



Annual Report 2011 Ageas Finance N.V.

Ageas Finance N.V.
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Contents

| | |
|--|----|
| Annual Report 2011 Ageas Finance N.V..... | 1 |
| Report of the Board of Directors of Ageas Finance N.V. on the 2011 financial year..... | 4 |
| Financial statements 2011 | 8 |
| Statement of Financial position | 9 |
| Income Statement and Statement of Comprehensive Income | 10 |
| Statement of changes in net equity | 11 |
| Statement of cash flows | 12 |
| General notes..... | 14 |
| Accounting policies | 14 |
| General | 14 |
| Notes to the financial statements | 20 |
| 1. Due from group companies..... | 21 |
| 2. Derivatives and other receivables | 21 |
| 3. Cash and cash equivalents..... | 21 |
| 4. Capital and reserves | 22 |
| 5. Interest-bearing loans and borrowings..... | 22 |
| 6. Bank overdrafts..... | 24 |
| 7. Derivatives, deposits and other payables | 24 |
| 8. Net financial margin | 25 |
| 9. Operating expenses | 25 |
| 10. Income tax | 26 |
| 11. Risk management..... | 27 |
| 12. Related parties..... | 30 |
| 13. Operating segments..... | 31 |
| 14. Off-balance sheet items | 31 |
| 15. Management remuneration..... | 31 |
| 16. Contingent liabilities | 32 |
| 17. Post-balance sheet date events..... | 32 |
| Other information | 33 |
| Provisions of the articles of association concerning profit appropriation | 33 |
| Profit appropriation..... | 33 |
| Auditors' report..... | 34 |

All amounts in the tables of these Financial Statements are denominated in thousands of euros, unless stated otherwise.



Report of the
Board of Directors of Ageas Finance N.V. on the 2011
financial year

Report of the Board of Directors of Ageas Finance N.V. on the 2011 financial year.

General

In the past Ageas Finance N.V. operated as the window to the financial markets for Ageas entities by issuing both short-term and long-term debt securities under a Belgian/Dutch Commercial Paper program and a Euro Medium Term Note (EMTN) program. Proceeds were primarily on-lent to Ageas holding entities, to finance leverage that existed at this level in the group. ageas SA/NV (former Fortis SA/NV) in Belgium and ageas N.V. (former Fortis N.V.) in The Netherlands, jointly the holding companies of Ageas, provided joint and several guarantees for debt issued by Ageas Finance N.V.

Confronted with the international financial crisis, Ageas has undergone a complete metamorphosis. Its Dutch banking and insurance activities has been sold to the Dutch State, while the other banking activities have been sold to the Belgian State, which in turn sold 75% of Fortis Bank NV/SA to BNP Paribas.

The sale of a number of material group companies stated above implied that a default was triggered under the EMTN program, which could not be cured. As a result, holders of Ageas Finance N.V. bonds are at all times entitled to demand the early redemption of their bonds in accordance with Conditions 7(a)(vii) and 7(a)(ix) of the Terms and Conditions. For all bonds other than structured notes, such redemption takes place at par value plus accrued interest until the date of effective early redemption. To enable Ageas Finance N.V. to early redeem the external bondholders, Ageas Finance N.V. has concluded agreements with its borrowers, that lead to the early redemption of the amounts due from borrowers at par.

Most bonds were redeemed as result of received early redemption requests in the first half-year 2009. In November 2009 Ageas Finance N.V. launched a public bid on the remaining outstanding notes at par, to assure that all note holders were informed about the ability to turn in their notes at par value (custodians need to inform their clients of any public bid). The appetite to participate to the bid was low: only 5% of the remaining note holders reacted on the offer.

Given the low appetite, Ageas Finance N.V. changed the introduced early redemption request procedure from monthly to quarterly in 2010. Furthermore, Ageas Finance N.V. decided to use its available cash to grant a new loan to Ageas Insurance International N.V.; the return that is realized on this loan is higher than the return that can be realized on holding cash at current accounts at banks. To avoid liquidity risks, the loans include options for Ageas Finance N.V. to ask for early redemption at par, in case early redemption requests on the outstanding bonds emerge.

On 31 December 2011 EUR 257 million of the EMTN notes remained outstanding, versus EUR 549 million at year end 2010.

The shares of Ageas Finance N.V. are indirectly held by ageas SA/NV and ageas N.V. via Ageas Insurance International N.V. Ageas Insurance International N.V. is the direct and sole shareholder of Ageas Finance N.V.

On 26 september 2011 Bruno Colmant resigned as director. The company is grateful for the support that the resigned director gave to the company during his board membership. On the same date Christophe Boizard was appointed as director.

International Financial Reporting Standards

The Ageas Finance N.V. Financial Statements, including the 2010 and 2009 comparative figures, are prepared in accordance with IFRS – including International Accounting Standards ('IAS') and Interpretations – at 31 December 2011 and as adopted by the European Union. For IAS 39, Financial Instruments: Recognition and Measurement, the execution regarding hedge accounting (the so-called 'carve out') decreed by the European Union on 19 November 2004 is taken into account.

Where accounting policies are not specifically mentioned below, reference should be made to the IFRS as adopted by the European Union.

The accounting policies used to prepare the Financial Statements for 2011 are consistent with those applied in the Financial Statements for the year ended 31 December 2010.

According to the accounting policies Ageas opted to fair value part of its assets and liabilities, while other parts are valued at amortised cost. With a view at the early redemption process described above, whereby the EMTN debt is redeemable at par value, Ageas Finance N.V. assumed that this par value represents the best estimate of their fair value, except if trades in the publicly listed notes is observed on the Luxembourg stock exchange above 100%; in these cases the listed trade value is used.

Results and appropriation of profit

The Board of Directors proposes to the General Meeting of Shareholders to allocate the 2011 net result to the Retained Earnings.

In 2011 Ageas Finance N.V. realised a net loss after tax of EUR 5,320,790 compared to a net loss of EUR 2,270,710 recorded in 2010 and a profit of EUR 80,474,083 in 2009. The profit in 2009 related predominantly to an unwind of Credit Default Swaps (CDS). These CDS were part of a hedge position versus issued credit linked bonds. These hedges turned out to be imperfect due to the unforeseen early redemption of the issued notes; the swaps were therefore unwound in 2009. In 2010 as well as in 2011 the company recorded a loss, predominantly due to the loss in value of Interest Rate Swaps (IRS). These IRS are used to hedge the interest position of the company, and they lose value due to the fact that these IRS get closer to their maturity date. The income tax during the years has been subject to various reviews of the position of Ageas Finance and the tax unity to which Ageas Finance belongs.

Risk management

Exposure to credit, interest rate and currency risks arise in the normal course of Ageas Finance N.V. business. The board decided to use derivative financial instruments to economically hedge exposure to fluctuations in foreign exchanges rates, interest rates and other risk on a deal by deal basis. The early redemption of notes leads to open currency and interest positions. The board monitors these risks on a day by day basis and minimises the open positions if and when economically possible.

Ageas Finance N.V. has a significant concentration of credit risks. One loan granted to Ageas Insurance International N.V. represents 93% of Assets held at year end 2011. Ageas Insurance International N.V. belongs to the Ageas holding entities that are rated BBB- (Stable) by Standard & Poor's, Baa3 (Negative) by Moody's and BBB+ by Fitch Ratings.

Prospects

The annual accounts are prepared based on the going concern assumption.

The outstanding debt of Ageas Finance is in default. Due to cross default language in the terms and conditions of the EMTN programme, any new issued loan would immediately default; Ageas Finance N.V. therefore will not issue new bonds until the last defaulted bond is redeemed, which could take up to 2015. After the last redemption, management will review the future for the company. The results for the coming years will be uncertain and dependent on the speed of repayment of the bonds. If bonds remain outstanding up to their legal maturity, further losses are to be expected in the coming years. Management believes that the retained earnings of the company at year end 2011 are sufficient to cover for the expected future losses. Nevertheless given the uncertainty, the sole shareholder Ageas Insurance International N.V. has provided capital support for an amount up to EUR 20 million at the moment that losses reduce the capital of the company below zero.

Employees

Ageas Finance N.V. has no employees of its own. Its activities are performed by employees of Ageas group companies.

Corporate Governance Statement

Given the size of the company, the board members of the company are directly involved with the day to day management of the company, while at least two Board members are required to sign for agreements or contracts that legally bind or commit the company. Governance therefore fully relies on the four eye principle.

Reporting is very much focussed on the management of liquidity, as well as managing interest and foreign exchange positions arising from the decreasing asset and liability portfolio. The liquidity is monitored daily, while interest and foreign exchange position are reported during each board meeting. The company grants loans only to other entities within the Ageas Group. Internal financial reports are produced on a monthly basis and reported in this frequency to the board, that in principle meets on a monthly basis. Bi-annually the company publishes its financial statements, to comply with the transparency guidelines that apply for issuers of listed securities on regulated markets with notes with a par value below EUR 50.000. These half year and annual reports are respectively reviewed and audited by the external auditors. Issues are discussed between auditors and board.

Management representation

Management declares that, to the best of their knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

For the purpose of best practice provision II.1.5 in the Dutch Corporate Governance Code the Board considers that to the best of its knowledge, the internal risk management and control systems relating to financial reporting risks worked properly in the year under review and provide a reasonable assurance that the Ageas Finance N.V. Financial Statements 2010 do not contain errors of material importance. This statement cannot be construed as a statement in accordance with the requirements of Section 404 of the US Sarbanes-Oxley Act, which is not applicable to Ageas Finance N.V. The Board will continue its commitment to keep in place the internal risk management and control systems in line with the limited activities performed.

Utrecht (NL), 23 March 2012

The Board of Directors:

J.H. Brugman
C.F. Oosterloo
C. Boizard



Financial statements 2011

Statement of Financial position

(before appropriation of profit)

| In thousands of euro | | 31 December | 31 December | 31 December |
|--|------|----------------|------------------|------------------|
| | Note | 2011 | 2010 | 2009 |
| Assets | | | | |
| Current assets | | | | |
| Due from group companies | 1 | 300,100 | 600,100 | - |
| Derivatives and other receivables | 2 | 22,879 | 52,664 | 88,888 |
| Cash and cash equivalents | 3 | 545 | 1,205,979 | 944,360 |
| Total assets | | 323,524 | 1,858,743 | 1,033,248 |
| Equity | | | | |
| Issued capital | | 125 | 125 | 125 |
| Retained earnings | | 34,729 | 37,000 | (43,474) |
| Result for the year | | (5,321) | (2,271) | 80,474 |
| Total equity | 4 | 29,533 | 34,854 | 37,125 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Interest-bearing loans and borrowings | 5 | 256,654 | 548,889 | 914,949 |
| Interest-bearing subordinated loans | 5 | 26,092 | 26,092 | 26,092 |
| Bank overdrafts | 6 | 1,673 | 1,212,074 | - |
| Tax payable | | - | - | 28,368 |
| Derivatives, deposits and other payables | 7 | 9,572 | 36,834 | 26,714 |
| Total liabilities | | 293,991 | 1,823,889 | 996,123 |
| Total equity and liabilities | | 323,524 | 1,858,743 | 1,033,248 |

In the balance sheet some items that used to be classified as long term liabilities are classified as short term liabilities as the holders of these liabilities can ask for early redemption.

Income Statement and Statement of Comprehensive Income

| <i>In thousands of euro</i> | <i>Note</i> | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|--|-------------|-----------------|------------------|----------------|
| Income | | | | |
| Financial income | 8 | 38,140 | 68,668 | 410,902 |
| Financial expenses | 8 | (46,722) | (84,010) | (304,532) |
| Net financial margin | | (8,582) | (15,342) | 106,370 |
| Operating expenses | 9 | (114) | (271) | (442) |
| Rating expenses | | - | (102) | (330) |
| EMTN-program expenses | | - | (58) | (256) |
| Operating result before tax | | (8,696) | (15,773) | 105,342 |
| Income tax | 10 | 3,375 | 13,502 | (24,868) |
| Result for the year | | (5,321) | (2,271) | 80,474 |
| Other comprehensive income | | - | - | - |
| Total comprehensive income | | (5,321) | (2,271) | 80,474 |
| Total result for the year attributable to shareholders | | (5,321) | (2,271) | 80,474 |
| Total comprehensive income attributable to shareholders | | (5,321) | (2,271) | 80,474 |

Statement of changes in net equity

| For the year ended 31 December | 2011 | 2010 | 2009 |
|--------------------------------|---------------|---------------|---------------|
| In thousands of euro | | | |
| Balance beginning of year | 34,854 | 37,125 | (43,349) |
| Profit or loss for the period | (5,321) | (2,271) | 80,474 |
| Balance end of year | 29,533 | 34,854 | 37,125 |

Statement of cash flows

| For the year ended 31 December | 2011 | 2010 | 2009 |
|--|-------------------|-------------------|--------------------|
| <i>In thousands of euro</i> | | | |
| Cash and cash equivalents – Balance at 1 January | 1,205,979 | 944,360 | 1,723,103 |
| Bank Overdrafts – Balance at 1 January | (1,212,074) | - | - |
| Total cash and cash equivalents/ bank overdrafts at 1 January | (6,095) | 944,360 | 1,723,103 |
| Cash flows from operating activities | | | |
| Net result | (5,321) | (2,271) | 80,474 |
| Net changes in operating assets and liabilities | (3,716) | - | (186,908) |
| Net cash from operating activities | (9,037) | (2,271) | (106,434) |
| Cash flows from Investing activities | | | |
| Payments to customers or cash receipt from customers (deposits, long term loans) | 300,000 | (600,100) | 5,398,915 |
| Cash flows from financing activities | | | |
| Proceeds from derivatives | 5,913 | 31,793 | - |
| Cash receipt or repayment of borrowings (subordinated, debt certificates, long term liabilities, straight loans) | (291,909) | (365,768) | (6,071,224) |
| Payment of derivatives | - | (14,109) | - |
| Net cash from financing activities | (285,996) | (348,084) | (6,071,224) |
| Cash and cash equivalents– Balance at 31 December | 545 | 1,205,979 | 944,360 |
| Bank overdrafts – Balance at 31 December | (1,673) | (1,212,074) | - |
| Total cash and cash equivalents/ bank overdrafts at 31 December | (1,128) | (6,095) | 944,360 |

General Notes

General notes

Ageas Finance N.V. is a company domiciled in The Netherlands. The address is Archimedeslaan 6, 3584 BA Utrecht.

The company is registered with the chamber of Commerce in Utrecht under number 30055940.

The shares of Ageas Finance N.V. are indirectly held by ageas SA/NV and ageas N.V. via Ageas Insurance International N.V. The latter is the direct and sole shareholder of Ageas Finance N.V.

The main activity of Ageas Finance N.V. is to provide funding to companies within the Ageas group. Funds borrowed in the market are either held in cash at current accounts at banks or lend-on to Ageas companies. Ageas Finance N.V. has relatively low exposure to interest and foreign currency risks.

Ageas Finance N.V. does not employ any personnel; all activities are performed by employees of other Ageas entities.

The financial statements were authorised for issue by the Board of Directors on 23 March 2012.

Accounting policies

General

The annual accounts are prepared based on the going concern assumption.

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as adopted by the European Community.

b) Basis of preparation

The financial statements are presented in euro, rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, and certain interest-bearing loans and borrowings.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates are especially used in establishing the fair value of non market quoted financial instruments.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Ageas Finance N.V. is the financing vehicle of the Ageas group. In principle all funding transactions were lend-on to other Ageas entities; due to the default of the debt the company asked its borrowers to redeem their on-loans and held the proceeds that it received as result of this redemption in cash in current accounts at banks. Furthermore, Ageas Finance N.V. decided to use its available cash to grant a new loan to Ageas Insurance International N.V.; the return that is realized on this loan is higher than the return that can be realized on holding cash at current accounts at banks. To avoid liquidity risks, the loan includes options for Ageas Finance N.V. to ask for early redemption at par, in case early redemption requests on the outstanding bonds emerge.

Ageas Finance N.V. structured deals in such a way that only limited interest rate or foreign currency risks remain on the books of Ageas Finance N.V. In certain deals derivatives are used to eliminate the interest or foreign currency risk.

Ageas Finance N.V. does not apply hedge accounting. To limit the volatility in income and equity, Ageas Finance N.V. may apply the fair value option, for deals in which derivatives are involved. This results in a situation that the funding, the on-lending and the derivative are fair valued through the income statement.

c) Changes in accounting principles

The accounting policies used to prepare these 2011 Financial Statements are consistent with those applied for the year ended 31 December 2010.

The following relevant new or revised standards, interpretations and amendments to standards and interpretations have become effective on 1 January, 2011 (and are endorsed by the EU):

1. IAS 1 Presentation of financial statements (amendment)

The amendment clarifies that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

2. IAS 24 Related-party disclosures (amendment)

The definition of a related party has been amended to remove inconsistencies and to make it simpler to apply. Some entities will be required to make additional disclosures under this new definition. The entities that are most likely to be affected are those that are part of a group that includes both subsidiaries and associates, and entities with shareholders that are involved with other entities. For example, a subsidiary is now required to disclose transactions with an associate of its parent. Similarly, disclosure is required of transactions between two entities where both entities are joint ventures (or one is an associate and the other is a joint venture) of a third entity. In addition, an entity that is controlled by an individual that is part of the key management personnel of another entity is now required to disclose transactions with that second entity.

3. IAS 32 Financial Instruments: Presentation (amendment)

The IASB recognised that classifying foreign-currency-denominated rights issued to all existing shareholders on a pro rata basis as derivative liabilities was not consistent with the substance of the transaction, which represents a transaction with owners acting in their capacity as such. The amendment therefore created an exception to the 'fixed for fixed' rule in IAS 32 and required rights issues within the scope of the amendment to be classified as

equity. Rights issues are now required to be classified as equity if they are issued for a fixed amount of cash regardless of the currency in which the exercise price is denominated, provided they are offered on a pro rata basis to all owners of the same class of equity. Unlike derivative liabilities, equity instruments are not subsequently re-measured at fair value through profit or loss. The accounting is therefore less complex, and there is less volatility in the income statement.

4. IAS 34 Interim Financial Reporting (amendment)

Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurements (if significant), and the need to update relevant information from the most recent annual report. Also further guidance has been given how to apply these principles.

5. IFRIC 19 Extinguishing financial liabilities with equity instruments

IFRIC 19 considers that equity instruments issued to settle a liability represent 'consideration paid'. It therefore requires a gain or loss to be recognised separately in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. This is consistent with the general approach to derecognition of financial liabilities established by IAS 39. The amount of the gain or loss recognised in profit or loss is determined as the difference between the carrying value of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments cannot be reliably measured, the fair value of the existing financial liability is used to measure the gain or loss and to record issued equity instruments.

d) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

e) Financial instruments

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note f (Financial income and expenses).

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

The company holds derivative financial instruments to hedge its foreign currency, credit risk, equity risk and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in profit or loss.

f) Impairment

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

g) Financial income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

h) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

i) Fair Value Calculations

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Derivatives

The fair value of interest rate swaps is the estimated amount that Ageas Finance N.V. would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The estimate is based on the expected cash flows and the swap interest curve applicable at the moment of valuation. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Non-derivative financial instruments

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.



Notes to the financial statements

1. Due from group companies

| <i>In thousands of euro</i> | 2011 | 2010 | 2009 |
|---|----------------|----------------|----------|
| <i>Floating rate loan to Ageas Insurance International N.V.</i> | 300,000 | 600,100 | - |
| <i>Other short term loans</i> | 100 | 100 | - |
| Total | 300,100 | 600,100 | - |

The floating rate loan to Ageas Insurance International N.V. matures on 15 december 2015 and can be called partially with a two days notice by the lender. and the loan bears an interest of 1 month euribor + 0.4 bp.

2. Derivatives and other receivables

| <i>In thousands of euro</i> | 2011 | 2010 | 2009 |
|---|---------------|---------------|---------------|
| <i>Accrued interest</i> | 11,301 | 20,603 | 34,419 |
| <i>Other receivables and pre-payments</i> | 354 | 670 | - |
| <i>Fair value derivatives</i> | 11,224 | 31,391 | 54,469 |
| Total | 22,879 | 52,664 | 88,888 |

The derivatives relate to Interest rate swaps. Further details can be found in note 11 Risk Management.

3. Cash and cash equivalents

| <i>In thousands of euro</i> | 2011 | 2010 | 2009 |
|----------------------------------|------------|------------------|----------------|
| <i>Bank balances</i> | 545 | 404,979 | 944,360 |
| <i>Deposits</i> | - | 801,000 | - |
| Cash and cash equivalents | 545 | 1,205,979 | 944,360 |

Bank balances and are held at Fortis Bank SA / NV. Other Ageas group entities entrusted cash at accounts at the same bank, and these accounts jointly form a cash pool. In case of defaults of these group companies, Fortis Bank SA/NV is entitled to compensate the cash balances of these entities.

4. Capital and reserves

The movements in capital and reserves for the years ended 2009, 2010 and 2011 are as follows:

| <i>In thousands of euro</i> | <i>Share capital</i> | <i>Retained earnings</i> | <i>Result for the year</i> | <i>Total</i> |
|-------------------------------------|----------------------|--------------------------|----------------------------|------------------|
| Balance at 1 January 2009 | 125 | 52,504 | (95,978) | (43,349) |
| Allocation of profit | - | (95,978) | 95,978 | - |
| Total recognised income and expense | - | - | 80,474 | 80,474 |
| Balance at 31 December 2009 | 125 | (43,474) | 80,474 | 37,125 |
| Allocation of profit | - | 80,474 | (80,474) | - |
| Total recognised income and expense | - | - | (2,271) | (2,271) |
| Balance at 31 December 2010 | 125 | 37,000 | (2,271) | 34,854 |
| Allocation of profit | - | (2,271) | 2,271 | - |
| Total recognised income and expense | - | - | (5,321) | (5,321) |
| Balance at 31 December 2011 | 125 | 34,729 | (5,321) | 29,533 |

The authorised share capital comprised 1,000 ordinary shares, par value of EUR 500; 250 shares were issued and fully paid up. During 2009, 2010 and 2011 no new shares were issued nor bought back by the company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are held by Ageas Insurance International N.V.

5. Interest-bearing loans and borrowings

The loans and borrowings can be analysed as follows:

| <i>In thousands of euro</i> | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|--|----------------|----------------|----------------|
| Senior drawings under EMTN-program | 256,654 | 548,889 | 914,949 |
| Subordinated loans | 26,092 | 26,092 | 26,092 |
| Total interest bearing loans and borrowing | 282,746 | 574,981 | 941,041 |
| Loans and borrowings at fair value | 104,195 | 183,242 | 254,160 |
| Loans and borrowings at amortised cost | 178,551 | 391,739 | 686,881 |
| Total interest bearing loans and borrowings | 282,746 | 574,981 | 941,041 |

The interest bearing loans and borrowings at year end 2011 can be detailed as follows:

| <i>drawings under EMTN-program (by ISIN code)</i> | <i>Legal Maturity date</i> | <i>Nominal amount</i> | <i>Fair value</i> |
|---|----------------------------|-----------------------|-------------------|
| XS0306997189 | 18-07-2012 | 13,234 | 13,362 |
| XS0163657694 | 27-03-2013 | 26,229 | 26,461 |
| XS0175532752 | 15-10-2013 | 28,534 | 28,935 |
| XS0189131435 | 28-04-2014 | 12,115 | 12,191 |
| XS0193224838 | 18-06-2014 | 20,565 | 20,885 |
| XS0181100834 | 22-12-2015 | 2,014 | 2,360 |
| <i>Securities at fair value, according to a level 2 valuation</i> | | 102,691 | 104,195 |
| XS0142222198 | 25-01-2012 | 40,455 | 40,455 |
| XS0313890385 | 30-08-2012 | 12,246 | 12,246 |
| XS0350374624 | 9-04-2013 | 11,062 | 11,062 |
| XS0353159857 | 15-04-2013 | 24,001 | 24,001 |
| XS0178543723 | 2-12-2013 | 28,397 | 28,397 |
| XS0181533190 | 15-01-2014 | 25,542 | 25,542 |
| XS0183562957 | 17-02-2014 | 10,756 | 10,756 |
| <i>Securities at amortised cost</i> | | 152,459 | 152,459 |
| <i>Subordinated loans</i> | 6-03-2012 | 26,092 | 26,092 |
| Total interest bearing loans and borrowings | | 281,242 | 282,746 |

The sale of material group companies by the Fortis Group in 2008 implied that a default was triggered under the EMTN program which could not be cured. As a result, holders of Ageas Finance N.V. bonds are at all times entitled to demand the early redemption of their bonds in accordance with Conditions 7(a)(vii) and 7(a)(ix) of the Terms and Conditions. Such redemption takes place at par value plus accrued interest until the date of effective early redemption. It is assumed that these redemption values represent the proper amortised cost value or best estimate of the fair value, if applicable. However, some notes recorded at fair value may trade above their redemption values; in these cases the observed trading value at the reporting date was used.

The average interest paid on the loans and borrowings was 4.26% in 2011 (2010: 5.53%; 2009: 4.32%).

In note 11, all loans and borrowings are classified according to their legal maturity to represent the maximum Interest rate risk if bondholders await the scheduled redemption date of bonds, while all loans and borrowings are classified with a maturity less than 6 months to represent the maximum liquidity risk when bondholders would all immediately ask for early redemption.

6. Bank overdrafts

| <i>In thousands of euro</i> | 2011 | 2010 | 2009 |
|-----------------------------|--------------|------------------|----------|
| Bank overdrafts | 1,673 | 1,212,074 | - |

Bank overdrafts are drawn at ABN AMRO Bank N.V. Other Ageas group entities entrusted cash at accounts at the same bank, and these accounts jointly form a cash pool. In case of defaults of these group companies, ABN AMRO Bank N.V. is entitled to compensate the cash balances of these entities.

7. Derivatives, deposits and other payables

| <i>In thousands of euro</i> | 2011 | 2010 | 2009 |
|--|--------------|---------------|---------------|
| <i>Accrued interest</i> | 9,520 | 21,094 | 26,264 |
| <i>Payables to group companies</i> | - | 12,514 | - |
| <i>Other payables and accrued expenses</i> | 52 | 3,226 | 114 |
| <i>Fair value derivatives</i> | - | - | 336 |
| Total | 9,572 | 36,834 | 26,714 |

8. Net financial margin

| <i>In thousands of euro</i> | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|---|------------------|------------------|-------------------|
| <i>Interest income loans</i> | 7,211 | 6,418 | 35,074 |
| <i>Interest income derivatives</i> | 28,552 | 43,151 | 77,210 |
| <i>Interest income cash and cash equivalents</i> | 1,380 | 4,389 | 21,117 |
| <i>Interest related income</i> | - | - | 313 |
| <i>Foreign exchange gains</i> | 27 | - | - |
| <i>(Un) realised gains on derivatives</i> | - | 14,135 | 276,646 |
| <i>Net gain on re-measurement from borrowings at fair value</i> | 970 | 575 | 542 |
| Financial income | 38,140 | 68,668 | 410,902 |
| <i>Interest expenses loans and borrowings</i> | (17,957) | (44,026) | (70,046) |
| <i>Amortisation costprice derivatives</i> | (4,447) | (7,392) | - |
| <i>Interest expenses subordinated loans</i> | (1,639) | (1,661) | (3,423) |
| <i>Interest expenses derivatives</i> | (13,709) | (10,584) | (44,482) |
| <i>Interest expenses cash and cash equivalents</i> | (1,539) | (3,115) | (18,360) |
| <i>(Un) realised loss on derivatives</i> | (7,431) | (5,861) | (162,976) |
| <i>Foreign exchange losses</i> | - | (217) | (167) |
| <i>Net loss on re-measurement from loans at fair value</i> | - | (11,154) | (5,078) |
| Financial expenses | (46,722) | (84,010) | (304,532) |
| Net financial margin | (8,582) | (15,342) | 106,370 |

9. Operating expenses

| <i>In thousands of euro</i> | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|---|-------------|-------------|-------------|
| <i>Accounting office fees charged by group companies</i> | 100 | 100 | 100 |
| <i>Bank costs</i> | 2 | 6 | 4 |
| <i>Audit costs</i> | 47 | 46 | 78 |
| <i>Back office / Front office fees charged by group companies</i> | - | - | 224 |
| <i>Other</i> | (35) | 119 | 36 |
| Total | 114 | 271 | 442 |

The audit costs relate to the fees charged by KPMG Accountants N.V. for the audit of the annual accounts (including half year review) and related matters. The line other contains a release of a provision related to software not used anymore.

10. Income tax

Ageas Finance N.V. is part of the tax unity for corporation tax Ageas Insurance International N.V. together with Ageas B.V. and Intreinco N.V. Ageas Insurance International N.V. acts as the head of this tax unity. Due to the fact that it is not expected that the fiscal unity will end with a taxable profit in the coming years, a deferred tax asset has not been recorded for unused tax losses. Within the tax unity, entities making profit, account for the full tax charge and this amount is allocated based on the taxable losses tot the entities recording losses.

The differences on which deferred tax should be recognised when the fiscal unity was in a profit situation can be summarised as follows:

| <i>In thousands of euro</i> | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|---------------------------------|-------------|-------------|-------------|
| Unrealised part of derivatives | 11,224 | 26,944 | 54,077 |
| Unrealised revaluation of loans | (1,506) | (2,231) | (3,658) |
| | 9,718 | 24,713 | 50,419 |

Recognised in the income statement

| <i>In thousands of euro</i> | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|---|--------------|---------------|------------------|
| Current tax | | | |
| Current year tax income | 353 | 2,186 | (26,862) |
| Taxation previous years | 3,022 | (1,516) | 1,994 |
| | 3,375 | 670 | (24,868) |
| Deferred tax | | | |
| Release of deferred tax assets due to result fiscal unity | - | 12,832 | - |
| Total income tax in income statement | 3,375 | 13,502 | (24,868) |

Reconciliation of effective tax rate

| <i>In thousands of euro</i> | <i>2011</i> | <i>2010</i> | <i>2009</i> |
|---|----------------|----------------|------------------|
| Profit before tax(minus = loss) | (8,696) | (15,773) | 105,342 |
| Domestic corporate tax rate | 25.0% | 25.5% | 25.5% |
| Income tax using the domestic corporate tax rate | 2,149 | 4,022 | (26,862) |
| Reduction due to result in total fiscal unit | (1,796) | (1,836) | - |
| Reversal / (provision) tax assets | - | 12,832 | - |
| (Under) / over stated in prior years | 3,022 | (1,516) | 1,994 |
| Total income tax expense in income statement | 3,375 | 13,502 | (24,868) |
| Effective corporate tax rate | (39.0%) | (85.6%) | 23.6% |

Due to the fact that the tax unity made an overall tax loss in 2011, only part of the expected tax benefit could be recognised.

In 2008 ASR Nederland N.V. left the tax unity due to the sale by Fortis of this company to the Dutch State. In 2011 the final terms for ASR Nederland N.V. leaving the tax unity have been agreed. As a result of the agreement Ageas Finance N.V. could release a tax provision.

11. Risk management

Exposure to credit, interest rate and currency risks arised in the normal course of Ageas Finance N.V. business. The board decided to use derivative financial instruments to economically hedge exposure to fluctuations in foreign exchanges rates, interest rates and other risk on a deal by deal basis. The early redemption of notes leads to open currency and interest positions. The open positions are minimised if and when economically possible.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Ageas Finance N.V. does not request collateral in respect of financial assets.

Transactions involving derivative financial instruments and cash held are with counterparties with sound credit ratings. Given their high credit ratings, management does not expect these counterparties to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Ageas Finance N.V. has a significant concentration of credit risks. One loan granted to Ageas Insurance International N.V. represents 93% of Assets held at year end 2011. Ageas Insurance International N.V. belongs to the Ageas holding entities that are rated BBB- (Stable) by Standard & Poor's, Baa3 (Negative) by Moody's and BBB+ by Fitch Ratings.

Interest rate risk

In the cause of operations, Ageas Finance N.V. is potentially exposed to interest rate risks, especially since all outstanding bonds are early redeemable. With every early redemption, the interest position changes. Ageas Finance N.V. monitors these risks using duration techniques and gap analysis and manages the position with a view to close open positions that occur due to the early redemptions.

The following table indicates the earlier of contractual re-pricing or maturity of interest income-earning financial assets and interest-bearing financial liabilities as well as the derivatives for a number of time buckets. This does not take into consideration the fact that the loans given and taken are directly callable at year end.

| | <i>less than</i> | <i>6 up to</i> | <i>1 up to</i> | <i>2 up to</i> | <i>5 years</i> | |
|--|------------------|------------------|----------------|----------------|-----------------|--------------|
| At 31 December 2011 | <i>6 months</i> | <i>12 months</i> | <i>2 years</i> | <i>5 years</i> | <i>And over</i> | <i>total</i> |
| <i>In thousands of euro</i> | | | | | | |
| Financial assets | 300,100 | - | - | - | - | 300,100 |
| Cash and cash equivalents/ bank overdrafts | (1,128) | - | - | - | - | (1,128) |
| Financial liabilities | (66,547) | (25,608) | (118,857) | (71,734) | - | (282,746) |
| Interest GAP on balance | 232,425 | (25,608) | (118,857) | (71,734) | - | 16,226 |
| Derivatives | (175,000) | - | 100,000 | 75,000 | - | - |
| Net interest GAP | 57,425 | (25,608) | (18,857) | 3,266 | - | 16,226 |

| | <i>less than</i> | <i>6 up to</i> | <i>1 up to</i> | <i>2 up to</i> | <i>5 years</i> | |
|--|------------------|------------------|----------------|----------------|-----------------|--------------|
| At 31 December 2010 | <i>6 months</i> | <i>12 months</i> | <i>2 years</i> | <i>5 years</i> | <i>And over</i> | <i>total</i> |
| <i>In thousands of euro</i> | | | | | | |
| Financial assets | 600,100 | - | - | - | - | 600,100 |
| Cash and cash equivalents/ bank overdrafts | (6,095) | - | - | - | - | (6,095) |
| Financial liabilities | (282,767) | (728) | (96,317) | (195,169) | - | (574,981) |
| Interest GAP on balance | 311,238 | (728) | (96,317) | (195,169) | - | 19,024 |
| Derivatives | (422,401) | 78,000 | 95,665 | 175,000 | - | (73,736) |
| Net interest GAP | (111,163) | 77,272 | (652) | (20,169) | - | (54,712) |

| | <i>less than</i> | <i>6 up to</i> | <i>1 up to</i> | <i>2 up to</i> | <i>5 years</i> | |
|--|------------------|-------------------|-------------------|-------------------|-----------------|--------------|
| At 31 December 2009 | <i>6 months</i> | <i>12 months</i> | <i>2 years</i> | <i>5 years</i> | <i>And over</i> | <i>total</i> |
| <i>In thousands of euro</i> | | | | | | |
| Cash and cash equivalents/ bank overdrafts | 944,360 | - | - | - | - | 944,360 |
| Financial assets | - | 875 | -483 | - | - | 392 |
| Financial liabilities | (15,051) | (343,217) | (285,510) | (295,217) | (2,382) | (941,377) |
| Interest GAP on balance | 929,309 | (342,342) | (285,993) | (295,217) | (2,382) | 3,375 |
| Derivatives | (857,770) | 61,002 | 75,992 | 720,665 | - | (111) |
| Net interest GAP | 71,539 | (281,340) | (210,001) | 425,448 | (2,382) | 3,264 |

Liquidity risk

Liquidity risk is the risk that Ageas Finance N.V. has not sufficient cash to pay loans when these become due. The following table indicates the maturity of interest income-earning financial assets and interest-bearing financial liabilities. Since the assets and liabilities became directly callable in the course of 2008, all assets and liabilities are since that moment classified with a maturity of less than 6 months:

| | <i>less than 6 months</i> | <i>6 up to 12 months</i> | <i>1 up to 2 years</i> | <i>2 up to 5 years</i> | <i>5 years And over</i> | <i>total</i> |
|---|-------------------------------|------------------------------|----------------------------|----------------------------|-----------------------------|---------------|
| Maturity schedule 2011 | | | | | | |
| <i>In thousands of euro</i> | | | | | | |
| Due from group companies | 300,100 | - | - | - | - | 300,100 |
| Cash and cash equivalents / bank overdrafts | (1,128) | - | - | - | - | (1,128) |
| Financial liabilities | (282,746) | - | - | - | - | (282,746) |
| Liquidity Excess (GAP) | 16,226 | - | - | - | - | 16,226 |

| | <i>less than 6 months</i> | <i>6 up to 12 months</i> | <i>1 up to 2 years</i> | <i>2 up to 5 years</i> | <i>5 years And over</i> | <i>total</i> |
|--|-------------------------------|------------------------------|----------------------------|----------------------------|-----------------------------|---------------|
| Maturity schedule 2010 | | | | | | |
| <i>In thousands of euro</i> | | | | | | |
| Due from group companies | 600,100 | - | - | - | - | 600,100 |
| Cash and cash equivalents/ bank overdrafts | (6,095) | - | - | - | - | (6,095) |
| Financial liabilities | (574,981) | - | - | - | - | (574,981) |
| Liquidity Excess (GAP) | 19,024 | - | - | - | - | 19,024 |

| | <i>less than 6 months</i> | <i>6 up to 12 months</i> | <i>1 up to 2 years</i> | <i>2 up to 5 years</i> | <i>5 years And over</i> | <i>total</i> |
|--|-------------------------------|------------------------------|----------------------------|----------------------------|-----------------------------|--------------|
| Maturity schedule 2009 | | | | | | |
| <i>In thousands of euro</i> | | | | | | |
| Cash and cash equivalents/ bank overdrafts | 944,360 | - | - | - | - | 944,360 |
| Financial liabilities | (941,041) | - | - | - | - | (941,041) |
| Liquidity Excess (GAP) | 3,319 | - | - | - | - | 3,319 |

Sensitivity analysis

In managing interest rate and currency risks Ageas Finance N.V. aims to reduce the impact of fluctuations on the earnings. Due to the fact that the loans and borrowings are daily callable a useful indication of the sensitivity at year end can not be given.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Derivatives

Forward exchange contracts and interest rate swaps are either market-to-market using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

For the Credit Default Swaps, the fair values are determined based using a valuation technique based on assumptions that are supported by available observable market data.

Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Interest rates used for determining fair value

The entity bases the discount rate on the mid-swap curve as of 31 December 2011.

12. Related parties

Parties related to Ageas Finance N.V. include Ageas group companies, Board Members, Executive Managers, close family members of any individual referred to above and other related entities.

In 2010 one new loan was granted to Ageas insurance International N.V. on the same commercial and market terms that apply to non-related parties. During 2011 Ageas Finance asked for partial early redemption of the loan; this led to a reduction of the loan from EUR 600 mio to EUR 300 mio; EUR 6 mio interest was received over the loan during 2011.

Ageas Finance N.V. has no employees of its own; all operational and management activities are performed by employees of other Ageas entities. The activities are charged to Ageas Finance N.V. based on Service level agreements.

13. Operating segments

Ageas Finance N.V., being an issuing vehicle of the Ageas Group, operated as one segment: it tapped the financial market for funding, that was on-lent to internal group entities. Given the default of the bonds that Ageas Finance N.V. issued, all internal clients redeemed their on-loans, although one new loan was granted. Besides paying coupons on debt outstanding, redeeming the principal of debt at maturity or earlier when bondholders request this and reducing the granted loan in function of these redemptions, the company is in-active.

14. Off-balance sheet items

Capital support

Given the uncertainty and the potential losses in the coming years the sole shareholder Ageas Insurance International N.V. has provided capital support for an amount up to EUR 20 million at the moment that losses reduce the capital of the company below zero.

Taxation unities

Ageas Finance N.V. is part of the tax unity for corporation tax Ageas Insurance International N.V. together with Ageas B.V. and Intreinco N.V. Ageas Insurance International N.V. acts as the head of this tax unity. Each of the companies is, in accordance with the standard conditions, jointly and severally liable for debts arising out of corporation tax on the part of the group tax unity as a whole. Within the tax unity, entities making profit, account for the full tax charge and this amount is allocated based on the taxable losses tot the other entities.

Ageas Finance N.V. is part of the “fiscale eenheid voor de omzetbelasting Ageas N.V. c.s.” a fiscal unity for VAT (Value Added Tax) in the Netherlands.

15. Management remuneration

The board of directors receives their remuneration from other Ageas Group companies. No remunerations are charged directly to Ageas Finance N.V.

16. Contingent liabilities

We have taken notice of the disclosure on Contingent Liabilities in the 2011 Consolidated Financial Statements of Ageas in which is mentioned that Ageas is or can be involved in a number of legal procedures as well as administrative and criminal investigations in Belgium, The Netherlands and the USA. Ageas Finance N.V. is of the opinion that these procedures are not likely to lead to a substantial claim liability for Ageas Finance N.V.

17. Post-balance sheet date events

There have been no material events after balance sheet date that would require adjustments to the financial statements as of 31 December 2011.

Utrecht (NL), 23 March 2012.

The Board of Directors:

J.H. Brugman

C.F. Oosterloo

C. Boizard

Other information

Provisions of the articles of association concerning profit appropriation

Article 18, subsection 1 and 2, of the Articles of Association reads:

The company may make distributions to the shareholders and other persons entitled to the profit available for distribution only in so far as the equity capital of the company exceeds the aggregate of the paid-up and called-up part of the capital of the company and the reserves that have to be kept by law.

Profits may be distributed only after adoption of the annual accounts showing that such distribution is permissible.

The profit shown in the adopted annual accounts may be disposed of by the general meeting of shareholders as it sees fit.

Profit appropriation

The Board of Directors proposes to the General meeting of shareholders to deduct the loss from the Retained Earnings.

Auditors' report

To: General meeting of shareholders of Ageas Finance N.V.

Independent auditor's report

Report on other legal and regulatory requirements

We have audited the accompanying financial statements 2011 of Ageas Finance N.V., Utrecht, which comprise the statement of financial position as at 31 December 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the board of directors, in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 financial statements give a true and fair view of the financial position of Ageas Finance N.V. as at 31 December 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the report of the board of directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

23 March 2012

KPMG ACCOUNTANTS N.V.

W.G. Bakker RA