



Interim Financial Statements  
for the first half-year 2012  
Ageas Finance N.V.

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



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Report of the  
Board of Directors of Ageas Finance N.V. on the 2012  
financial first half year

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## Report of the Board of Directors of Ageas Finance N.V. on the 2012 first half 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.

Confronted with the international financial crisis, Ageas (former Fortis) 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 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. During 2012 Ageas Finance N.V. asked for a total of EUR 70 million early redemption.

On 30 June 2012 EUR 214 million of the EMTN notes remained outstanding, versus EUR 257 million at year end 2011 and EUR 549 million at year end 2010. The EUR 26 million subordinated loans that were included in previously reported outstanding amounts were redeemed on 26 March 2012.

The debt issued by Ageas Finance N.V. was issued under a joint and several guarantee of the Dutch ageas N.V. and of the Belgian ageas SA/NV. On 7 August 2012 these entities merged, ageas SA/NV being the surviving entity and now the sole parent company of the Ageas group, and also the indirect holder of the shares of Ageas Finance N.V. via Ageas Insurance International N.V.

## International Financial Reporting Standards

The Ageas Finance N.V. interim Financial Statements for the first half year 2012, including the 2011 and 2010 comparative figures, are prepared in accordance with IFRS – including International Accounting Standards ('IAS') and Interpretations – 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 interim Financial Statements for 2012 are consistent with those applied in the Financial Statements for the year ended 31 December 2011.

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

In the first half of 2012 Ageas Finance N.V. realised a net loss after tax of EUR 3.1 million compared to a net loss of EUR 8.6 million recorded in 2011 and a profit of EUR 4.1 million in 2010. The less negative result in the first half year 2012 compared to the first half year 2011 is predominantly due to less negative revaluations of derivatives.

## 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 94% of Assets held at 30 June 2012. 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 interim financial accounts are prepared based on the going concern assumption.

The outstanding debt of Ageas Finance N.V. 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. 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.

## 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 positions 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. interim financial Statements for 2012 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), August 24, 2012

### **The Board of Directors:**

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



## **Interim Financial statements for the first half-year 2012**

# Statement of Financial position

(before appropriation of profit)

<i>In thousands of euro</i>	Note	30 June 2012	31 December 2011	31 December 2010
<b>Assets</b>				
<b>Current assets</b>				
Due from group companies	1	230,000	300,100	600,100
Derivatives and other receivables	2	12,826	22,879	52,664
Cash and cash equivalents	3	1,997	545	1,205,979
<b>Total assets</b>		<b>244,823</b>	<b>323,524</b>	<b>1,858,743</b>
<b>Equity</b>				
Issued capital		125	125	125
Retained earnings		29,408	34,729	37,000
Result for the year		( 3,061)	( 5,321)	( 2,271)
<b>Total equity</b>	4	<b>26,472</b>	<b>29,533</b>	<b>34,854</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	5	213,788	256,654	548,889
Interest-bearing subordinated loans	5	-	26,092	26,092
Bank overdrafts		-	1,673	1,212,074
Accrued interest and other payables	6	4,563	9,572	36,834
<b>Total liabilities</b>		<b>218,351</b>	<b>293,991</b>	<b>1,823,889</b>
<b>Total equity and liabilities</b>		<b>244,823</b>	<b>323,524</b>	<b>1,858,743</b>



## Statement of Comprehensive Income

<i>In thousands of euro</i>	Note	1 st HY 2012	1 st HY 2011	1 st HY 2010
<b>Income</b>				
Financial income	7	7,815	24,019	39,817
Financial expenses	7	( 10,857)	( 33,578)	( 42,408)
<b>Net financial margin</b>		<b>( 3,042)</b>	<b>( 9,559)</b>	<b>( 2,591)</b>
Operating expenses	8	( 77)	( 38)	( 129)
Rating expenses		-	-	( 102)
EMTN-program expenses		-	-	( 59)
<b>Operating result before tax</b>		<b>( 3,119)</b>	<b>( 9,597)</b>	<b>( 2,881)</b>
Income tax	9	58	1,008	( 1,191)
<b>Result for the year</b>		<b>( 3,061)</b>	<b>( 8,589)</b>	<b>( 4,072)</b>
Other comprehensive income		-	-	-
<b>Total comprehensive income</b>		<b>( 3,061)</b>	<b>( 8,589)</b>	<b>( 4,072)</b>
<b>Total result for the year attributable to shareholders</b>		<b>( 3,061)</b>	<b>( 8,589)</b>	<b>( 4,072)</b>
<b>Total comprehensive income attributable to shareholders</b>		<b>( 3,061)</b>	<b>( 8,589)</b>	<b>( 4,072)</b>

## Statement of changes in net equity

<b>Balance beginning of year</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
In thousands of euro			
<i>Balance beginning of year</i>	29,533	34,854	37,125
<i>Profit or loss for the 1<sup>st</sup> half-year</i>	( 3,061)	<b>( 8,589)</b>	( 4,072)
<b>Balance per the end of june</b>	<b>26,472</b>	<b>26,265</b>	<b>33,053</b>
<i>Profit or loss for the 2nd half-year</i>	<i>Pm</i>	<b>3,268</b>	<b>1,801</b>
<b>Balance end of December</b>	<i>Pm</i>	<b>29,533</b>	<b>34,854</b>

## Statement of cash flows

<b>For the first half-year 2011</b>	<i>1 st HY 2012</i>	<i>1 st HY 2011</i>	<i>1 st HY 2010</i>
<i>In thousands of euro</i>			
Cash and cash equivalents – Balance at 1 January	545	1,205,979	944,360
Bank Overdrafts – Balance at 1 January	( 1,673)	( 1,212,074)	-
<b>Total cash and cash equivalents/ bank overdrafts at 1 January</b>	<b>( 1,128)</b>	<b>( 6,095)</b>	<b>944,360</b>
<b>Cash flows from operating activities</b>			
Net result	( 3,061)	( 8,589)	( 4,072)
Adjustments to non-cash items included in profit before taxation			
(Un)realised gains (losses)	3,330	7,643	( 2,170)
Net changes in operating assets and liabilities	3,028	( 2,309)	23,318
<b>Net cash from operating activities</b>	<b>3,297</b>	<b>( 3,235)</b>	<b>17,076</b>
<b>Cash flows from Investing activities</b>			
Payments to customers or cash receipt from customers (deposits, long term loans)	<b>70,100</b>	<b>220,000</b>	<b>( 950,100)</b>
<b>Cash flows from financing activities</b>			
Proceeds from derivatives	-	-	31,793
Cash receipt or repayment of borrowings (subordinated, debt certificates, long term liabilities, straight loans)	( 70,272)	( 208,158)	( 26,469)
Payment of derivatives	-	-	( 14,109)
<b>Net cash from financing activities</b>	<b>( 70,272)</b>	<b>( 208,158)</b>	<b>( 8,785)</b>
<b>Total cash and cash equivalents / bank overdrafts at 30 June</b>	<b>1,997</b>	<b>2,512</b>	<b>2,551</b>

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## General Notes

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## 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.

These semi financial statements were authorised for issue by the Board of Directors on August 24, 2012.

## Accounting policies

### General

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

#### a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the entity as at and for the year ended 31 December 2011.

#### 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. 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 applied by the entity in these Interim Financial Statements 2012 are the same as those applied by the entity in its financial statements as at and for the year ended 31 December 2011.

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 the income statement..

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 the income statement.

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

In thousands of euro	30 june 2012	31 december 2011	31 december 2010
Loans with group companies	230,000	300,100	600,100
<b>Total</b>	<b>230,000</b>	<b>300,100</b>	<b>600,100</b>

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%.

## 2. Derivatives and other receivables

In thousands of euro	30 june 2012	31 december 2011	31 december 2010
Accrued interest	3,559	11,301	20,603
Other receivables and pre-payments	59	354	670
Fair value derivatives	9,208	11,224	31,391
<b>Total</b>	<b>12,826</b>	<b>22,879</b>	<b>52,664</b>

The derivatives relate to Interest rate swaps. Further details can be found in note 10 Risk Management.

## 3. Cash and cash equivalents

In thousands of euro	30 june 2012	31 december 2011	31 december 2010
Bank balances	1,997	545	404,979
Deposits	-	-	801,000
<b>Total</b>	<b>1,997</b>	<b>545</b>	<b>1,205,979</b>

Bank balances and deposits 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 2010, 2011 and Half-year 2012 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>
<b>Balance at 31 December 2009</b>	<b>125</b>	<b>( 43,474)</b>	<b>80,474</b>	<b>37,125</b>
Allocation of profit		80,474	( 80,474)	
Total recognised income and expense				
1 <sup>st</sup> half-year 2010			( 4,072)	( 4,072)
<b>Balance at 30 June 2010</b>	<b>125</b>	<b>37,000</b>	<b>( 4,072)</b>	<b>33,053</b>
Total recognised income and expense				
2nd half-year 2010			1,801	1,801
<b>Balance at 31 December 2010</b>	<b>125</b>	<b>37,000</b>	<b>( 2,271)</b>	<b>34,854</b>
Allocation of loss		( 2,271)	2,271	
Total recognised income and expense				
1 <sup>st</sup> half-year 2011			( 8,589)	( 8,589)
<b>Balance at 30 June 2011</b>	<b>125</b>	<b>34,729</b>	<b>( 8,589)</b>	<b>26,265</b>
Total recognised income and expense				
2nd half-year 2011			3,268	3,268
<b>Balance at 31 December 2011</b>	<b>125</b>	<b>34,729</b>	<b>( 5,321)</b>	<b>29,533</b>
Allocation of loss		( 5,321)	5,321	
Total recognised income and expense				
1st half-year 2012			( 3,061)	( 3,061)
<b>Balance at 30 June 2012</b>	<b>125</b>	<b>29,408</b>	<b>( 3,061)</b>	<b>26,472</b>

The authorised share capital comprised 1,000 ordinary shares, par value of EUR 500; 250 shares were issued and fully paid up. During the first half-year 2012, 2011 and 2010 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:

In thousands of euro	30 june 2012	31 december 2011	31 december 2010
Loans and borrowings – drawings under EMTN-program	213,788	256,654	548,889
Subordinated loans	-	26,092	26,092
<b>Total interest bearing loans and borrowing</b>	<b>213,788</b>	<b>282,746</b>	<b>574,981</b>

The split of total loans and borrowings by measurement principle is as follows:

In thousands of euro	30 june 2011	31 december 2011	31 december 2010
Loans and borrowings at fair value	103,563	104,195	183,242
Loans and borrowings at amortised cost	110,225	178,551	391,739
<b>Total loans and borrowings</b>	<b>213,788</b>	<b>282,746</b>	<b>574,981</b>

The interest bearing loans and borrowings as at 30 June 2012 can be detailed as follows:

<i>drawings under EMTN-program (by ISIN code)</i>	<i>Legal Maturity date</i>	<i>Nominal amount</i>	<i>Book value</i>
XS0306997189	18-07-2012	13,149	13,165
XS0163657694	27-03-2013	25,451	25,885
XS0175532752	15-10-2013	27,769	28,659
XS0189131435	28-04-2014	11,982	12,316
XS0193224838	18-06-2014	20,401	21,158
XS0181100834	22-12-2015	1,996	2,380
<i>Securities at fair value, according to a level 2 valuation</i>		100,748	103,563
XS0313890385	30-08-2012	12,209	12,209
XS0350374624	9-04-2013	11,020	11,020
XS0353159857	15-04-2013	23,768	23,768
XS0178543723	2-12-2013	27,601	27,601
XS0181533190	15-01-2014	25,212	25,212
XS0183562957	17-02-2014	10,415	10,415
<i>Securities at amortised cost</i>		110,225	110,225
<b>Total interest bearing loans and borrowings</b>			

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, all notes recorded at fair value 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 3.88% in first half of 2012 (2011: 4.29%; 2010: 5.35%).

## 6. Accrued interest and other payables

In thousands of euro	30 june 2012	31 december 2011	31 december 2010
Accrued interest	4,424	9,520	21,094
Payables to group companies	50	-	12,514
Other payables and accrued expenses	89	52	3,226
<b>Total</b>	<b>4,563</b>	<b>9,572</b>	<b>36,834</b>

## 7. financial margin

In thousands of euro	1 st HY 2012	1 st HY 2011	1 st HY 2010
Interest income loans	2,098	4,098	742
Interest income derivatives	5,713	15,726	23,018
Interest income cash and cash equivalents	4	1,366	2,658
(Un) realised gains on derivatives	-	135	13,399
Foreign exchange gains	-	28	-
Net gain on re-measurement from loans at fair value	-	2,666	-
<b>Financial income</b>	<b>7,815</b>	<b>24,019</b>	<b>39,817</b>
Interest expenses loans and borrowings	( 4,988)	( 14,510)	( 24,078)
Interest expenses subordinated loans	( 273)	( 801)	( 801)
Interest expenses derivatives	( 2,266)	( 6,285)	( 5,080)
Interest expenses cash and cash equivalents	-	( 1,538)	( 967)
(Un) realised loss on derivatives	( 2,016)	( 10,444)	( 3,730)
Foreign exchange losses	-	-	( 253)
Net loss on re-measurement from loans at fair value	( 1,314)	-	( 7,499)
<b>Financial expenses</b>	<b>( 10,857)</b>	<b>( 33,578)</b>	<b>( 42,408)</b>
<b>Net financial margin</b>	<b>( 3,042)</b>	<b>( 9,559)</b>	<b>( 2,591)</b>

## 8. Operating expenses

In thousands of euro	1 st HY 2012	1 st HY 2011	1 st HY 2010
Accounting office fees charged by group companies	50	50	50
Bank costs	1	0	2
Audit costs	26	20	25
Other	-	( 32)	52
<b>Total</b>	<b>77</b>	<b>38</b>	<b>129</b>

The audit costs relate to the fees charged by KPMG Accountants N.V. for the audit of the annual accounts (including half year review).

## 9. 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:

In thousands of euro	1 st HY 2012	1 st HY 2011	1 st HY 2010
Unrealised part of derivatives	9,208	10,701	24,518
Unrealised revaluation of loans	(2,820)	(2,128)	(3,710)
	6,388	8,573	20,808

### Recognised in the income statement

In thousands of euro	1 st HY 2012	1 st HY 2011	1 st HY 2010
<b>Current tax</b>			
Current year tax income (expense)	58	1,008	325
Taxation previous years	-	-	(1,516)
<b>Total income tax in income statement</b>	<b>58</b>	<b>1,008</b>	<b>(1,191)</b>

### Reconciliation of effective tax rate

In thousands of euro	1 st HY 2012	1 st HY 2011	1 st HY 2010
Profit before tax(minus = loss)	(3,120)	(9,597)	(2,880)
Domestic corporate tax rate	25.0%	25.5%	25.5%
Income tax using the domestic corporate tax rate	780	2,447	734
Effect of total result in fiscal unity	(722)	(1,439)	(409)
Taxation previous years	-	-	(1,516)
<b>Total income tax expense in income statement</b>	<b>58</b>	<b>1,008</b>	<b>(1,191)</b>
<b>Effective corporate tax rate</b>	<b>1.8%</b>	<b>10.5%</b>	<b>(41.4%)</b>

Due to the fact that the tax unity made an overall tax loss in 2012, only part of the expected tax benefit could be recognised.



## 10. 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 and interest rates 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.

Other aspects of Ageas Finance N.V.'s financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2011.

Ageas Finance N.V. granted a loan to Ageas Insurance International N.V., at the end of the first half year 2012 the outstanding amount is EUR 230 million.

## 11. 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 the first half of 2012 Ageas Finance asked for partial early redemption of the loan; this lead to a reduction of the loan from EUR 300 mio to EUR 230 mio; EUR 2 mio interest was received over the loan during 2012.

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.

## 12. 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.

## 13. 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.

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.

## 14. Management remuneration

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

## 15. Contingent liabilities

We have taken notice of the disclosure on Contingent Liabilities in the 2012 Consolidated Financial Half-year 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 and The Netherlands. 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.

## 16. 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 30 June 2012.

Utrecht (NL), August 24, 2012.

### **The Board of Directors:**

C.A.H. Boizard

J.H. Brugman

C.F. Oosterloo

## 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.

## Review report

To: the shareholder of ageas Finance N.V.

### 1.1. Introduction

We have reviewed the accompanying interim financial information 2012 of Ageas Finance N.V., Utrecht, which comprises the statement of financial position as at 30 June 2012, the statements of comprehensive income, changes in equity, and cash flows for the period of six months ended 30 June 2012, and the notes. Management is responsible for the preparation and presentation of the interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### 1.2. Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### 1.3. Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Ageas Finance N.V. interim financial information as at 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 24 August 2012

KPMG ACCOUNTANTS N.V.

W.G. Bakker RA