



Financial Statements  
For the year 2014 of Ageasfinlux, S.A.

6 rue Eugène Ruppert  
L-2453 Luxembourg  
**R.C.S. Luxembourg: B 86.976**

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**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»)

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## **MANAGEMENT REPORT FOR THE FINANCIAL YEAR AS OF DECEMBER 31, 2014**

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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, 2014 and to submit the annual accounts for the financial year ended on December 31, 2014 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 they were perpetual instruments.

There were no specific events in 2014 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 as fixed assets for an amount of EUR 5.972.222,00.

### **3. Results for the financial year**

Compared to the previous financial year, the result of the Company has decreased by EUR 34.509.259,17 (profit of EUR 6.316.732,60 in 2014 against a profit of EUR 40.825.991,77 in 2013). This decrease is mainly due to a partial reversal of value adjustment of EUR 5.972.222,00 booked on the ageas SA/NV shares in 2014, whereas the partial reversal amounted to EUR 40.535.715,00 in 2013.

Tax on profit of EUR 3.209,74 was composed of Luxembourg corporate income tax and municipal business tax.

A transfer pricing study was performed in the course of 2013. The pricing study concluded that a higher margin should be charged to Ageas Insurance International N.V. than the margin that the Company had been contractually charged up to 2012. The Company uses this higher margin to compute its taxable basis from 2013; however, the Company had carried forward losses to compensate the taxable result of 2014.

Other external charges totalling EUR 78.319,59 are detailed as follows:

|   |                 |
|---|-----------------|
| - Bank charges  | 978,32          |
| - Audit fees  | 22.107,60       |
| - Tax advisory fees   | 1.500,00        |
| - Accounting, domiciliation, directorship and management fees | 41.052,51       |
| - Paying agent fees   | 8.560,00        |
| - Luxembourg Chamber of Commerce and CSSF subscription fees   | 1.850,00        |
| - Publication costs   | <u>2.271,16</u> |
| Total   | 78.319,59       |

Other operating charges amounting to EUR 3.898,72 relate mainly to expenses related to previous years.

### **4. Balance sheet**

The equity value amounts to EUR 97.639.608,38. 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, 2014, the Company held 3.968.254 ageas SA/NV shares valued at EUR 94,126,985.00 compared to a net book value of EUR 88.154.763,00 at year-end 2013.

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 2014 amounted to EUR 23,72.-,

the value adjustment was reversed for an amount of EUR 5.972.222,00 moving the value of the share portfolio to EUR 94.126.985,00. The purchase price of the shares amounted to EUR 1.030.515.881,00, so the value adjustment amounts to EUR 936.388.896,00 at year end 2014.

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 6.233.829,03 are detailed as follows:

- interest accrued on the loan granted to Ageas Insurance International N.V. for EUR 2.761.301,37;
- cash at bank for EUR 3.297.044,71;
- other receivables for EUR 175.482,95 composed of advances for corporate income tax and net wealth tax and VAT receivable.

The total liabilities (excluding capital and reserves) amount to EUR 1.252.724.130,31. Said figure mainly results from the FRESH issued by the Company for EUR 1.250.000.000,00. The balance is composed of interest accrued on FRESH for EUR 2.695.376,71, other creditors for EUR 10,00, VAT payable for EUR 5.136,00 and trade creditors of EUR 23.607,60.

## 5. Allocation of the result

The financial year 2014 ends with a profit of EUR 6.316.732,60. The Board of Directors proposes to allocate the result as follows:

|                                       |            |                         |
|---------------------------------------|------------|-------------------------|
| <i>profit as of December 31, 2014</i> | <i>EUR</i> | <i>6.316.732,60</i>     |
| <i>loss brought forward</i>           | <i>EUR</i> | <i>(939.280.005,48)</i> |
| <i>total loss</i>                     | <i>EUR</i> | <i>(932.963.272,88)</i> |
| <i>to carry forward</i>               | <i>EUR</i> | <i>(932.963.272,88)</i> |

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 93% of Assets held at year end 2014; 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, 2014.

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**

Ageas Group has adopted its own corporate governance charter, which is available on its website 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 Managers 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, 2014, the Board of Directors, elected by the Shareholders at a general meeting, is 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 Treasurer at Ageas Group;
- Mr. Carel Oosterloo, born in Deventer (the Netherlands) on December 18, 1957, residing professionally at NL-3584 BA Utrecht (the Netherlands), Archimedeslaan 6, was nominated director on February 16, 2009. Mr. Carel Oosterloo is also Director Accounting & Controlling at Ageas Group;
- Mrs Valérie Pechon, born in Caracas (Venezuela) on November 10, 1975, residing professionally at L-2453 Luxembourg, 6 rue Eugène Ruppert, was nominated director on April 19, 2012. Mrs Valérie Pechon is also Business Unit Director at Intertrust (Luxembourg) S.à r.l.;
- Ms Ingrid Cernicchi, born in Metz (France), May 18, 1983, residing professionally at L-2453 Luxembourg, 6 rue Eugène Ruppert, was nominated director on May 13, 2013. Ms Ingrid Cernicchi is also Business Unit Manager at Intertrust (Luxembourg) S.à r.l..

The Directors are nominated until the Annual General Meeting of 2020. Ms Ingrid Cernicchi and Mrs Valérie Pechon will however resign and will be replaced by Mrs Virginie Deconinck and Mr. Julien Nazeyrollas, who are also respectively Manager Legal & Corporate Services and Business Unit Manager Corporate & Legal at Intertrust (Luxembourg) S.à r.l..

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 and has no branch.

## 8. Subsequent events

Since January 1, 2015, 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.

KPMG Luxembourg, Société coopérative has been re-appointed as the approved statutory auditor for one year. It has been decided that the mandate of KPMG Luxembourg, Société coopérative will be renewed each year during the Board meeting.

Place: Luxembourg

Date: April 9, 2015

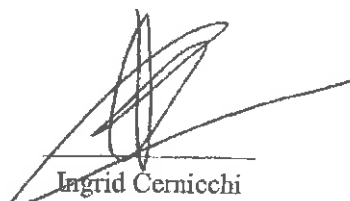
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*Signature page to the management report for the financial year as of December 31, 2014*

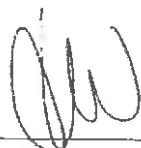
The Board of Directors



Roeland de Graaf



Ingrid Cernicchi



Valérie Pechon



Carel Oosterloo



Johan Brugman

RCSL Nr. : B86976

Matricule : 2002 2208 420

eCDF entry date : 08/04/2015

**BALANCE SHEET****Financial year from** <sup>01</sup> 01/01/2014 **to** <sup>02</sup> 31/12/2014 *(in* <sup>03</sup> EUR *)*

Ageasfinlux S.A..

6, rue Eugène Ruppert  
L-2453 Luxembourg**ASSETS**

|  | Reference(s) | Current year                | Previous year               |
|--|--------------|-----------------------------|-----------------------------|
| <b>A. Subscribed capital unpaid</b>  |              |                             |                             |
| I. Subscribed capital not called   | 1101 _____   | 101 _____                   | 102 _____                   |
| II. Subscribed capital called but unpaid   | 1103 _____   | 103 _____                   | 104 _____                   |
|  | 1105 _____   | 105 _____                   | 106 _____                   |
| <b>B. Formation expenses</b>   | 1107 _____   | 107 _____                   | 108 _____                   |
| <b>C. Fixed assets</b>   | 1109 _____   | 109 <b>1.344.126.985,00</b> | 110 <b>1.338.154.763,00</b> |
| I. Intangible fixed assets   | 1111 _____   | 111 _____                   | 112 _____                   |
| 1. Research and development costs  | 1113 _____   | 113 _____                   | 114 _____                   |
| 2. Concessions, patents, licences, trade marks and similar rights and assets, if they were | 1115 _____   | 115 _____                   | 116 _____                   |
| a) acquired for valuable consideration and need not be shown under C.I.3                   | 1117 _____   | 117 _____                   | 118 _____                   |
| b) created by the undertaking itself   | 1119 _____   | 119 _____                   | 120 _____                   |
| 3. Goodwill, to the extent that it was acquired for valuable consideration                 | 1121 _____   | 121 _____                   | 122 _____                   |
| 4. Payments on account and intangible fixed assets under development                       | 1123 _____   | 123 _____                   | 124 _____                   |
| II. Tangible fixed assets  | 1125 _____   | 125 _____                   | 126 _____                   |
| 1. Land and buildings  | 1127 _____   | 127 _____                   | 128 _____                   |
| 2. Plant and machinery   | 1129 _____   | 129 _____                   | 130 _____                   |

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Matricule : 2002 2208 420

|   | Reference(s) | Current year | Previous year |
|---|--------------|--------------|---------------|
| 3. Other fixtures and fittings, tools and equipment   | 1131         | 131          | 132           |
| 4. Payments on account and tangible fixed assets under development  | 1133         | 133          | 134           |
| III. Financial fixed assets   | 1135         | 135          | 136           |
| 1. Shares in affiliated undertakings  | 1137         | 137          | 138           |
| 2. Amounts owed by affiliated undertakings  | 1139         | 139          | 140           |
| 3. Shares in undertakings with which the undertaking is linked by virtue of participating interests       | 1141         | 141          | 142           |
| 4. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | 1143         | 143          | 144           |
| 5. Securities and other financial instruments held as fixed assets  | 1145         | 145          | 146           |
| 6. Loans and claims held as fixed assets  | 1147         | 147          | 148           |
| 7. Own shares or own corporate units  | 1149         | 149          | 150           |
| <b>D. Current assets</b>  | 1151         | 151          | 152           |
| I. Inventories  | 1153         | 153          | 154           |
| 1. Raw materials and consumables  | 1155         | 155          | 156           |
| 2. Work and contracts in progress   | 1157         | 157          | 158           |
| 3. Finished goods and merchandise   | 1159         | 159          | 160           |
| 4. Payments on account  | 1161         | 161          | 162           |
| II. Debtors   | 1163         | 163          | 164           |
| 1. Trade receivables  | 1165         | 165          | 166           |
| a) becoming due and payable within one year   | 1167         | 167          | 168           |
| b) becoming due and payable after more than one year  | 1169         | 169          | 170           |
| 2. Amounts owed by affiliated undertakings  | 1171         | 171          | 172           |
| a) becoming due and payable within one year   | 1173         | 173          | 174           |
| b) becoming due and payable after more than one year  | 1175         | 175          | 176           |
| 3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | 1177         | 177          | 178           |
| a) becoming due and payable within one year   | 1179         | 179          | 180           |
| b) becoming due and payable after more than one year  | 1181         | 181          | 182           |

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|   | Reference(s) | Current year         | Previous year        |
|---|--------------|----------------------|----------------------|
| 4. Other receivables  | 1183         | 183 175.482,95       | 184 90.210,44        |
| a) becoming due and payable within one year   | 1185         | 185 175.482,95       | 186 90.210,44        |
| b) becoming due and payable after more than one year  | 1187         | 187                  | 188                  |
| III. Transferable securities and other financial instruments  | 1189         | 189                  | 190                  |
| 1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by of participating interests | 1191         | 191                  | 192                  |
| 2. Own shares or own corporate units  | 1193         | 193                  | 194                  |
| 3. Other transferable securities and other financial instruments  | 1195         | 195                  | 196                  |
| IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand  | 1197         | 197 3.297.044,71     | 198 3.038.191,14     |
| E. Prepayments  | 1199         | 199 2.924,66         | 200 2.924,66         |
| <b>TOTAL (ASSETS)</b>   |              | 201 1.350.363.738,69 | 202 1.344.322.390,61 |

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**LIABILITIES**

|   | Reference(s)    | Current year                | Previous year               |
|---|-----------------|-----------------------------|-----------------------------|
| <b>A. Capital and reserves</b>                          |                 |                             |                             |
| I. Subscribed capital                                   | 1301 <u>5</u>   | 301 <u>97.639.608,38</u>    | 302 <u>91.322.875,78</u>    |
| II. Share premium and similar premiums                  | 1303 <u>5.1</u> | 303 <u>127.794.757,12</u>   | 304 <u>127.794.757,12</u>   |
| III. Revaluation reserves                               | 1305 <u>5.2</u> | 305 <u>1,26</u>             | 306 <u>1,26</u>             |
| IV. Reserves  | 1307            | 307                         | 308                         |
| 1. Legal reserve  | 1309 <u>5.3</u> | 309 <u>902.808.122,88</u>   | 310 <u>902.808.122,88</u>   |
| 2. Reserve for own shares or own corporate units        | 1311            | 311                         | 312                         |
| 3. Reserves provided for by the articles of association | 1313            | 313                         | 314                         |
| 4. Other reserves                                       | 1315            | 315                         | 316                         |
| V. Profit or loss brought forward                       | 1317 <u>5.3</u> | 317 <u>902.808.122,88</u>   | 318 <u>902.808.122,88</u>   |
| VI. Profit or loss for the financial year               | 1319 <u>5.3</u> | 319 <u>-939.280.005,48</u>  | 320 <u>-980.105.997,25</u>  |
| VII. Interim dividends                                  | 1321 <u>5.3</u> | 321 <u>6.316.732,60</u>     | 322 <u>40.825.991,77</u>    |
| VIII. Capital investment subsidies                      | 1323            | 323                         | 324                         |
| IX. Temporarily not taxable capital gains               | 1325            | 325                         | 326                         |
|   | 1327            | 327                         | 328                         |
| <b>B. Subordinated debts</b>                            | 1329            | 329 <u>1.252.695.376,71</u> | 330 <u>1.252.970.376,71</u> |
| 1. Convertible loans                                    | 1413            | 413 <u>1.252.695.376,71</u> | 414 <u>1.252.970.376,71</u> |
| a) becoming due and payable within one year             | 1415 <u>6</u>   | 415 <u>2.695.376,71</u>     | 416 <u>2.970.376,71</u>     |
| b) becoming due and payable after more than one year    | 1417 <u>4</u>   | 417 <u>1.250.000.000,00</u> | 418 <u>1.250.000.000,00</u> |
| 2. Non convertible loans                                | 1419            | 419                         | 420                         |
| a) becoming due and payable within one year             | 1421            | 421                         | 422                         |
| b) becoming due and payable after more than one year    | 1423            | 423                         | 424                         |
| <b>C. Provisions</b>                                    | 1331            | 331                         | 332                         |
| 1. Provisions for pensions and similar obligations      | 1333            | 333                         | 334                         |
| 2. Provisions for taxation                              | 1335            | 335                         | 336                         |
| 3. Other provisions                                     | 1337            | 337                         | 338                         |
| <b>D. Non subordinated debts</b>                        | 1339            | 339 <u>28.753,60</u>        | 340 <u>29.138,12</u>        |
| 1. Debenture loans                                      | 1341            | 341                         | 342                         |
| a) Convertible loans                                    | 1343            | 343                         | 344                         |
| i) becoming due and payable within one year             | 1345            | 345                         | 346                         |
| ii) becoming due and payable after more than one year   | 1347            | 347                         | 348                         |

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|   | Reference(s) | Current year  | Previous year |
|---|--------------|---------------|---------------|
| b) Non convertible loans  | 1349         | 349           | 350           |
| i) becoming due and payable within one year   | 1351         | 351           | 352           |
| ii) becoming due and payable after more than one year   | 1353         | 353           | 354           |
| 2. Amounts owed to credit institutions  | 1355         | 355           | 356 134,20    |
| a) becoming due and payable within one year   | 1357         | 357           | 358 134,20    |
| b) becoming due and payable after more than one year  | 1359         | 359           | 360           |
| 3. Payments received on account of orders as far as they are not deducted distinctly from inventories     | 1361         | 361           | 362           |
| a) becoming due and payable within one year   | 1363         | 363           | 364           |
| b) becoming due and payable after more than one year  | 1365         | 365           | 366           |
| 4. Trade creditors  | 1367         | 367 23.607,60 | 368 25.141,92 |
| a) becoming due and payable within one year   | 1369         | 369 23.607,60 | 370 25.141,92 |
| b) becoming due and payable after more than one year  | 1371         | 371           | 372           |
| 5. Bills of exchange payable  | 1373         | 373           | 374           |
| a) becoming due and payable within one year   | 1375         | 375           | 376           |
| b) becoming due and payable after more than one year  | 1377         | 377           | 378           |
| 6. Amounts owed to affiliated undertakings  | 1379         | 379           | 380           |
| a) becoming due and payable within one year   | 1381         | 381           | 382           |
| b) becoming due and payable after more than one year  | 1383         | 383           | 384           |
| 7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests | 1385         | 385           | 386           |
| a) becoming due and payable within one year   | 1387         | 387           | 388           |
| b) becoming due and payable after more than one year  | 1389         | 389           | 390           |
| 8. Tax and social security debts  | 1391         | 391 5.136,00  | 392 3.852,00  |
| a) Tax debts  | 1393         | 393 5.136,00  | 394 3.852,00  |
| b) Social security debts  | 1395         | 395           | 396           |



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|  | Reference(s) | Current year               | Previous year              |
|--|--------------|----------------------------|----------------------------|
| 9. Other creditors                                   |              |                            |                            |
| a) becoming due and payable within one year          | 1397 _____   | 397 _____ 10,00            | 398 _____ 10,00            |
| b) becoming due and payable after more than one year | 1399 _____   | 399 _____ 10,00            | 400 _____ 10,00            |
|  | 1401 _____   | 401 _____                  | 402 _____                  |
| E. Deferred income                                   | 1403 _____   | 403 _____                  | 404 _____                  |
| <b>TOTAL (LIABILITIES)</b>                           |              | 405 _____ 1.350.363.738,69 | 406 _____ 1.344.322.390,61 |

RCSL Nr.: B86976

Matricule : 2002 2208 420

eCDF entry date : 08/04/2015

**PROFIT AND LOSS ACCOUNT****Financial year from** <sup>01</sup> 01/01/2014 **to** <sup>02</sup> 31/12/2014 *(in* <sup>03</sup> EUR *)*

Ageasfinlux S.A..

6, rue Eugène Ruppert  
L-2453 Luxembourg**A. CHARGES**

|   | Reference(s) | Current year            | Previous year           |
|---|--------------|-------------------------|-------------------------|
| <b>1. Use of merchandise, raw materials and consumable materials</b>  | 1601 _____   | 601 _____               | 602 _____               |
| <b>2. Other external charges</b>  | 1603 _____ 9 | 603 _____ 78.319,59     | 604 _____ 128.777,38    |
| <b>3. Staff costs</b>   | 1605 _____   | 605 _____               | 606 _____               |
| a) Salaries and wages   | 1607 _____   | 607 _____               | 608 _____               |
| b) Social security on salaries and wages  | 1609 _____   | 609 _____               | 610 _____               |
| c) Supplementary pension costs  | 1611 _____   | 611 _____               | 612 _____               |
| d) Other social costs   | 1613 _____   | 613 _____               | 614 _____               |
| <b>4. Value adjustments</b>   | 1615 _____   | 615 _____               | 616 _____               |
| a) on formation expenses and on tangible and intangible fixed assets  | 1617 _____   | 617 _____               | 618 _____               |
| b) on current assets  | 1619 _____   | 619 _____               | 620 _____               |
| <b>5. Other operating charges</b>   | 1621 _____   | 621 _____ 3.898,72      | 622 _____ 1.971,47      |
| <b>6. Value adjustments and fair value adjustments on financial fixed assets</b>  | 1623 _____   | 623 _____               | 624 _____               |
| <b>7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities</b> | 1625 _____   | 625 _____               | 626 _____               |
| <b>8. Interest and other financial charges</b>  | 1627 _____   | 627 _____ 19.900.806,73 | 628 _____ 19.609.596,66 |
| a) concerning affiliated undertakings   | 1629 _____   | 629 _____               | 630 _____               |
| b) other interest and similar financial charges   | 1631 _____ 6 | 631 _____ 19.900.806,73 | 632 _____ 19.609.596,66 |

RCSL Nr. : B86976

Matricule : 2002 2208 420

|   | Reference(s)  | Current year            | Previous year           |
|---|---------------|-------------------------|-------------------------|
| <b>9. Share of losses of undertakings accounted for under the equity method</b> | 1649 _____    | 649 _____               | 650 _____               |
| <b>10. Extraordinary charges</b>  | 1633 _____ 11 | 633 _____ 486,00        | 634 _____ 0,00          |
| <b>11. Income tax</b>   | 1635 _____ 10 | 635 _____ 3.209,74      | 636 _____ 3.209,74      |
| <b>12. Other taxes not included in the previous caption</b>                     | 1637 _____    | 637 _____ 13.555,00     | 638 _____ 15.590,00     |
| <b>13. Profit for the financial year</b>  | 1639 _____    | 639 _____ 6.316.732,60  | 640 _____ 40.825.991,77 |
| <b>TOTAL CHARGES</b>  |               | 641 _____ 26.317.008,38 | 642 _____ 60.585.137,02 |

RCSL Nr. : B86976

Matricule : 2002 2208 420

**B. INCOME**

|   | Reference(s) | Current year             | Previous year            |
|---|--------------|--------------------------|--------------------------|
| <b>1. Net turnover</b>  | 1701 _____   | 701 _____                | 702 _____                |
| <b>2. Change in inventories of finished goods and of work and contracts in progress</b> | 1703 _____   | 703 _____                | 704 _____                |
| <b>3. Fixed assets under development</b>  | 1705 _____   | 705 _____                | 706 _____                |
| <b>4. Reversal of value adjustments</b>   | 1707 _____   | 707 _____                | 708 _____                |
| a) on formation expenses and on tangible and intangible fixed assets                    | 1709 _____   | 709 _____                | 710 _____                |
| b) on current assets  | 1711 _____   | 711 _____                | 712 _____                |
| <b>5. Other operating income</b>  | 1713 _____   | 713 <u>1.571,77</u>      | 714 <u>0,00</u>          |
| <b>6. Income from financial fixed assets</b>  | 1715 _____   | 715 <u>20.338.287,67</u> | 716 <u>20.047.089,04</u> |
| a) derived from affiliated undertakings   | 1717 _____ 7 | 717 <u>20.338.287,67</u> | 718 <u>20.047.089,04</u> |
| b) other income from participating interests  | 1719 _____   | 719 _____                | 720 _____                |
| <b>7. Income from financial current assets</b>  | 1721 _____   | 721 _____                | 722 _____                |
| a) derived from affiliated undertakings   | 1723 _____   | 723 _____                | 724 _____                |
| b) other income from financial current assets   | 1725 _____   | 725 _____                | 726 _____                |
| <b>8. Other interest and other financial income</b>                                     | 1727 _____   | 727 <u>5.977.148,94</u>  | 728 <u>40.538.047,98</u> |
| a) derived from affiliated undertakings   | 1729 _____   | 729 _____                | 730 _____                |
| b) other interest and similar financial income  | 1731 _____ 8 | 731 <u>5.977.148,94</u>  | 732 <u>40.538.047,98</u> |
| <b>9. Share of profits of undertakings accounted for under the equity method</b>        | 1745 _____   | 745 _____                | 746 _____                |
| <b>10. Extraordinary income</b>   | 1733 _____   | 733 _____                | 734 _____                |
| <b>13. Loss for the financial year</b>  | 1735 _____   | 735 <u>0,00</u>          | 736 <u>0,00</u>          |
| <b>TOTAL INCOME</b>   |              | 737 <u>26.317.008,38</u> | 738 <u>60.585.137,02</u> |

# **Ageasfinlux S.A.**

Notes to the annual accounts  
for the year ended December 31, 2014

## **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..

On April 24, 2014, the Company has transferred its register address from 65, boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg to 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 1 and is ended on December 31.

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

The Company 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 the above-mentioned address and as well on the website of Ageas ([www.ageas.com](http://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 layout of the Balance Sheet and Profit and Loss account has been modified as compared to December 31, 2013. The Company adopted the Balance Sheet and Profit and Loss account format in accordance with the filing requirements of the Registre de Commerce et des Sociétés (“RCSL”) and the Law of July 30, 2013 reforming the Commission des Normes Comptables (“CNC”) (the “CNC Law”) for the year ended December 31, 2014. The December 31, 2013 comparative format has been modified accordingly and prior year figures have been reclassified to conform to the current financial year’s presentation.

### **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.

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

## Ageasfinlux S.A.

Notes to the annual accounts  
for the year ended December 31, 2014  
(continued)

### 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.

## 3 Amounts owed by 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<br>+margin of 1,385% | No maturity date |

The bonds are issued in denominations of EUR 250.000 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.

## Ageasfinlux S.A.

Notes to the annual accounts  
for the year ended December 31, 2014  
(continued)

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 4).

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.

### 4 Securities held as fixed assets and subordinated convertible bonds

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

|   | 2014                    | 2013                    |
|---|-------------------------|-------------------------|
| Purchase price                                | 1.030.515.881,00        | 1.030.515.881,00        |
| Value adjustment at the beginning of the year | (942.361.118,00)        | (982.896.833,00)        |
| Reversals                                     | 5.972.222,00            | 40.535.715,00           |
| Value adjustment at the end of the year       | <u>(936.388.896,00)</u> | <u>(942.361.118,00)</u> |
| Net book value at the end of the year         | <u>94.126.985,00</u>    | <u>88.154.763,00</u>    |
| Market value at the end of the year           | <u>117.063.493,00</u>   | <u>122.817.461,00</u>   |

Ageasfinlux S.A. has issued “Undated Floating Rate Equity-linked Subordinated Hybrid” (FRESH) in denominations of EUR 250.000 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, 2014 amount to EUR 19.900.800,00 (2013: EUR 19.609.596,66). The FRESH securities are exchangeable in ageas SA/NV shares at an Exchange Price of EUR 315 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 3.968.254,00 ageas SA/NV shares.

## Ageasfinlux S.A.

### Notes to the annual accounts for the year ended December 31, 2014 (continued)

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 2014 amounted to EUR 23,72, the value adjustment was reversed for an amount of EUR 5.972.222,00 (2013: EUR 40.535.715,00) moving the value of the share portfolio to EUR 94.126.985,00 (2013: EUR 88.154.763,00).

## 5 Capital and reserves

Changes in capital and reserves during the year ended December 31, 2014 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, 2013 | 127.794.757,12        | 1,26                               | 902.808.122,88        | (980.105.997,25)        | 40.825.991,77       | 91.322.875,78        |
| Allocation of the result for the year 2013   | -                     | -                                  | -                     | 40.825.991,77           | (40.825.991,77)     | -                    |
| Result for the year 2014                     | -                     | -                                  | -                     | -                       | 6.316.732,60        | 6.316.732,60         |
| Capital and reserves as at December 31, 2014 | <u>127.794.757,12</u> | <u>1,26</u>                        | <u>902.808.122,88</u> | <u>(939.280.005,48)</u> | <u>6.316.732,60</u> | <u>97.639.608,38</u> |

The allocation of the result for 2013 was approved by the Annual General Meeting of Shareholders held on April 23, 2014.

### 5.1 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.

### 5.2 Share premium and similar premiums

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.



## **Ageasfinlux S.A.**

Notes to the annual accounts  
for the year ended December 31, 2014  
(continued)

### **5.3 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.

#### *Other reserves*

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

### **6 Other interest and similar financial charges**

The other interest and charges amounting to EUR 19.900.806,73 (2013: EUR 19.609.596,66) are mainly composed of interest expenses on the convertible bonds issued for an amount of EUR 19.900.800,00 (2013: EUR 19.609.596,66), of which EUR 2.695.376,71 (2013: EUR 2.97.377,00) are accrued at year-end.

The remaining balance of EUR 6,73 (2013: EUR Nil) is composed of debit interest on bank accounts.

### **7 Income from financial fixed assets**

Interest income on amounts derived from affiliated undertakings amount to EUR 20.338.287,67 (2013: EUR 20.047.089,04), of which EUR 2.761.301,37 (2013: EUR 3.036.301,37) are accrued at year-end.

### **8 Other interest and similar financial income**

Other interest and similar financial income are composed mainly of a partial reversal of the value adjustment on securities held as fixed assets (refer to Note 4) for EUR 5.972.222,00 (2013: EUR 40.535.715,00).

The remaining balance of EUR 4.926,34 (2013: EUR 2.332,98) is composed of credit interest on bank accounts.

## **Ageasfinlux S.A.**

Notes to the annual accounts  
for the year ended December 31, 2014  
(continued)

### **9 Fees billed by KPMG Luxembourg, Société coopérative and other member firms of the KPMG network**

Fees billed (excluding VAT) to the Company by KPMG Luxembourg, Société coopérative, and other member firms of the KPMG network during the financial year are as follows:

|            | <b>2014</b>             | <b>2013</b>             |
|------------|-------------------------|-------------------------|
|            | <b>EUR</b>              | <b>EUR</b>              |
| Audit fees | <u>22.107,60</u>        | <u>21.582,05</u>        |
|            | <u><b>22.107,60</b></u> | <u><b>21.582,05</b></u> |

Such fees are presented under other external charges in the Profit and Loss account.

### **10 Taxation**

A transfer pricing study was performed in the course of 2013. The pricing study concluded that a higher margin should be charged to Ageas Insurance International N.V. than the margin that the Company has been contractually charged up to 2012. The Company uses this higher gross margin to compute its taxable basis from 2013. The Company had carried forward losses to compensate the taxable result of 2014.

### **11 Extraordinary charges**

As at December 31, 2014, extraordinary charges are composed of tax fines.



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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*

We have audited the accompanying annual accounts of Ageasfinlux S.A., which comprise the balance sheet as at December 31, 2014 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*

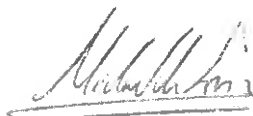
In our opinion, the annual accounts give a true and fair view of the financial position of Ageasfinlux S.A. as at December 31, 2014, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

*Report on other legal and regulatory requirements*

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

Luxembourg, April 13, 2015

KPMG Luxembourg. Société coopérative  
Cabinet de révision agréé



M. Eichmüller de Souza