <u>0.00</u>
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 <u>0.00</u>	706 <u>0.00</u>
4. Other operating income	1713 _____	713 <u>0.00</u>	714 <u>0.00</u>
5. Raw materials and consumables and other external expenses	1671 _____	671 <u>-84,864.33</u>	672 <u>-84,735.40</u>
a) Raw materials and consumables	1601 _____	601 <u>0.00</u>	602 <u>0.00</u>
b) Other external expenses	1603 <u>7</u>	603 <u>-84,864.33</u>	604 <u>-84,735.40</u>
6. Staff costs	1605 _____	605 <u>0.00</u>	606 <u>0.00</u>
a) Wages and salaries	1607 _____	607 <u>0.00</u>	608 <u>0.00</u>
b) Social security costs	1609 _____	609 <u>0.00</u>	610 <u>0.00</u>
i) relating to pensions	1653 _____	653 <u>0.00</u>	654 <u>0.00</u>
ii) other social security costs	1655 _____	655 <u>0.00</u>	656 <u>0.00</u>
c) Other staff costs	1613 _____	613 <u>0.00</u>	614 <u>0.00</u>
7. Value adjustments	1657 _____	657 <u>0.00</u>	658 <u>0.00</u>
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 <u>0.00</u>	660 <u>0.00</u>
b) in respect of current assets	1661 _____	661 <u>0.00</u>	662 <u>0.00</u>
8. Other operating expenses	1621 <u>13</u>	621 <u>-1,455.20</u>	622 <u>-1,920.20</u>

The notes in the annex form an integral part of the annual accounts

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Matricule : 2002,2208,420

	Reference(s)	Current year	Previous year
9. Income from participating interests			
	1715	715 0.00	716 0.00
a) derived from affiliated undertakings	1717	717 0.00	718 0.00
b) other income from participating interests	1719	719 0.00	720 0.00
10. Income from other investments and loans forming part of the fixed assets			
	1721 10	721 14,397,814.20	722 17,341,301.37
a) derived from affiliated undertakings	1723	723 14,397,814.20	724 17,341,301.37
b) other income not included under a)	1725	725 0.00	726 0.00
11. Other interest receivable and similar income			
	1727 11	727 1,667,797.48	728 17,541,665.34
a) derived from affiliated undertakings	1729	729 0.00	730 0.00
b) other interest and similar income	1731	731 1,667,797.48	732 17,541,665.34
12. Share of profit or loss of undertakings accounted for under the equity method			
	1663	663 0.00	664 0.00
13. Value adjustments in respect of financial assets and of investments held as current assets			
	1665	665 0.00	666 0.00
14. Interest payable and similar expenses			
	1627 9	627 -13,960,371.04	628 -16,903,795.92
a) concerning affiliated undertakings	1629	629 0.00	630 0.00
b) other interest and similar expenses	1631	631 -13,960,371.04	632 -16,903,795.92
15. Tax on profit or loss			
	1635	635 0.00	636 -2,005.00
16. Profit or loss after taxation			
	1667 12	667 2,018,921.11	668 17,890,510.19
17. Other taxes not shown under items 1 to 16			
	1637 12	637 -19,230.00	638 -17,560.00
18. Profit or loss for the financial year			
	1669 4	669 1,999,691.11	670 17,872,950.19

Ageasfinlux S.A.

Notes to the annual accounts
for the year ended December 31, 2016

1 General

Ageasfinlux S.A. (the “Company”) is a Luxembourg company, which was incorporated on April 22, 2002 under the laws of Luxembourg as a Société Anonyme, for an unlimited period.

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

The Company has its registered address at 6, rue Eugène Ruppert, L-2453 Luxembourg and is registered at the Luxembourg Commercial Register under number R.C.S. Luxembourg n° B 86.976. The financial year starts on January 1st and ends on December 31st.

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

The Company is included in the consolidated accounts of ageas SA/NV, which forms the smallest and largest body of undertakings, with registered office at Rue Royale 20, B-1000 Brussels, of which the Company forms a part as a subsidiary undertaking. The consolidated accounts are available at each of the above-mentioned addresses and as well on the website of Ageas (www.ageas.com).

2 Significant accounting policies

The annual accounts are prepared in accordance with legal and regulatory requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg. The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the amended Law of December 19, 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and its results fairly.

The books and records are maintained in EUR and the annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

The provisions of the law of 18 December 2015 on the annual accounts and consolidated accounts and the grand-ducal regulation of 18 December 2015 on the layout of balance sheet and profit and loss accounts, amending the law of 19 December 2002 have been transposed in these annual accounts.

The layout and the headings of certain balance sheet and profit and loss account captions have been modified accordingly.

Some comparative figures have been reclassified for the same reason.

Ageasfinlux S.A.

Notes to the annual accounts
for the year ended December 31, 2016
(continued)

2.1 Currency conversion

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

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

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

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

2.2 Financial fixed assets

Financial assets are stated at historical cost less any durable losses. In case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. The value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Dividends are recognized when received.

2.3 Debtors

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

2.4 Creditors

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

2.5 Interest income and expenses

Interest income and expenses are recorded on an accrual basis.

Ageasfinlux S.A.

Notes to the annual accounts
for the year ended December 31, 2016
(continued)

3 Fixed Assets

3.1 Loans to affiliated undertakings

The Company subscribed to bonds issued by Fortis Insurance N.V., which changed name into Ageas Insurance N.V. in May 2010 and merged into Ageas Insurance International N.V. in December 2010 (all these entities are affiliated undertakings); the bonds can be specified as follows:

Issue date	Name of the Company	Nominal EUR	Interest rate	Duration
May 7, 2002	Ageas Insurance International N.V.	1,250,000,000.00	Euribor 3 months + margin of 1.385%	No maturity date

The bonds are issued in denominations of EUR 250,000.00 each and are subordinated obligations of Ageas Insurance International N.V. (hereafter "AII") and rank at all times (i) junior to any indebtedness or obligation, including any preference shares, of AII other than such indebtedness or obligation in clauses (ii) and (iii) below, (ii) *pari passu* and without any preference among themselves and with any other indebtedness or obligation that, expressly or by applicable law, ranks *pari passu* with the loans and (iii) senior to (A) any indebtedness or obligation of AII that, expressly or by applicable law, is subordinated to the loans and (B) any ordinary shares of AII.

The bonds were redeemable, in a whole or in part, at any time at the option of AII, while a proportional number of bonds could convert into AII-shares upon an exchange of all or part of the FRESH securities (see Note 3.2).

Management of the Company reviewed these terms in 2013 and concluded that the conversion option represented no value (this option was far "out of the money"), while AII's early redemption option represented a risk to the Company: the Company could experience difficulty to serve the coupon on the FRESH securities if this option would be exercised, as the Company in turn has no option to call the FRESH securities, while the cash or investment of this cash would not easily provide sufficient yield to cover the liabilities in the current yield environment.

Management therefore renegotiated the terms and conditions of the bonds and reached an agreement on new terms that became effective as of December 31, 2013: the early redemption option as well as the conversion option into AII shares were removed and replaced by a mandatory proportional redemption of the bonds by AII at par upon any exchange of all or part of the FRESH securities.

Ageasfinlux S.A.

Notes to the annual accounts
for the year ended December 31, 2016
(continued)

3.2 Investments held as fixed assets and subordinated convertible bonds

Investments held as fixed assets are analyzed as follows (in EUR):

	2016	2015
Purchase price	1,030,515,881.00	1,030,515,881.00
Value adjustment at the beginning of the year	(918,849,213.44)	(936,388,896.00)
Reversals	1,666,666.68	17,539,682.56
Value adjustment at the end of the year	<u>(917,182,546.76)</u>	<u>(918,849,213.44)</u>
Net book value at the end of the year	<u>113,333,334.24</u>	<u>111,666,667.56</u>
Market value at the end of the year	<u>149,246,032.94</u>	<u>169,841,271.20</u>

Ageasfinlux S.A. has issued “Undated Floating Rate Equity-linked Subordinated Hybrid” (FRESH) in denominations of EUR 250,000.00 each on May 7, 2002 for a total amount of EUR 1,250,000,000.00. The FRESH pays an interest of EURIBOR-3 months plus a margin of 1.35%. The total interest charges on FRESH as at December 31, 2016 amount to EUR 13,960,371.04 (2015: EUR 16,903,795.89). The FRESH securities are exchangeable in ageas SA/NV shares at an Exchange Price of EUR 315.00 per share. The FRESH are listed on the Luxembourg Stock Exchange.

Following the merger and reverse stock split on ageas SA/NV shares, which occurred on August 7, 2012, the Company holds 3,968,254 ageas SA/NV shares. These ageas SA/NV shares serve no other purpose than forming adequate collateral for the conversion rights, which can be exercised under the FRESH and are for that purpose pledged in favor of the FRESH holders. These shares have no voting/dividends rights as long as they are held by the Company.

All FRESH outstanding shall automatically be exchanged for ageas SA/NV shares at the Exchange Price if, at any time after the seventh anniversary of the issue date, the weighted average price of an ageas SA/NV share equals or exceeds EUR 472.50 for 20 consecutive stock exchange business.

The Board of Directors has decided to recognize a loss as durable if the value is longer than one year below the carrying value; a loss is reversed when the market value is for more than one year above the carrying value. Since the lowest price in 2016 amounted to EUR 28.56, the value adjustment was reversed for an amount of EUR 1,666,666.68 (2015: EUR 17,539,682.56) moving the value of the share portfolio to EUR 113,333,334.24 (2015: EUR 111,666,667.56).

Ageasfinlux S.A.

Notes to the annual accounts
for the year ended December 31, 2016
(continued)

4 Capital and reserves

Changes in capital and reserves during the year ended December 31, 2016 are as follows (in EUR):

	Subscribed capital	Share premium and similar premiums	Other reserves	Result brought forward	Result for the year	Total
Capital and reserves as at December 31, 2015	127,794,757.12	1.26	902,808,122.88	(932,963,272.88)	17,872,950.19	115,512,558.57
Allocation of the result for the year 2015	-	-	-	17,872,950.19	(17,872,950.19)	-
Result for the year 2016	-	-	-	-	1,999,691.11	1,999,691.11
Capital and reserves as at December 31, 2016	127,794,757.12	1.26	902,808,122.88	(915,090,322.69)	1,999,691.11	117,512,249.68

The allocation of the result for 2015 was approved by the Annual General Meeting of Shareholders held on May 9, 2016.

4.1 Subscribed capital

The subscribed and fully paid capital of EUR 127,794,757.12 consists of 103,060,288 shares with a par value of EUR 1.24 each.

4.2 Share premium account

The amount of EUR 1.26 related to the residual amount of the share premium incorporated to the capital following the Extraordinary Shareholder's meeting dated September 3, 2002.

4.3 Reserves

Legal reserve

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

The Company has not allocated any legal reserve because it has to cover the losses brought forward from previous years.

Other reserves

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

Ageasfinlux S.A.

Notes to the annual accounts
for the year ended December 31, 2016
(continued)

5 **Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of these bodies**

During the financial year, no emoluments or obligations arising or entered into in respect of retirement pensions for former members of those bodies for the financial year, were granted (2015: none).

6 **Advances and loans granted to the members of the management and supervisory bodies**

During the financial year, no loans or advances were granted to members of the Board of Directors or other administrative bodies (2015: none).

7 **Other external expenses**

The Other external expenses is broken down by category of charges as follows:

	2016 EUR	2015 EUR
Bank fees	2,206.97	1,087.16
Audit fees	25,637.77	24,000.64
Tax advisory fees	3,522.20	4,350.00
Other fees	936.68	1,768.01
Domiciliary, management fees & services	41,565.71	41,565.71
Paying agent fees	8,560.00	8,488.66
Contributions to professional associations	1,850.00	1,850.00
Publication & register costs	585.00	1,625.22
Total	84,864.33	84,735.40

8 **Fees invoiced or accrued for services provided by KPMG Luxembourg, Société coopérative and other member firms of the KPMG network**

The amounts invoiced or accrued for services provided by KPMG Luxembourg, Société coopérative during the financial year were as follows (including VAT):

	2016 EUR	2015 EUR
Audit fees	25,637.77	24,000.64
	25,637.77	24,000.64

Such fees are presented under Other external expenses in the Profit and Loss account.

Ageasfinlux S.A.

Notes to the annual accounts
for the year ended December 31, 2016
(continued)

9 Interest payable and similar expenses

The interest payable and similar expenses are composed of interest expenses on the convertible bonds issued for an amount of EUR 13,960,371.04 (2015: EUR 16,903,795.89), of which EUR 1,947,916.67 (2015: EUR 2,321,472.60) are accrued at year-end.

10 Income from other investments and loans forming part of the fixed assets

Interest from other investments and loans forming part of the fixed assets amount to EUR 14,397,814.20 (2015: EUR 17,341,301.37), of which EUR 2,013,661.20 (2015: EUR 2,385,000.00) are accrued at year-end.

11 Other interest receivable and similar income

Other interest receivable and similar income are composed mainly of a partial reversal of the value adjustment on investments held as fixed assets (refer to Note 3.2) for EUR 1,666,666.68 (2015: EUR 17,539,682.56).

The remaining balance of EUR 1,130.80 (2015: EUR 1,982.78) is composed of credit interest on bank accounts.

12 Tax expenses

The tax expenses of the Company for the financial year are detailed as follows:

	2016 EUR	2015 EUR
Tax on profit for the financial year	-	3,210.00
Adjustment on tax on profit for the previous years	-	(1,205.00)
Tax on profit or loss	-	2,005.00
Other tax expenses for the financial year	19,230.00	17,560.00
Adjustment on other tax expenses for the previous year	-	-
Other taxes	19,230.00	17,560.00

13 Other operating expenses

Other operating charges are mainly composed of non-deductible VAT.

14 Staff

The Company had no employees during the financial year (2015: none).