2015

Annual Report

ageas

Annual Report 2015

Brussels, 18 March 2016

Report of the Board of Directors

Consolidated Financial Statements

Summarised ageas SA/NV Company Financial Statements

CONTENTS

Introduction

The Ageas **Annual Report** 2015 includes the Report of the Board of Directors of Ageas prepared in accordance with the legal and regulatory requirements applicable in Belgium (pursuant to article 96 and article 119 of the Belgian Company Code) and the Ageas Consolidated Financial Statements 2015, with comparative figures for 2014, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the Summarised Financial Statements of ageas SA/NV.

All amounts in the tables of this Annual Report are denominated in millions of euros, unless stated otherwise.

Report of the Board of Directors

Ageas
an international insurer
with a local identity

1 General description and strategy of Ageas

Being there for our customers

Ageas is an international insurance company backed by 190 years of experience in the insurance market, concentrating on property, casualty, life and pensions. Wherever Ageas operates around the world it does so with one focus: the customer. And with one goal in mind: to provide its customers with peace of mind when they need it most. By offering a range of Life and Non-life products – accessible through a broad range of channels – Ageas helps customers plan for the long term while protecting them against unforeseen risks to their welfare.

Insurance is a local business

While Ageas is active in 13 markets across Europe and Asia, we recognise that each of these markets is unique. Insurance is first and foremost a local business – and the way Ageas has chosen to organise itself reflects that reality. By structuring its business into four distinct segments – Belgium, the United Kingdom, Continental Europe and Asia – Ageas supports its local operations and day-to-day decision-making with local knowledge of the market and the customer. As an international insurer, we also appreciate the value of knowledge sharing. That's why Ageas maintains competence hubs at the corporate, regional and business levels, allowing Ageas to more easily share and leverage experience.

Leveraging local brands

Ageas serves its customers through a combination of owned subsidiaries, equity associates and long-term partnerships with financial institutions and key distributors. This means that, according to the market, Ageas is known by many different names. Importantly, these are all well-known household names, and all highly trusted local brands.

Working with partners is in our DNA

Ageas has proven competence in developing successful long-term partnerships. In our experience, partnerships are all about adding value and a long-term alignment of interests that starts and ends with the customer.

Partners of Ageas are leaders in their local markets, and they provide Ageas with important local know-how and access to customers. In return Ageas provides expertise in insurance, product development and distribution. It's this combination that makes Ageas different.

Our Vision

We are continuing on our journey to be...

- **A top insurer in Europe and Asia**, growing in our existing markets and exploring new opportunities.
- Experts in insurance, offering **Retail and Business** customers personalised solutions in **Life and Non-Life** insurance.
- **Evolving as an insurer** by investing in relevant skills and new capabilities that reflect our commitment to innovation and a strong entrepreneurial culture.
- **A Partner in insurance** with a proven competence in developing **strong and dynamic** partnerships with leading companies in the **local** market.
- **Organised** in a way that allows us to reap the benefit of **local autonomy**. Adding **value** by sharing Group-wide best practices.
- **Well diversified** with **a balanced portfolio** spanning both the **mature and growth** markets of Europe and Asia.

OUR STRATEGY IN ACTION

vision 2015...the end of the beginning

Ageas has a clear vision of where it wants to be in the future and what it will take to get there. We know the role we want to play, the type of company we want to be, and the impact we want to have on our stakeholders. As a stakeholder-driven company, we believe that delivering against the expectations of our stakeholders is really what matters. As we look back on Vision 2015 and forward to Ambition 2018, the strong focus on delivery is a consistent theme.

VISION 2015 – THE RIGHT PLAN AT THE RIGHT TIME

Vision 2015 provided us with an opportunity to unite as a Group on the back of a set of five strategic choices, four financial targets and six values. The strategy brought with it important focus. It allowed us to look to the medium term, and helped us to prioritise our actions. It created significant financial focus across the Group, and we look back on it as the right plan at the right time. Our achievements in the past three years have been crucial stepping stones in an on-going journey.

Over the past three years, we have made consistent progress in line with our strategy – the most visible gain is the substantial improvement in the operating performance of our different businesses. While for various reasons we have not reached all of our targets to date, we view Vision 2015 as a success and are pleased with our progress thus far. We have delivered double-digit growth in our net profit, but more importantly sustainable growth. And our combined ratio is ahead of target.

Ageas's Vision 2015 financial targets	Target by end 2015	Position end 2015	Position end 2014
% Life / Non-life inflows Ageas's part	60/40	68/32	67/33
Combined ratio	< 100 %	96.8%	99.6 %
Return on equity of Insurance activities	11 %	7.9%	8.8 %
% capital in emerging markets	25 %	21.1%	17.5 %

We added new distribution channels and made important value-added acquisitions in Europe. And we entered new growth markets in Asia, underscoring our ability to work in successful collaboration with commercial partners.

It's important to know where you have come from to understand where you are heading. The end of Vision 2015 was an important milestone in our journey – but it is not the end of the road, rather the end of the beginning. As we move into the next phase in the evolution of our strategy, we are confident that the choices we have made and the targets we set for ourselves were the right ones.

Moving forward from Vision 2015, we are continuing our journey of growth with Ambition 2018.

#6 Values

Passionate to deliver. Focused on customers. Entrepreneurial. Teamwork. Trusted. Local.

#7 Strategic Choices

CLOSE TO THE CUSTOMER

SMART SYNERGIES

FOCUS ON INSURANCE

PARTNERSHIPS

EUROPE & ASIA

OMNI-CHANNEL

WELL DIVERSIFIED PORTFOLIO

#5 Financial Targets

11-13% RETURN ON EQUITY

LIFE OPERATING MARGIN
GUARANTEED 85-90 BPS
UNIT-LINKED 40-45 BPS

<97% COMBINED RATIO NON-LIFE

40-50% DIVIDEND RANGE

SOLVENCY II RATIO 175%

A long-term stakeholder approach as the key to sustainable growth

Building naturally on the achievements of Vision 2015, Ambition 2018 lays out our strategic plan for the next thee years. It focuses on seven strategic choices and five financial targets, and reconfirms our six values, consistent with Vision 2015. As we embark on this next stage in our journey, we do so confident that we are making the right choices to secure our future as an insurer.

Continuity is important, and our Ambition 2018 plan builds upon proven Ageas strengths and the things that differentiate us from others: a commitment to partnerships, a strongly embedded local business model, and a culture that recognises and promotes the benefits of knowledge sharing.

As we set out to define Ambition 2018, we considered what we had learned through Vision 2015, what had changed, and what might impact Ageas in the future. We recognise that the world is changing and that our role as insurer is also evolving. Change is being driven by many factors including developments in technology, the economy, regulation, and social or demographic trends. And in developing our strategic plan, we considered each of these factors and their potential impact.

Challenges facing insurers

Technology and digitisation are among the big game changers and challenges facing insurers. New trends surrounding connected homes, wearable technology sensors and autonomous cars will impact the lives of our customers and, therefore, our role as insurer. To better understand these developments, Ageas will invest in new skills in a number of ways, including expanding our partnership model to embrace wider third-party collaboration with specialists. And we will adopt a more structured approach to knowledge sharing across the Group, creating the Ageas Academy, Centres of Expertise and Platforms for collaboration.

Consumer behaviours are also changing. Customers are more discerning, seeking greater control and demanding the highest levels of service. As a part of that evolution, they expect a greater degree of customisation and personalisation. To meet this need, we are investing in data analytics to enable us to customise the customer experience and get closer to our customers. We will also use the insight from data to engage with our customers at an earlier stage, shifting the emphasis more towards risk prevention.

Partnership is part of our DNA

We will continue to focus on building strong partnerships, including new partnerships with local distributors and specialised partnerships outside our industry for the benefit of our customers.

With Ambition 2018, we have chosen to stay focused on Europe and Asia. We will strengthen our core markets and focus on new opportunities in high-growth markets, particularly in Asia. We will grow further in Non-life and in core protection products in Life. We will embrace new technologies as an opportunity to improve and enlarge our product offering, and we have made a commitment to invest in innovative technology-led projects.

Ambition 2018 is underway, and the next stage in our journey has begun. And as consumer behaviours change, we will keep exploring ways to get closer to our customers, tailoring our distribution to their demands and creating a positive customer experience across all channels.

2 Developments and results

2.1 Results and solvency of Ageas

Ageas's 2015 Insurance performance evolved positively, in terms of both inflows and net result. The net Insurance result amounted to EUR 755 million (+2%). It was marked by the excellent performance in Asia, steady results in Belgium and partly offset by the result in the UK, which was impacted by the December floods. The net result included a positive currency impact of EUR 21 million. The strong overall Non-life result marked by a combined ratio of 96.8% compared to 99.6% last year, was more than offset by the lower result for the UK Other business, the latter including a number of positive non-recurring items in 2014. As a consequence, the contribution from the Non-life & Other activities to the net result fell 10% to EUR 182 million.

The net result of the General Account amounted to EUR 15 million including the positive impact of a decrease in the RPN(I) liability.

Life, Non-life and Other Insurance

The Life activities reported a 7% increase in net profit to EUR 573 million driven by strong financial results in Asia partly offset by lower results in Belgium and Continental Europe. Lower financial income on own funds and a higher effective tax rate in Belgium, resulted in a net result for the consolidated entities below last year's. In addition, last year included a deferred tax liability release. The strong net result in the Non-consolidated entities largely related to China.

The net result Non-life increased 21% to EUR 187 million (vs. EUR 154 million) with comparable adverse weather impact in both years (EUR 64 million vs. around EUR 60 million). The main drivers behind this increase are the improved operating performances in Belgium and Continental Europe and to a lesser extent the scope changes resulting from the 2014 acquisitions in Italy and Portugal. The net result in Belgium and the UK amounted to EUR 103 million (vs. EUR 56 million) and EUR 34 million (vs. EUR 71 million) respectively. In Continental Europe the net profit increased to EUR 37 million (vs. EUR 11 million). The net result in Turkey improved compared to last year, but remained negative due to adverse weather, low results and a reserves strengthening in Motor Third Party following new legislation. The net result in Asia amounted to EUR 13 million (vs. EUR 16 million) due to a higher level of claims in Malaysia.

The UK's Other Insurance, which includes its Retail operations, reported total fee, commission and other income of EUR 264 million, down 11%. The net result of Ageas Retail amounted to EUR 9 million including EUR 4 million project costs. Regional headquarter costs amounted to EUR 14 million. The 2014 result included several positive non-recurring items. Adjusting for those, the 2015 net result remained in line with last year's.

General Account

The General Account net profit amounted to EUR 15 million. The RPN(I) liability decreased to EUR 402 million at the end of 2015, with a positive impact on the result of EUR 65 million over the year. The Staff and Other operating expenses increased from EUR 52 million to EUR 71 million driven by higher legal and consulting expenses. Ageas's part in the net profit of RPI, accounted under 'Share of result of associates' amounted EUR 18 million and was mainly driven by the resolution of a number of outstanding US proceedings.

Solvency

The Insurance Solvency I ratio amounted to 226% with Group available capital EUR 5.6 billion above the minimum capital requirements.

As of now, Ageas will be reporting its Solvency II ratio on a quarterly basis. At year-end 2015 the Insurance solvency II_{ageas} ratio stood at 182%. The difference compared to last year is due to the realisation of the uncertainties as announced at the Investor Day in September 2015.

2.2 Events after the date of the Consolidated statement of financial position

There have been no material events since the date of the Consolidated statement of financial position that would require adjustment to the Ageas Consolidated Financial Statements as at 31 December 2015.

Global settlement related to the Fortis events of 2007 and 2008

On 14 March 2016, Ageas and the claimants' organisations, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis (SICAF), and the Dutch shareholder Association VEB ("The Parties") announced a settlement proposal with respect to all civil proceedings related to the former Fortis group for the events in 2007 and 2008 ("the Events").

The Parties will request the Amsterdam Court of Appeal to declare the settlement binding for all eligible Fortis shareholders in accordance with the Dutch Act on Collective Settlement of Mass Claims (Wet Collectieve Afwikkeling Massaschade, "WCAM").

In addition, Ageas announced on 14 March 2016 that it also reached an agreement with the D&O Insurers, the D&O's involved in litigation and BNP Paribas Fortis.

The financial impact of the settlements announced on 14 March 2016, with the claimants' organisations on the one hand and the D&Os and Insurers on the other hand, will be recognised in the Q1 2016 IFRS financial statements. The impact can be summarised as follows:

Group net IFRS result: the net impact of the proposed settlements on the Group net IFRS result will amount to EUR 889 million. This is the result of:

- a charge of EUR 1,204 million related to the WCAM settlement agreement;
- plus EUR 45 million related to costs and expenses for organizations' representation of retail investors' interests and/or their future role in the settlement administration process;
- plus an additional provision of EUR 62 million related to the tail risk, estimated at 5% of the total settlement amount;
- minus the settlement amount of EUR 290 million to be contributed by the Insurers and the reversal of the provision for litigation set up in 2014 (EUR 132.6 million).

2.3 Dividend

Ageas's Board has decided to propose for approval by the shareholders a gross cash dividend of EUR 1.65 per share for 2015.

2.4 Issued shares at the end of 2015

The number of issued Ageas shares at year-end 2015 was 223,778,433. This number includes 4,643,602 shares related to CASHES and 3,968,254 shares related to the FRESH which bear neither dividend nor voting rights as long as they are pledged as collateral for the above instruments (see also note 47 Contingent Liabilities).

Share buy-back programme 2015

Ageas announced on 5 August 2015 a new share buy-back programme as of 17 August 2015 up to 5 August 2016 for an amount of EUR 250 million.

On 31 December 2015, Ageas had bought back 2,226,350 shares corresponding to 0.99% of the total shares outstanding and totalling EUR 85.6 million and on 5 February 2016, 3,340,090 shares for a total amount of EUR 129.2 million. This corresponds to 1.49% of the total shares outstanding.

Ageas has informed the National Bank that this operation can be considered as non-strategic, according to article 36/3 §2 of the law of 22 February 1998 determining the statute of the National Bank.

Share buy-back programme 2014

Ageas announced on 6 Augustus 2014 a share buy-back programme as of 11 August 2014 up to 31 July 2015 for an amount of EUR 250 million.

Ageas completed on Friday 31 July 2015 the share buy-back programme announced on 6 August 2014. Between 11 August 2014 and 31 July 2015, Ageas has bought back 8,176,085 shares corresponding to 3.65% of the total shares outstanding and totalling EUR 250 million.

The General Shareholders' meeting of 29 April 2015 approved to cancel 3,194,473 own shares that were bought back until 31 December 2014.

For more detailed information on the issued shares of Ageas, dividend rights and capital structure, please refer to note 19 Shareholders' equity.

2.5 Ageas Board of Directors, Remuneration Committee and Audit Committee

On 31 December 2015, the Board of Directors of ageas SA/NV consisted of thirteen members; the Remuneration Committee and the Audit Committee of four Board Members.

Besides these legally required committees, ageas SA/NV has a Corporate Governance Committee and a Risk & Capital Committee.

For more details about the composition of the Board of Directors and of the Committees and changes to the composition in the course of 2015, please refer to the Corporate Governance Statement (part 3).

2.6 Consolidated information related to the implementation of the EU Takeover Directive and the Ageas Annual Report

For legal purposes, the Board of Directors hereby declares that the Ageas Annual Report 2015 has been prepared in accordance with the statutory rules implementing the EU Takeover Directive that came into force in Belgium on 1 January 2008. The Board hereby gives the following explanations concerning the respective elements to be addressed under these rules:

- comprehensive information on the prevailing capital structure can be found in note 19 Shareholders' equity and note 22 Subordinated liabilities in the Ageas Consolidated Financial Statements 2015;

- restrictions on the transfer of shares extend only to preference shares (if issued) and the securities described in note 22 Subordinated liabilities in the Ageas Consolidated Financial Statements 2015;

- Ageas lists in note 1 Legal structure of the Consolidated Financial Statements as well as under the heading 'Specifications of equity and structure of the shareholder group' in the ageas SA/NV Company Financial Statements any major shareholdings of (third) parties that exceed the threshold laid down by law in Belgium and by the Articles of Association of ageas SA/NV;

- no special rights are attached to issued shares other than those mentioned in note 19 Shareholders' equity and note 22 Subordinated liabilities in the Ageas Consolidated Financial Statements 2015;

- share option and share purchase plans, if any, are outlined in note 7 section 7.2 Employee share option and share purchase plans in the Ageas Consolidated Financial Statements 2015. The Board of Directors decides on the issuance of shares and options, as applicable, subject to local legal constraints;

- except for the information provided in note 19 Shareholders' equity, note 8 Related parties and note 22 Subordinated liabilities in the Ageas Consolidated Financial Statements 2015, Ageas is unaware of any agreement between shareholders that may restrict either the transfer of shares or the exercise of voting rights;

- Board Members are elected or removed by a majority of votes cast at the General Meeting of Shareholders of ageas SA/NV. Any amendment to the Articles of Association requires the General Meeting of Shareholders to pass a resolution to that effect. If fewer than 50% of the shareholders are represented, a second meeting must be convened, which will be able to adopt the resolution with 75% of the votes without any need for a quorum;

- the Ageas Board is entitled both to issue and to buy back shares, in accordance with authorisations granted by the General Meeting of Shareholders of ageas SA/NV. The current authorisation with regard to the shares of ageas SA/NV will expire on 29 April 2017;

- ageas SA/NV is not a party to any major agreement that would either become effective, be amended and/or be terminated due to any change of control over the company as a result of a public takeover bid;

- ageas SA/NV has not entered into any agreement with its Board Members or employees, which would allow the disbursement of special severance pay in the case of termination of employment as a result of a public takeover bid;

- Ageas shareholders are under an obligation to meet certain notification requirements when their shareholding exceeds or drops below certain thresholds, as prescribed by Belgian legislation and by the Articles of Association of ageas SA/NV. Shareholders must notify the Company as well as the FSMA when their shareholding exceeds or drops below 3% or 5% of the voting rights or any multiple of 5%. Ageas publishes such information on its website.

3 Corporate Governance Statement

As in previous years, Ageas continued to focus on its future as an international insurance group, attaching great importance to effective governance and transparent disclosure to the public and other stakeholders.

3.1 Ageas's legal structure and shares

3.1.1 Structure

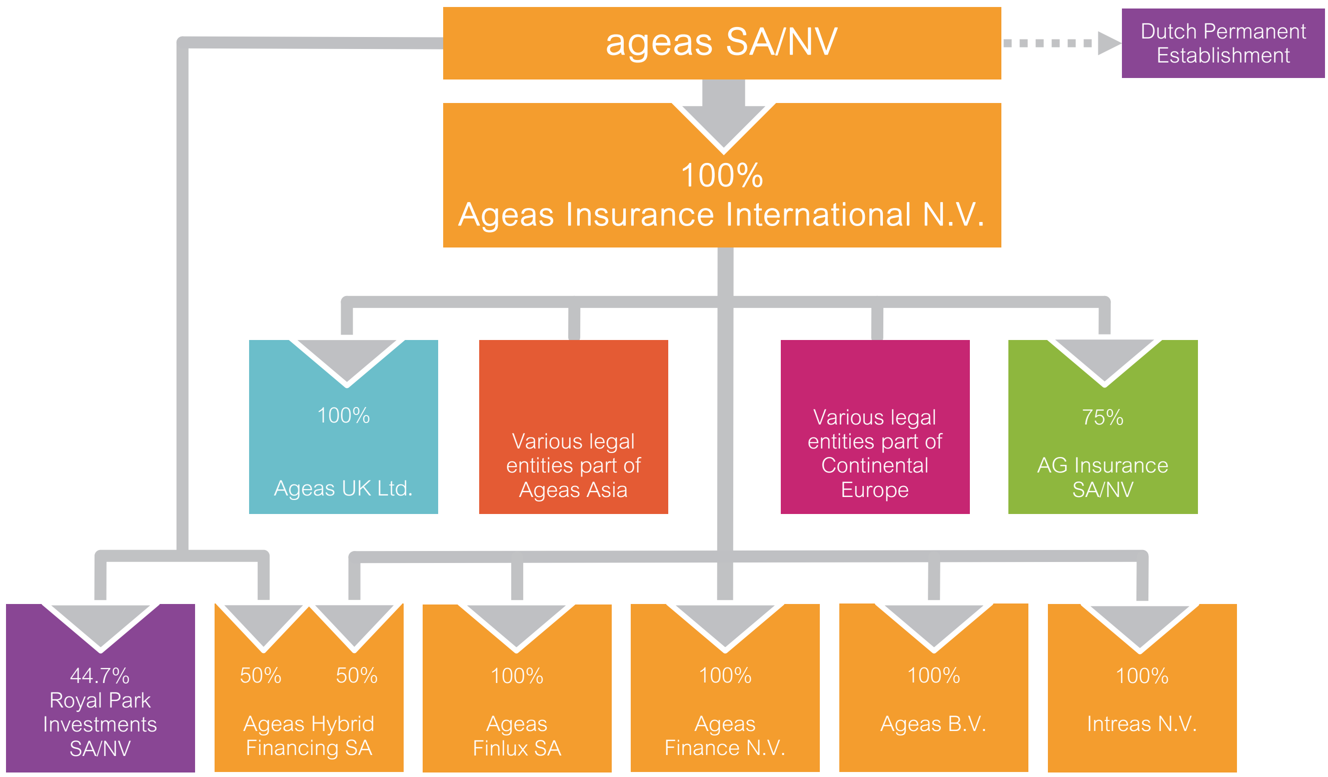
Ageas was created in 1990. The overall legal structure has been amended regularly in the intervening years and the name was last changed into ageas SA/NV on 28 April 2010.

Ageas currently comprises insurance activities in:

- Belgium through a 75% stake in AG Insurance SA/NV;
- the UK;
- Continental Europe;
- Asia.

Beside the insurance activities, Ageas has financial assets and liabilities linked to various financing instruments and internal reinsurance activities within the General Account.

The legal structure of Ageas is as follows.



3.1.2 Shares

3.1.2.1 Shares issued and treasury shares

The Extraordinary General Meeting of Shareholders approved on 29 April 2015 the cancellation of 7,217,759 shares (3,194,473 shares related to the share buy-back programme of 2014 and 4,023,286 shares related to the share buy-back programme of 2013). The Articles of Association were amended accordingly.

As from 29 April 2015, the total number of issued shares is 223,778,433. Neither different share classes nor any preferential shares have been issued. Additional information on Ageas's shares is set out in note 19 Shareholders' equity.

Ageas has an outstanding subordinated liability (FRESH) exchangeable for Ageas shares. Additional information on Ageas's subordinated liabilities is set out in note 22 Subordinated liabilities.

In the context of the share buy-back programme announced on 6 August 2014 and completed on 31 July 2015, Ageas has bought back 8,176,085 shares corresponding to 3.65% of the total shares outstanding and totalling EUR 250 million.
On 5 August 2015, Ageas announced the decision to initiate a new share buy-back programme of its outstanding common stock for an amount of EUR 250 million. The share buy-back programme started on 17 August 2015 and will run until 5 August 2016. On 31 December 2015, Ageas held 2,226,350 own shares bought back in the context of this share buy-back programme.

Together with other treasury shares held by Ageas, the total number of shares owned on 31 December 2015 equated to 5%.

Ageas's Board will propose to its shareholders at the Shareholders' Meeting of 27 April 2016 the cancellation of a total of 7,207,962 shares.

3.1.2.2 Dematerialisation process of physical bearer securities

On 11 August 2015 Ageas sold 54,875 physical bearer securities, the holders of which were unknown at 6 July 2015, on Euronext Brussels via financial intermediary BNP Paribas Fortis.
The sale, which was announced on 3 June 2015, falls within the framework of the law of 14 December 2005 stipulating that bearer securities are to be gradually abolished and converted into nominative or dematerialised securities.

The average selling price was EUR 38.97. The net proceeds of the sale were transferred to the Caisse des Dépôts et Consignations in accordance with the legal stipulations.

Since 1 January 2016 the owners of the bearer securities can claim the restitution of the proceeds of the sale from the Caisse des Dépôts et Consignations providing they can prove their status as holder.

3.2 Board of Directors

The Board of Directors operates within the framework defined by Belgian legislation, normal governance practice in Belgium and the Articles of Association. The roles and responsibilities of the Board of Directors and its composition, structure and organisation are described in detail in the Ageas Corporate Governance Charter.

3.2.1 Composition

The Board of Directors currently consists of thirteen members, namely: Jozef De Mey (Chairman), Guy de Selliers de Moranville (Vice-Chairman), Lionel Perl, Jan Zegering Hadders, Roel Nieuwdorp, Steve Broughton, Jane Murphy, Richard Jackson, Lucrezia Reichlin, Davina Bruckner, Bart De Smet (CEO), Filip Coremans (CRO) and Christophe Boizard (CFO).

Four directors were re-elected in 2015: Jozef De Mey (Chairman), Guy de Selliers de Moranville (Vice-Chairman), Lionel Perl and Jan Zegering Hadders.

In 2015, Ageas set up an Executive Committee exclusively composed of members who are also members of the Board of Directors. In this respect the General Meeting of April 2015 approved the nomination of two new executive Board Members, Filip Coremans (CRO) and Christophe Boizard (CFO), both members of the Executive Committee.

The majority of the Board is composed of non-executive directors who are independent in accordance with the Board independence requirements as described in Appendix 3 to the Ageas Corporate Governance Charter.

Three out of thirteen Ageas Board Members are female. Ageas continues to support the trend towards a higher participation rate of women at board level. The Board of Directors will take the requirements of the law into account when new Board Members are proposed for election or existing Board Members are proposed for re-election, without compromising the standards of expertise and skills that Ageas sets for Board Members. In this respect, the Board of Directors will propose the nomination of a female candidate at the General Meeting of Shareholders on 27 April 2016.

3.2.2 Meetings

The Board of Directors met on ten occasions in 2015. Attendance details can be found in section 3.6 Board of Directors.

In 2015, the Board Meetings dealt with the following matters, among others:

- preparations for the General Meetings of Shareholders;
- the strategy pursued by Ageas as a whole and by each business;
- ongoing development of each of the Ageas businesses;
- consolidated quarterly, semi-annual and annual financial statements;
- the 2014 Annual Report;
- the 2014 Embedded Value report;
- press releases;
- the 2016 budget;
- the solvency of the company, including the approval of new Solvency II policies;
- the asset management and the investment policy of the company;
- Ageas's risk policy framework, including a new Risk Appetite framework;
- investor relations and corporate communications;
- reports of Board Committees following each of their meetings;
- succession planning of the Board of Directors and of the Executive Management;
- implementation of the Corporate Governance Charter by Ageas in general and by the Board Committees in particular;
- governance and performance of the Executive Committee and Management Committee;
- Remuneration Policy in general and the remuneration of the CEO and Executive Committee members in particular;
- follow-up of legal proceedings and legacy issues;
- various acquisition files.

The members of the Executive Committee reported on the progress of the results and the general performance of the different businesses at the Board Meetings.

In addition, the Board conducted a self-assessment with the support of an external consultant.

3.2.3 Advisory Board Committees

In 2015, there were no changes in the terms of reference of the Advisory Board Committees.

The terms of reference, the role and responsibilities of each Advisory Board Committee are described in the Ageas Corporate Governance Charter.

In line with the Ageas Governance Charter, each Advisory Board Committee is composed of non-executive directors and has a minimum of three and a maximum of five members.

Attendance details of the Board Committees can be found in section 3.6 Board of Directors.

3.2.4 The Corporate Governance Committee (CGC)

The composition of the CGC remained unchanged in 2015 and comprised the following members: Jozef De Mey (Chairman), Guy de Selliers de Moranville, Roel Nieuwdorp and Jan Zegering Hadders. The CEO and the CRO attended the meetings, except during discussion of issues relating to their own situation.

In 2015, the CGC met on five occasions including three joint meetings with the Remuneration Committee.

The following matters were dealt with:

- Corporate Governance Charter;
- succession planning of the Executive Management;
- targets of the CEO and the other members of the Executive Management;
- performance of the CEO and the other members of the Executive Management;
- disclosures regarding governance and the activities of the CGC in the Ageas Consolidated Financial Statements;
- legal matters related to the contingent liabilities.

The Chairman of the CGC reported on these topics to the Board of Directors after each meeting and submitted the Committee's recommendations to the Board for final decision-making.

3.2.5 The Audit Committee

The composition of the Audit Committee changed in 2015: Davina Bruckner replaced Lionel Perl who joined the Remuneration Committee. On 31 December 2015, the Audit Committee comprised the following members: Jan Zegering Hadders (Chairman), Jane Murphy, Richard Jackson and Davina Bruckner. Sufficient collective experience and skills with regard to audit and accounting are available among the members of the Audit Committee based upon their past and current positions. The Audit Committee is supported by Ageas Audit, Compliance, Finance functions and by the external auditor.

The committee met on seven occasions in 2015 including two joint meetings with the Risk & Capital Committee. The meetings were attended by the members of the Executive Committee, the internal auditor and the external auditors. The following matters were considered:

- monitoring the integrity of quarterly, half-yearly and annual consolidated financial statements, including disclosures, consistent application of or changes to the valuation and accounting principles, consolidation scope, quality of the closing process and significant issues brought to the floor by the CFO or the external auditors;
- reviewing the embedded value calculation process and validating the 2014 report;
- monitoring the findings and the recommendations of the internal and external auditors on the quality of internal and accounting processes;
- reviewing the compliance and internal and external audit plans and reporting;
- reviewing the design and operating effectiveness of the internal control system in general, and of the risk management system in particular;
- assessing the overall performance of the external auditor;
- reviewing the Liability Adequacy Report.

The Chairman of the Audit Committee had quarterly one on one meetings with the internal and external auditors. The Chairman of the Audit Committee reported on the outcome of the committee's deliberations to the Board of Directors after each meeting and presented the recommendations of the Audit Committee to the Board for decision-making. The Audit Committee receives a written report of the RCC meeting which is commented on during this meeting.

During the joint meetings with the Risk & Capital Committee, the members discussed the new reporting requirements under Solvency II, the INCA (Internal Control Adequacy) and assessed the Risk management functioning.

3.2.6 The Remuneration Committee (RC)

The composition of the Remuneration Committee in 2015 comprised the following members: Roel Nieuwdorp (Chairman), Jane Murphy and Steve Broughton. As of September 2015 Lionel Perl also joined the Remuneration Committee.

The Remuneration Committee is assisted by Towers Watson, an external professional services company that provides market-related information and advice on commonly applied reward elements, best practice and expected developments. Towers Watson does not provide material compensation or benefits-related services to the Executive Committee of Ageas, or to any other part of the Ageas organisation.

The CEO, the CRO and the Group Human Resources Director attended the meetings, apart from discussions relating to themselves where they had to leave the room to avoid conflicts of interests.

The committee met on six occasions including three joint meetings with the Corporate Governance Committee in the year under review. Attendance details can be found in section 3.6 Board of Directors.

The matters discussed by the Remuneration Committee in 2015 included:

- benchmarking methodology and competitive market positioning of the remuneration of the Executive Management against that of peers;
- corporate governance and updating of the Remuneration Policy in line with regulation and current market practices;
- disclosure regarding remuneration and activities of the Remuneration Committee in the Ageas Consolidated Financial Statements;
- the share plan issued in favour of Ageas's senior management.

The joint Remuneration and Corporate Governance Committee discussed and advised on the following matters:

- business and individual targets of the Executive Management;
- the results of the short-term incentive (STI) of the Executive Management;
- the results of the long-term incentive (LTI) of the Executive Management;
- the review of the key performance indicators of the Executive Management.

The Chairman of the Remuneration Committee reported on the aforementioned matters to the Board of Directors after each meeting and advised the Board on decision-making when required. Further information on the Remuneration Committee can be found in the Report of the Remuneration Committee (see section 3.7 of this chapter).

3.2.7 The Risk & Capital Committee (RCC)

The composition of the Risk & Capital Committee remained unchanged in 2015 and comprised the following members: Guy de Selliers de Moranville (Chairman), Lionel Perl, Steve Broughton and Lucrezia Reichlin.

The RCC met on eight occasions including two joint meetings with the Audit Committee. The meetings were attended by the members of the Executive Committee and the Group Risk Officer.

The matters discussed in the RCC in 2015 included:

- monitoring of risk management, based on reports by management;
- monitoring on a quarterly basis the performance of the asset management by segment and by asset class;
- reviewing the risk policies prepared by management, including the new Risk Appetite Framework;
- monitoring of the capital allocation and the solvency of the Ageas Group.

The Chairman of the RCC reported on the aforementioned matters to the Board of Directors after each meeting and advised the Board on decision-making when required.

During the joint meetings of the Risk & Capital Committee and the Audit Committee, the members discussed the new reporting requirements under Solvency II, INCA (Internal Control Adequacy) and assessed the Risk Management functioning.

3.3 Executive management

Ageas's executive management is composed of the members of the Executive Committee referred to in the Articles of Association and the members of the Management Committee referred to in the Corporate Governance Charter. The role of the Executive Committee is to manage Ageas in line with the values, strategies, policies, plans and budgets endorsed by the Board.

Executive Committee

Following new legislation, the Board of Directors has set up an Executive Committee within the meaning of Article 524bis of the Company Code to which all management powers and competences have been delegated, with the exception of (i) the determination of the general policy of the Company and of the Ageas Group and (ii) any matters which are reserved by law to the Board of Directors.

The Executive Committee exclusively consists of members of the Board of Directors. The CEO is Chairman of the Executive Committee, which meets once a week according to a predetermined timetable. Further meetings are held whenever necessary.

At the end of 2015, the Executive Committee of Ageas was composed of Bart De Smet (Chief Executive Officer), Christophe Boizard (Chief Financial Officer) and Filip Coremans (Chief Risk Officer).

- Bart De Smet, CEO, is responsible for the Business, Strategy and Business Development, Audit and Communications;
- Christophe Boizard, CFO, is responsible for Finance, Investments, Investor Relations and Corporate Performance Management;
- Filip Coremans, CRO, is responsible for Risk, Compliance, Legal and support functions (Human Resources, IT and Facility).

At the end of 2015, the Management Committee was composed of:

- the three members of the Executive Committee;
- Antonio Cano, COO (Chief Operating Officer);
- the heads of the four business segments: Steven Braekeveldt, CEO Continental Europe; Hans De Cuyper, CEO AG Insurance (Belgium); Andy Watson, CEO United Kingdom, and Gary Crist, CEO Asia;
- Emmanuel Van Grimbergen, Group Risk Officer.

3.4 Internal risk management and control systems

The Board is responsible for approving appropriate systems for internal risk management and control and reviewing their implementation. The Ageas internal risk management and control systems are designed to provide the Board and management with a reasonable level of assurance that:

- they are made aware, in a timely manner, of the extent to which the entity is moving toward achievement of the company's strategic, financial and operational objectives while implementing the Ageas strategy;
- the operations are conducted efficiently and effectively;
- the financial and non-financial reporting is reliable;
- the company acts in compliance with laws and regulations and with internal policies with respect to the conduct of business;
- the assets are safeguarded and liabilities are identified and managed;
- the entities remain within their risk limits.

3.4.1 Financial reporting cycle

Ageas has designed its financial reporting process to include the following measures of internal control:

- the budget control cycle;
- clear instructions and planning of the reporting process;
- clear processes and accounting policies and manuals;
- validation process for reported budget and actual figures per operating company;
- sign-off of the figures by local management;
- review of figures by the Executive Committee, the Management Committee, the Audit Committee and the Board;
- quarterly review and annual audit of the figures by the external auditor.

3.4.2 Budget process

The budget is the basis of the financial reporting cycle. The budget process is coordinated by Corporate Performance Management (CPM) and starts in June with a budget instruction and target setting. The instruction is approved by the Executive Committee upon the proposal of the Group CFO. After this approval the budget instruction is send to the local CEOs.

The budget is prepared on a three-year rolling basis. During the preparation of the budgets, CPM, Strategy, the CFO and the management of the local entities meet for preliminary discussions on the future strategy and economic circumstances to be taken into account when drawing up the specific budget.

After the budgets are submitted, Group Finance executes a validation check on them. The outcome of the validation check, including any issue that comes to light, is discussed with local Finance team.

Once the validation checks have taken place, 'challenging sessions' between Executive Committee and local management are organised to discuss the key topics of each segment.

Once the budget process is finalised by CPM, the budget per segment (Belgium, UK, Asia, Continental Europe and the General Account) and the consolidated budget, including a written explanation of the assumptions used, is sent to the Management Committee for advice. After the Executive Committee has, based on the advice of the Management Committee, approved the budget, the budget is sent to the Board of Ageas for final approval.

3.4.3 Closings for actual figures

Ageas reports its actual figures in accordance with International Financial Reporting Standards (IFRS). Internal reporting takes place monthly, external reporting quarterly and at year-end. In the case of a closing period, the consolidation is updated by Group Finance (consolidation department). Beside the local entities, Group Finance also contacts non-financial departments (Risk, Legal, Tax, Accounting Policies, Company Secretary, Pension Office and Human Resources) to inform them of the type of information or input that is expected from them (and at what time) for the closing of the accounts.

After the delivery of the figures, validation meetings take place between Group Finance, CFO, CPM and local management in which local management presents the results seen from a business perspective as well as the expectations for the full year. Each CFO of a reporting entity has to provide the Group CFO with a written statement confirming that the reported figures are correct.

Group Finance is responsible for the preparation of the interim and annual financial statements and the internal management report on the figures. Group Finance includes the information received from the non-financial departments in the documents and verifies that all notes to the statements contain the correct figures. It also makes crosschecks to ensure that the figures for any item mentioned in different notes are always the same. Besides this, Group Finance analyses and explains the movements of the figures in the statements. These explanations are included in an issue log.

The interim and annual reports are reviewed and audited by the external auditors. Issues are discussed with the auditors. Once the closing process is finalised by Group Finance, the consolidated reports are sent to the Management Committee. The Management Committee discusses the reports and gives its advice to the Executive Committee, which gives its approval. Once the statements are finalised, the auditors give Ageas written approval to include their opinion in the documents.

Once this approval is received, all statements to be published as well as the Board presentation and closing memorandum are sent to the Board of Ageas for approval. In addition, the external auditor prepares a presentation for the Board and the letter to the Board. The letter includes elements that the auditor feels he has to report to the Board in its capacity as external auditor. All information is first reviewed by and discussed with the Audit Committee (as part of the Board). The Audit Committee then reports on this at the Board Meeting.

On the day of publication, the interim or annual reports and the press release are sent by Group Finance to the regulatory authorities (FSMA and NBB) in accordance with the regulatory disclosure requirements.

In addition to the financial report, Ageas prepares each quarter a Key Risk report, a Risk & Solvency report, and on a yearly basis an Own Risk and Solvency Assessment (ORSA) and an Internal Control Assessment. The preparation and validation of the reports follow the same key principles regarding internal measures as the financial reports. The reports are subject to the review and approval of the Audit & Risk Committee and the Board.

3.4.4 Assurance

Even a sound system of internal risk management and control cannot eliminate in full the possibility of poor judgment in decision-making, control processes being deliberately circumvented by employees and others, management overriding controls, and the occurrence of unforeseeable circumstances. The internal risk management and control systems are intended to provide reasonable, but not absolute, assurance that the company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business, by circumstances which may reasonably be foreseen, and that the financial statements are free of material misstatement.

The Board has evaluated the risk profile of Ageas as well as the design and operating effectiveness of the Ageas internal risk management and control systems. It has also considered the effectiveness of remedial actions taken.

Please refer to note 5 Risk Management, note 25 RPN(I), note 47 Contingent liabilities and note 49 Events after the date of the statement of financial position for further information on respectively (i) the principal risks applicable to Ageas, (ii) RPN(I) and (iii) the contingent liabilities.

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 reasonable assurance that the Ageas Consolidated Financial Statements do not contain any 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.

The Board will continue to maintain its commitment to further strengthen the Ageas internal risk management and control systems.

3.5 Corporate Governance references and Corporate Social Responsibility

3.5.1 Corporate Governance references

The Belgian Corporate Governance Code published on 12 March 2009 (the 2009 Code) applies to Ageas and is available on Ageas's website:
https://www.ageas.com/en/about-us/corporate-governance.

The Code is based on the 'comply or explain' concept, which means that if a company chooses to deviate from any of the Code's principles, it must explain its reasons for doing so in the Corporate Governance Statement. There are no aspects of corporate governance at Ageas that require additional explanation in the light of the 2009 Code.

In 2014, new legislation was promulgated in Belgium in accordance with which insurance holding companies have to set up an Executive Committee composed exclusively of members of the Board. This new legislation meant a revision of both the Ageas Corporate Governance Charter and the Articles of Association. Ageas has complied with this new legislation as from the General Shareholders' Meeting of April 2015.

No other changes are required to further align the Governance Charter with applicable rules and regulations even to anticipate (international) trends that Ageas considers relevant.

The Corporate Governance Charter, as applicable until the General Meeting of Shareholders of April 2016, is available on Ageas's website (www.ageas.com).

3.5.2 Corporate Social Responsibility

Corporate Social Responsibility, or CSR as it is more commonly referred to, is the concept of giving something back to the community and conducting business in a socially responsible way that takes account of all stakeholders. Today it is part and parcel of doing business, and in many ways it is a licence to operate and increasingly a principle against which companies are measured. But in the Ageas Group we call it something else. For Ageas the term 'Responsible Entrepreneurship' is a more accurate description of what we are trying to achieve and it closely reflects the specific characteristics of Ageas and the values embodied in the Group's strategy.

The principles of Responsible Entrepreneurship are alive and well taken up within Ageas, and this is evident in a broad range of activities across the different regions. These initiatives are about doing the right thing and contributing to the communities in which Ageas operates. It is a natural fit for an insurer. After all, helping people is the essence of insurance, and as such, it is very much in our genes. As a Group with a strong ethos of local empowerment, most of these initiatives result from the deep involvement of our local operating companies in the wider community. It is about being part of the fabric of the local community.

Recognising that there was an opportunity to leverage best practice to create more of a Group-wide response to Responsible Entrepreneurship, Ageas embarked on a project designed to collate best practices and gain a better understanding of what stakeholders expect of Ageas in this area. Our belief is that Responsible Entrepreneurship is not an adjunct to strategy but an integral part of who we are. It is an additional strategic lever to create value rather than just mitigating risk. And taking into account the specificities of the insurance sector and Ageas's profile, the Group decided upon five key areas of focus and engagement: employees, customers, financial assets, the environment and the community.

In the most recent phase of the project Ageas is assessing how Responsible Entrepreneurship can be applied most effectively in the agreed areas, while exploring the potential for additional leverage at Group level to help drive forward Group-wide initiatives. And in the spirit of entrepreneurship, we want to help create opportunities for people and businesses to grow and innovate. The ultimate objective is to assess how Ageas can best incorporate societal issues into the company's core business strategy providing benefit to both the company and society as a whole, in other words, creating shared value. And by taking a Group level approach to this important topic, greater progress can be made. As we look to the future, Ageas wants to bring Responsible Entrepreneurship to life… the lives of its stakeholders.

3.6 Board of directors

Chairman

Jozef De Mey
(1943 – Belgian – Independent - Male)
On 31 December 2015, Chairman of the Board of Directors and Chairman of the Corporate Governance Committee.

First appointed	: 2009.
Term runs until	: Annual General Meeting of Shareholders in 2019.
Other positions within Ageas at the end of 2015	: Chairman of the Board of Directors of Ageas Insurance International N.V. (NL), of Ageas UK Ltd. (UK), of Ageas Asia Holdings Ltd. (HK), of Ageas Insurance Company (Asia) Ltd (HK), of Credimo Holding N.V. (BE) and Credimo N.V. (BE). Vice-Chairman of Muang Thai Group Holding Company Ltd. (Thailand) and of Muang Thai Life Assurance Public Company Ltd. (Thailand). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	: None.
Other positions held	: Details are available on the website.

Non-Executive Board Members

Guy de Selliers de Moranville
(1952 – Belgian – Independent - Male)
On 31 December 2015, Vice Chairman of the Board of Directors,
Member of the Corporate Governance Committee and Chairman of the Risk & Capital Committee.

First appointed	: 2009.
Term runs until	: Annual General Meeting of Shareholders in 2019.
Other positions within Ageas at the end of 2015	: Chairman of the Board of Directors of AG Insurance SA/NV (BE) and Non-Executive Board Member of Ageas Insurance International N.V.(NL). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	: Member of the Board of Directors of Solvac Address : Rue des Champs Elysées, 1050 Brussels, Belgium Sector : Holding company Member of the Supervisory Board and Chairman of the Risk Committee of Advanced Metal Group Address : Toren C, 13th floor, Strawinskylaan 1343, 1077 XX Amsterdam, the Netherlands Sector : Specialty metals and engineering Member of the Board of Directors and of the Sustainability Committee of Ivanhoe Address : 654 – 999 Canada Place, Vancouver, Canada Sector : Mining company
Other positions held	: Details are available on the website.

Roel Nieuwdorp
(1943 – Dutch – Independent - Male)
On 31 December 2015, Member of the Board of Directors,
Chairman of the Remuneration Committee and Member of the Corporate Governance Committee.

First appointed	: 2009.
Term runs until	: Annual General Meeting of Shareholders in 2017.
Other positions within Ageas at the end of 2015	: Non-Executive Board Member of Ageas Insurance International N.V. (NL) and Ageas France S.A. (FR). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	: None.
Other positions held	: Details are available on the website.

Lionel Perl
(1948 – Belgian – Independent - Male)
On 31 December 2015, Member of the Board of Directors,
Member of the Remuneration Committee and of the Risk & Capital Committee.

First appointed	: 2009.
Term runs until	: Annual General Meeting of Shareholders in 2019.
Other positions within Ageas at the end of 2015	: Non-Executive Board Member of Ageas Insurance International N.V. (NL) and Ageas UK Ltd. (UK). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	: None.
Other positions held	: Details are available on the website

Jan Zegering Hadders
(1946 – Dutch – Independent - Male)
On 31 December 2015, Member of the Board of Directors, Chairman of the Audit Committee and Member of the Corporate Governance Committee.

First appointed	:	2009.
Term runs until	:	Annual General Meeting of Shareholders in 2019.
Other positions within Ageas at the end of 2015	:	Non-Executive Board Member of Ageas Insurance International N.V. (NL) and AG Insurance SA/NV (BE). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	None.
Other positions held	:	Details are available on the website.

Steve Broughton
(1947 – British – Independent - Male)
On 31 December 2015, Member of the Board of Directors, Member of the Risk & Capital Committee and Member of the Remuneration Committee.

First appointed	:	2013.
Term runs until	:	Annual General Meeting of Shareholders in 2016.
Other positions within Ageas at the end of 2015	:	Non-Executive Board Member of Ageas Insurance International N.V. (NL) and Ageas UK Ltd. (UK). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	Member of Strategy and Integration Advisory Board Quindell Plc. Address : Quindell Court 1, Barnes Wallis Road, Segensworth East, PO15 5UA Fareham, UK Sector : Software, consultancy and technology
Other positions held	:	Details are available on the website.

Jane Murphy
(1967 – Belgian – Independent - Female)
On 31 December 2015, Member of the Board of Directors, Member of the Audit Committee and Member of the Remuneration Committee.

First appointed	:	2013.
Term runs until	:	Annual General Meeting of Shareholders in 2016.
Other positions within Ageas at the end of 2015	:	Non-Executive Board Member of Ageas Insurance International N.V. (NL) and of Ageas UK Ltd. (UK). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	Non-Executive Board Member of Elia System Operator SA/NV and Elia Assets SA/NV and Member of the Corporate Governance Committee of Elia System Operator SA/NV Address : Boulevard de l'Empereur 20, 1000 Brussels, Belgium Sector : Electric power transmission system operator of Belgium / Owner of the assets of the electric power transmission system in Belgium
Other positions held	:	Details are available on the website.

Lucrezia Reichlin
(1954 – Italian – Independent - Female)
On 31 December 2015, Member of the Board of Directors, Member of the Risk & Capital Committee.

First appointed	:	2013.
Term runs until	:	Annual General Meeting of Shareholders in 2016.
Other positions within Ageas at the end of 2015	:	Non-Executive Board Member of Ageas Insurance International N.V. (NL)
Positions held with other listed companies	:	None
Other positions held	:	Details are available on the website.

Richard Jackson

(1956 – British – Independent - Male)
On 31 December 2015, Member of the Board of Directors and Member of the Audit Committee.

First appointed	:	2013.
Term runs until	:	Annual General Meeting of Shareholders in 2016.
Other positions within Ageas at the end of 2015	:	Non-Executive Board Member of Ageas Insurance International N.V. (NL) and of Ageas Portugal Holdings SGSP (PT), Non-Executive Board Member of Médis (Companhia Portuguesa de Seguros de Saude S.A.) and Ocidental (Companhia Portuguesa de Seguros S.A.). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	:	Non-Executive Director and Chairman of the Audit Committee and Chairman of the Compensation and Nomination Committee at Oracle Financial Services Software, listed on Mumbai Stock Exchange Address : Oracle Park, Goregaon, Mumbai, 400063, India Sector : Financial Services software Senior Advisor Ping An Insurance Group Company of China Ltd., China Address : Galaxy Center, Fuhua Road, Shenzhen, 518048, PRC Sector : Insurance
Other positions held	:	Details are available on the website.

Davina Bruckner

(1983 – Belgian – Non-Executive - Female)
On 31 December 2015, Member of the Board of Directors and Member of the Audit Committee.

First appointed	:	2014.
Term runs until	:	Annual General Meeting of Shareholders in 2017.
Other positions within Ageas at the end of 2015	:	Non-Executive Board Member of Ageas Insurance International N.V. (NL)
Positions held with other listed companies	:	None.
Other positions held	:	Details are available on the website.

Members of the Executive Committee



Bart De Smet Christophe Boizard Filip Coremans

Executive Board Members

Bart De Smet

(1957 – Belgian – Executive - Male)
Chief Executive Officer.

First appointed	: 2009.
Term runs until	: Annual General Meeting of Shareholders in 2017.
Other positions within Ageas at the end of 2015	: Executive Board Member of Ageas Insurance International N.V. (NL), Vice-Chairman of AG Insurance SA/NV (BE), Ageas UK Ltd. (UK), Taiping Life Insurance Company Ltd. (China) and Maybank Ageas Holdings Berhad (Malaysia) and Non-Executive Board Member of Credimo NV (BE). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	: None.
Other positions held	: Details are available on the website.

Christophe Boizard

(1959 – French – Executive - Male)

Chief Financial Officer, responsible for Finance, Treasury and ALM, Investor Relations and Performance Management.

First appointed	: 2015.
Term runs until	: Annual General Meeting of Shareholders in 2019.
Other positions within Ageas at the end of 2015	: Vice-Chairman of Ageas Asia Holdings Ltd. (HK) and Ageas Insurance Company (Asia) Ltd. (HK), Member of the Board of Directors of Royal Park Investments SA/NV (BE), AG Real Estate SA/NV (BE), Ageas France (FR), Cardif Lux Vie SA (LU) and member of Supervisory Board of Intreas N.V. (NL). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	: None.
Other positions held	: Details are available on the website.

Filip Coremans

(1964 – Belgian – Executive - Male)

Chief Risk Officer, responsible for Risk, Compliance, Legal and Support Functions (Human Resources, IT and Facility).

First appointed	: 2015.
Term runs until	: Annual General Meeting of Shareholders in 2019.
Other positions within Ageas at the end of 2015	: Member of the Boards of AG Real Estate (BE), of Ageas B.V. (NL), of Mbcp Ageas Grupo Segurador SGPS S.A. (PT), of Ocidental Vida S.A. (PT), of Ocidental Pensões (PT), of Ageas Portugal Holdings SGSP (PT), of Médis Companhia de Saude S.A. (PT) of Ocidental Companhia de Seguros S.A. (PT) and of IDBI Federal Life Insurance Co. Ltd. (India). Member of the Supervisory Board of Taiping Life Insurance Company Ltd. (China). See note 1 Legal structure, note 29 Non-controlling interests and note 14 Investments in associates for information on the participation interest in these entities.
Positions held with other listed companies	: None.
Other positions held	: Details are available on the website.

Company Secretary

Valérie Van Zeveren.

Attendance at Board and Committee meetings

Attendance at the meetings of the Board, Audit Committee, Risk & Capital Committee, Remuneration Committee and Corporate Governance Committee was as follows (it should be noted that the new members of the Board only started to attend meetings after their appointment as a Board Member):

	Board Meetings		Audit Committee meetings		Corporate Governance Committee meetings		Remuneration Committee meetings		Risk & Capital Committee meetings	
Name	Held	Attended	Held **	Attended	Held ***	Attended	Held ***	Attended	Held **	Attended
Jozef De Mey	10	10			5	5				1 *
Guy de Selliers de Moranville	10	10			5	5			8	8
Lionel Perl [1)]	10	10	7	5			6	2	8	8
Jan Zegering Hadders	10	10	7	7	5	5				
Roel Nieuwdorp	10	9			5	4	6	6		
Bart de Smet	10	10			5	5				
Jane Murphy	10	10	7	7			6	6		
Steve Broughton	10	10					6	6	8	8
Lucrezia Reichlin	10	7							8	6
Richard Jackson	10	10	7	7						
Davina Bruckner [2)]	10	10	7	3						
Christophe Boizard [3)]	10	6								
Filip Coremans [3)]	10	6								

* *Jozef De Mey attended these meetings as invitee.*
** *including the joint meetings RCC / AC.*
*** *including the joint meetings RC / CGC.*

1. *Lionel Perl joined the Remuneration Committee in May 2015.*
2. *Davina Bruckner joined the Audit Committee in May 2015.*
3. *Christophe Boizard and Filip Coremans joined the Board in May 2015.*

3.7 Report of the Remuneration Committee

In accordance with the Belgian Corporate Governance Act of 6 April 2010 the Ageas Remuneration Committee has drawn up a Remuneration report. Ageas will submit this report for approval to the General Meeting of Shareholders on 27 April 2016. The chairman of the Remuneration Committee will give a commentary on this report. On 29 April 2015, the 2014 report was approved by 98% of the shareholder votes.

3.7.1 Committee membership, attendance and external advisors

The Remuneration Committee consisted of the following three members: Roel Nieuwdorp (Chairman), Jane Murphy and Steve Broughton. As of September 2015 Lionel Perl joined the Remuneration Committee. The CEO, the CRO, in his capacity as ultimate head of HR, and the Group HR Director, attended the meetings of the Remuneration Committee, with the exception of matters relating to themselves. Attendance details can be found in section 3.6 Board of Directors.

As already mentioned, the Remuneration Committee is assisted by Towers Watson, an external professional services company. Towers Watson does not provide material compensation or benefits-related services to the Executive Committee of Ageas, or to any other part of the Ageas organisation.

3.7.2 Key objectives of the Remuneration Committee

The Remuneration Committee's three key objectives remain unchanged: to provide full transparency, to guarantee compliance with existing and upcoming Belgian legislation and European regulation and to be market compliant.

Transparency

In 2010 and 2011, the Board of Directors submitted for approval to the shareholders both the Remuneration Policy (for the Board and the Executive Committee as recommended by the Remuneration Committee) and the remuneration levels of the Board. The Board of Directors will continue to submit any update or modification to the shareholders for approval. The annual report of the Remuneration Committee provides insight into the work of the Remuneration Committee and the proposed evolutions, if any.

Compliance with new legislation

Ageas is closely monitoring existing and upcoming legislation trying to anticipate changes to the extent possible when appropriate.

Market compliance

The remuneration of both the Board of Directors and the Executive Committee is intended:

- to ensure the organisation's continued ability to attract, motivate and retain executive talent in an international marketplace;
- to promote achievement of demanding performance targets and long-term sustainable growth, this in order to align the interests of executives and shareholders in the short, medium and long term;
- to stimulate, recognise and reward both strong individual contribution and solid team performance.

3.7.3. Activity report of the Remuneration Committee

The Remuneration Committee convened six times in 2015 including three joint meetings with the Corporate Governance Committee.

The Remuneration Committee discussed and submitted recommendations to the Board of Directors on:

- the alignment of the Remuneration Policy with existing and upcoming legislation and regulations. (Belgian Corporate Governance Act, Capital Requirements Directive (CRD III and IV) and Solvency II). A specific analysis of the above mentioned regulations confirmed the compliance of the Ageas Remuneration policy;
- the benchmarking of the remuneration of the members of the Management Committee against current market practices. In particular, the Remuneration Committee discussed and submitted in 2015 an update of the methodology used for benchmarking;
- the review of the compensation of the members of the Management Committee based on the above analysis;
- the compensation of the newly appointed members of the Management Committee;
- the vesting of the LTI 2011 for the members of the Management Committee;
- the disclosure of the remuneration of Board and Executive Committee Members in the notes to the Annual Consolidated Financial Statements;
- the report of the Remuneration Committee as included in the Corporate Governance Statement;
- the share plan in favour of senior management excluding Members of the Ageas Management Committee.

In the joint meetings with the Corporate Governance Committee, the following topics were discussed and submitted to the Board of Directors for validation:

- the individual targets (quantitative and qualitative) for the members of the Management Committee;
- the targets for the business KPIs. The following KPIs were taken into account to determine the STI for the Executive Management for the financial year 2015:
  - annual Net Profit of the insurance activities;
  - Return on Equity (ROE) of the insurance activities;
  - Cost Ratio of the Life insurance activity;
  - Combined Ratio of the Non-life insurance activity, and
  - Embedded Value.
- the specific KPIs for the Group Risk Officer;
- the assessment of the results on the individual objectives and the business KPIs;
- the individual STI and LTI of the members of the Management Committee based on above assessment.

3.7.4 The Remuneration Policy

The full Remuneration Policy for Ageas Board Members and Group Executive Committee members, as approved by the General Meeting of Shareholders in April 2010 and reconfirmed by the shareholders in 2015, is attached to the Corporate Governance Charter (see annex 4 of the Corporate Governance Charter). The Remuneration Policy can be found at:
https://www.ageas.com/en/about-us/remuneration.

This policy describes the principles underlying remuneration, the relative importance of the various components of remuneration and the features of equity-linked remuneration and the applicable claw-back of variable income in the case of fraud or material misstatement.

It remains the opinion of the Remuneration Committee that the policy has been established in the spirit of the present standards with a deferral of the LTI and parts of the STI, and assessment of the performance during the period of deferral, and as such fits in with the current situation of the company.

3.7.5 Implementation of Remuneration Policy in 2015

Board of Directors

The remuneration levels of the non-executive members of the Board were approved by a vast majority of the shareholders in 2010. Based on the periodic review an adjustment was proposed and approved by the General Meeting of Shareholders in 2013.

During 2015 no changes were proposed as to the remuneration levels of the non-executive members of the Board of Directors.

The remuneration levels approved by the General Meeting of Shareholders in April 2013 continue to apply. These remuneration levels consist of a fixed annual remuneration on the one hand and an attendance fee on the other. The fixed annual remuneration amounts to EUR 90,000 for the Chairman and EUR 45,000 for the other Non-Executive Board Members. Non-Executive Board Members receive an attendance fee of EUR 2,000 per Board Meeting and EUR 1,500 per Board Committee Meeting. For the Chairman of the Board of Directors and the Board Committees, the respective attendance fees are set at EUR 2,500 per Board Meeting and EUR 2,000 per Board Committee Meeting. More detailed information on the remuneration of the Non-Executive Board Members in 2015 can be found in note 7 section 7.3 Remuneration of Board of Directors members and Executive Committee members in the Ageas Consolidated Financial Statements 2015.

Non-Executive Board Members do not receive annual incentives or stock options and are not entitled to pension rights. Non-Executive Board Members are not entitled to any termination indemnity.

The remuneration of the Executive Board Members is related exclusively to their position as member of the Executive Committee and is therefore determined in line with the Remuneration Policy for Executive Committee members.

In the framework of good corporate governance, to avoid the cascading of the decision process and to increase knowledge and awareness of the issues in the most important operating companies, the Board of Directors decided to assign most of its non-executive members to the Boards of Directors of some of the Ageas subsidiaries. To the extent that these positions are remunerated, the amounts paid out are disclosed in note 7 section 7.3 Remuneration of Board of Directors members and Executive Committee members in the Ageas Consolidated Financial Statements 2015.

In accordance with the Remuneration Policy and the remuneration levels described above, the total remuneration of all non-executive directors amounted to EUR 1.34 million in 2015, compared to EUR 1.26 million in 2014. For more detailed information, please refer to note 7 section 7.3 Remuneration of Board of Directors members and Executive Committee members in the Ageas Consolidated Financial Statements 2015.

Executive Committee

Both the level and the structure of remuneration for Ageas Executive Committee members are analysed annually. Upon the initiative of the Remuneration Committee, Ageas's competitive position is regularly reviewed by, and discussed with, Towers Watson and compared with that of other major European-based international insurance firms and other organisations operating on an international basis. In 2015 an update of the methodology was discussed and submitted to the Board of Directors for validation, this update, which was accepted, includes the following principles:

- As to the frame of reference: no changes were proposed as to the European peer group, BEL-20 reference data will exclude AB InBev data;
- As to the benchmarking position: the chosen position is based on comparable job grades;
- As to midmarket: all positions are compared with the median of the market.

Based on the assessment of the competitive positioning of the remuneration of the Executive Management in the second half of 2015, the Remuneration Committee recommended and the Board accepted the following recommendations, applicable as of 1 January 2016:

- to increase the base compensation of the CEO from EUR 575,000 yearly to EUR 650,000 yearly, well within the salary range of EUR 550,000 to EUR 750,000 as approved by the General Meeting of Shareholders in 2013. This recommendation takes into account the objective to position the base compensation according the median position of the selected peer group, the time lapse since the last adjustment and the evolution of the company over that period;
- to increase the base compensation of the CRO from EUR 425,000 yearly to EUR 450,000, in line with the decision taken in 2014 to increase the base compensation for ExCo members to this level on the first day of January following the date of one year's service in the appointed ExCo role at Ageas. This decision was taken when the CRO was not yet a member of the Board;
- to propose no further adjustments for the other members of the Executive Committee.

The Executive Committee consists of CEO Bart De Smet, CFO Christophe Boizard and CRO Filip Coremans, who are all executive members of the Board of Directors. The Remuneration Policy as described above applies to the members of the Executive Committee, and includes, but is not limited to, the rules on variable remuneration, severance pay and claw-back. In 2015, the total remuneration of the Executive Committee amounted to EUR 4.2 million compared to EUR 3.0 million in 2014.

As foreseen by the Remuneration Policy, the Executive Committee members are entitled to a short-term (STI) and a long-term incentive (LTI) regarding their performance over the year 2015:

- long-term incentive: the total shareholder return (TSR) of Ageas shares amounted to 52.1% in 2015, which was the first position in their peer group. The Remuneration Committee, jointly with the Corporate Governance Committee, thus recommended granting an LTI corresponding to 200% of the target for the year 2015 (target 45% of base compensation, range 0-90% of base compensation);
- short-term incentive: two components, the Ageas component accounting for 70% and the individual component accounting for 30%, are taken into account in the calculation of the STI. The Remuneration Committee, jointly with the Corporate Governance Committee, recommended that the Board takes the results of the following KPIs into account:
  - Net Profit of the insurance activities;
  - Return on Equity (ROE) of the insurance activities;
  - Cost Ratio Life Insurance;
  - Combined Ratio Non-life;
  - Embedded Value.

- taking into account individual performances, this led to the following STI-percentages (target 50% of base compensation, range 0-100% of base compensation):
  - CEO Bart De Smet: 120% of target;
  - CFO Christophe Boizard: 110% of target;
  - CRO Filip Coremans: 117% of target.

For each member of the Executive Committee, severance pay equals 12 months' salary which can in specific circumstances be increased to 18 months. (Including the non-competition provision).

More detailed information on the Remuneration Policy applicable to the Executive Committee is available in annex 4 of the Corporate Governance Charter: The remuneration for Ageas Board Members and Group Executive Committee members.

For more detailed information on individual remuneration and the number of granted, exercised and matured shares, share options and other rights to acquire shares, please refer to note 7 section 7.3 Remuneration of Board of Directors members and Executive Committee members in the Ageas Consolidated Financial Statements 2015.

3.7.6 Procedure followed to develop and assess/review the Remuneration Policy

Upon its appointment in April 2009, the Remuneration Committee formulated a completely new Remuneration Policy.
The Remuneration Committee reassesses the different elements of the Remuneration Policy and its compliance with existing legislation and regulation on a regular basis, assisted by the external advisor Towers Watson.

It remains the opinion of the Remuneration Committee that the policy, with amongst others a deferral of the LTI and parts of the STI, and assessment of the performance during the period of deferral, complies with present standards and regulations and as such fits in with the strategy of the company.

3.7.7 Outlook for Remuneration Policy in 2016

Ageas will continue to benchmark the structure of its Remuneration Policy against the competitive and regulatory environment as it has done in the past and will, if required, propose modifications or updates. Any modifications of the Remuneration Policy will be submitted for approval to the General Meeting of Shareholders.

Brussels, 15 March 2016

Board of Directors

AGEAS
consolidated
financial statements
2015

Consolidated statement of financial position

(before appropriation of profit)

	Note	31 December 2015	31 December 2014
Assets			
Cash and cash equivalents	*10*	2,394.3	2,516.3
Financial investments	*11*	66,547.2	68,174.8
Investment property	*12*	2,847.1	2,641.3
Loans	*13*	7,286.3	6,068.3
Investments related to unit-linked contracts		15,126.0	14,758.9
Investments in associates	*14*	2,841.4	2,221.3
Reinsurance and other receivables	*15*	2,013.9	1,991.7
Current tax assets	*24*	39.1	11.8
Deferred tax assets	*24*	131.2	106.4
Accrued interest and other assets	*16*	2,568.0	2,460.2
Property, plant and equipment	*17*	1,152.1	1,119.4
Goodwill and other intangible assets	*18*	1,539.2	1,488.6
Total assets		104,485.8	103,559.0
Liabilities			
Liabilities arising from Life insurance contracts	*20.1*	29,073.7	29,419.7
Liabilities arising from Life investment contracts	*20.2*	29,902.9	30,569.7
Liabilities related to unit-linked contracts	*20.3*	15,141.8	14,829.0
Liabilities arising from Non-life insurance contracts	*20.4*	7,463.5	7,147.6
Debt certificates	*21*		2.2
Subordinated liabilities	*22*	2,380.4	2,086.3
Borrowings	*23*	2,787.5	2,483.5
Current tax liabilities	*24*	82.8	84.8
Deferred tax liabilities	*24*	1,565.0	1,463.6
RPN(I)	*25*	402.0	467.0
Accrued interest and other liabilities	*26*	2,373.1	2,436.9
Provisions	*27*	175.0	171.4
Liabilities related to written put options on NCI	*28*	1,163.1	1,485.8
Total liabilities		92,510.8	92,647.5
Shareholders' equity	*19*	11,376.1	10,223.3
Non-controlling interests	*29*	598.9	688.2
Total equity		11,975.0	10,911.5
Total liabilities and equity		104,485.8	103,559.0

Consolidated income statement

	Note		2015		2014
Income					
- *Gross premium income*		*9,358.6*		*9,258.3*	
- *Change in unearned premiums*		*(31.0)*		*(12.0)*	
- *Ceded earned premiums*		*(291.7)*		*(354.4)*	
Net earned premiums	*33*		9,035.9		8,891.9
Interest, dividend and other investment income	*34*		3,008.5		2,994.1
Unrealised gain (loss) on RPN(I)	*25*		65.0		(96.9)
Result on sales and revaluations	*35*		192.0		349.0
Investment income related to unit-linked contracts	*36*		464.7		1,272.7
Share of result of associates	*37*		286.1		163.5
Fee and commission income	*38*		435.2		420.3
Other income	*39*		229.8		223.9
Total income			13,717.2		14,218.5
Expenses					
- *Insurance claims and benefits, gross*		*(8,610.0)*		*(8,834.7)*	
- *Insurance claims and benefits, ceded*		*102.5*		*251.2*	
Insurance claims and benefits, net	*40*		(8,507.5)		(8,583.5)
Charges related to unit-linked contracts			(562.2)		(1,337.1)
Financing costs	*41*		(167.0)		(167.8)
Change in impairments	*42*		(79.6)		(61.8)
Change in provisions	*27*		0.4		(137.5)
Fee and commission expenses	*43*		(1,273.4)		(1,300.3)
Staff expenses	*44*		(846.7)		(830.8)
Other expenses	*45*		(1,115.6)		(1,006.7)
Total expenses			(12,551.6)		(13,425.5)
Result before taxation			1,165.6		793.0
Tax income (expenses)	*46*		(226.0)		(137.2)
Net result for the period			939.6		655.8
Attributable to non-controlling interests			169.4		180.2
Net result attributable to shareholders			770.2		475.6
Per share data (EUR)					
Basic earnings per share	*4*		3.57		2.13
Diluted earnings per share	*4*		3.57		2.13

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be calculated as below.

	Note	2015	2014
Gross premium income		9,358.6	9,258.3
Inflow deposit accounting (directly recognised as liability)	*33*	1,307.9	1,140.8
Gross inflow		10,666.5	10,399.1

Consolidated statement of comprehensive income

	Note	2015		2014	
COMPREHENSIVE INCOME					
Items that will not be reclassified to the income statement:					
Remeasurement of defined benefit liability		*24.2*		*(107.4)*	
Related tax		*(8.5)*		*29.8*	
Remeasurement of defined benefit liability	7	15.7		(77.6)	
Total of items that will not be reclassified to the income statement:			15.7		(77.6)
Items that are or may be reclassified to the income statement:					
Change in amortisation of investments held to maturity		*23.9*		*25.9*	
Related tax		*(6.0)*		*(6.5)*	
Change in investments held to maturity	11	17.9		19.4	
Change in revaluation of investments available for sale [1]		*155.9*		*1,629.8*	
Related tax		*(48.1)*		*(504.8)*	
Change in revaluation of investments available for sale	11	107.8		1,125.0	
Share of other comprehensive income of associates	14	274.2		432.9	
Change in foreign exchange differences		192.4		329.7	
Total items that are or may be reclassified to the income statement:			592.3		1,907.0
Other comprehensive income for the period			608.0		1,829.4
Net result for the period			939.6		655.8
Total comprehensive income for the period			1,547.6		2,485.2
Net result attributable to non-controlling interests		169.4		180.2	
Other comprehensive income attributable to non-controlling interests		49.9		265.2	
Total comprehensive income attributable to non-controlling interests			219.3		445.4
Total comprehensive income attributable to shareholders			1,328.3		2,039.8

1) *Change in revaluation of investments available for sale, gross includes the revaluation of cash flow hedges and is net of currency differences and shadow accounting.*

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net result attributable to shareholders	Unrealised gains and losses	Share holders' equity	Non-controlling interests	Total equity
Balance as at 1 January 2014	1,727.8	2,854.1	2,080.4	(2.7)	569.5	1,296.0	8,525.1	804.9	9,330.0
Net result for the period					475.6		475.6	180.2	655.8
Revaluation of investments						1,300.0	1,300.0	277.3	1,577.3
Remeasurement IAS 19			(64.4)				(64.4)	(13.2)	(77.6)
Foreign exchange differences				328.6			328.6	1.1	329.7
Total non-owner changes in equity			(64.4)	328.6	475.6	1,300.0	2,039.8	445.4	2,485.2
Transfer			569.5		(569.5)				
Dividend			(310.6)				(310.6)	(366.9)	(677.5)
Treasury shares			(208.1)				(208.1)		(208.1)
Cancellation of shares	(18.4)	(61.0)	79.4						
Share-based compensation		3.0					3.0		3.0
Impact written put option on NCI [1]			201.4				201.4	(337.4)	(136.0)
Acquisition Médis and Ocidental Seguros [2]			(75.4)			3.0	(72.4)	(53.6)	(126.0)
Acquisition UBI Assicurazioni [3]			(40.1)				(40.1)	22.8	(17.3)
Sale part of AG Real Estate [4]			118.0				118.0	165.9	283.9
Other changes in equity [5]			(30.1)			(2.7)	(32.8)	7.1	(25.7)
Balance as at 31 December 2014	1,709.4	2,796.1	2,320.0	325.9	475.6	2,596.3	10,223.3	688.2	10,911.5
Net result for the period					770.2		770.2	169.4	939.6
Revaluation of investments						354.7	354.7	45.2	399.9
Remeasurement IAS 19			13.3				13.3	2.4	15.7
Foreign exchange differences				190.1			190.1	2.3	192.4
Total non-owner changes in equity			13.3	190.1	770.2	354.7	1,328.3	219.3	1,547.6
Transfer			475.6		(475.6)				
Dividend			(328.9)				(328.9)	(156.1)	(485.0)
Treasury shares			(251.5)				(251.5)		(251.5)
Cancellation of shares	(53.4)	(154.7)	208.1						
Share-based compensation		3.4					3.4		3.4
Impact written put options on NCI [1]			411.2				411.2	(84.9)	326.3
Restructuring Italy								(67.6)	(67.6)
Other changes in equity [5]			(9.7)	(4.1)		4.1	(9.7)		(9.7)
Balance as at 31 December 2015	1,656.0	2,644.8	2,838.1	511.9	770.2	2,955.1	11,376.1	598.9	11,975.0

1. Relates to the put option on AG Insurance shares and the put option on Interparking shares (only in 2015) (see note 28 Liabilities related to written put options NCI).
2. Relates to the acquisition of the non-controlling interests in Médis and Ocidental Seguros as per 30 June 2014. More information can be found in note 3 Acquisitions and disposals.
3. Relates to the acquisition of an additional share of 25% in UBI Assicurazioni. More information can be found in note 3 Acquisitions and disposals.
4. Relates to the sale of Interparking. More information can be found in note 3 Acquisitions and disposals.
5. Other changes in shareholders' equity includes an indemnity paid to BNP Paribas Fortis for the Ageas shares held related to the CASHES securities and the payment to holders of FRESH securities.

Consolidated statement of cash flow

	Note		2015		2014
Cash and cash equivalents as at 1 January	10		2,516.3		2,156.6
Result before taxation			1,165.6		793.0
Adjustments to non-cash items included in result before taxation:					
Remeasurement RPN(I)	25	(65.0)		96.9	
Result on sales and revaluations	35	(192.0)		(349.0)	
Share of results of associates	37	(286.1)		(163.5)	
Depreciation, amortisation and accretion	45	749.4		951.4	
Impairments	42	79.6		61.8	
Provisions	27	2.4		137.5	
Share-based compensation expense	44	3.4		3.0	
Total adjustments to non-cash items included in result before taxation			*291.7*		*738.1*
Changes in operating assets and liabilities:					
Derivatives held for trading (assets and liabilities)	11	(64.9)		39.6	
Loans	13	(1,199.0)		(93.2)	
Reinsurance and other receivables	15	12.4		(258.3)	
Investments related to unit-linked contracts		(266.7)		(561.6)	
Borrowings	23	157.5		51.1	
Liabilities arising from insurance and investment contracts	20.1 & 20.2 & 20.4	624.4		5,160.0	
Liabilities related to unit-linked contracts	20.3	133.2		553.0	
Net changes in all other operational assets and liabilities		(999.5)		(4,355.1)	
Dividend received from associates		82.0		98.8	
Income tax paid		(249.5)		(248.9)	
Total changes in operating assets and liabilities			*(1,770.1)*		*385.4*
Cash flow from operating activities			(312.8)		1,916.5
Purchases of financial investments	11	(12,188.9)		(11,563.0)	
Proceeds from sales and redemptions of financial investments	11	13,277.2		10,843.1	
Purchases of investment property	12	(71.9)		(107.6)	
Proceeds from sales of investment property	12	95.4		33.0	
Purchases of property, plant and equipment	17	(74.5)		(116.5)	
Proceeds from sales of property, plant and equipment	17	0.6		26.6	
Acquisitions of subsidiaries and associates (including capital increases in associates)	3	(318.6)		(275.5)	
Divestments of subsidiaries and associates (including capital repayments of associates)	3	19.9		622.4	
Purchases of intangible assets	18	(34.2)		(37.8)	
Proceeds from sales of intangible assets	18	1.4		16.9	
Cash flow from investing activities			706.4		(558.4)
Redemption of debt certificates	21	(2.2)		(65.9)	
Proceeds from the issuance of subordinated liabilities	22	393.9		58.8	
Redemption of subordinated liabilities	22	(154.9)			
Proceeds from the issuance of other borrowings	23	11.2		5.9	
Payment of other borrowings	23	(50.9)		(138.4)	
Purchases of treasury shares	19	(251.5)		(208.1)	
Dividends paid to shareholders of parent companies	6	(328.9)		(310.6)	
Dividends paid to non-controlling interests	6	(156.1)		(366.9)	
Cash flow from financing activities			(539.4)		(1,025.2)
Effect of exchange rate differences on cash and cash equivalents			23.8		26.8
Cash and cash equivalents as at 31 December	10		2,394.3		2,516.3
Supplementary disclosure of operating cash flow information					
Interest received	34	2,470.4		2,492.4	
Dividend received from financial investments	34	112.2		104.9	
Interest paid	41	(161.8)		(171.1)	

General Notes

1

Legal structure

ageas SA/NV, incorporated in Belgium with its registered office at Rue du Marquis 1/Markiesstraat 1, Brussels, Belgium, is the parent company of the Ageas Group. The Consolidated Financial Statements include the Summarised Financial Statements of ageas SA/NV (the parent company) and its subsidiaries.

A list of all Group companies and other participating interests has been filed with the National Bank of Belgium in Brussels. The list is available upon request, free of charge, from Ageas in Brussels.

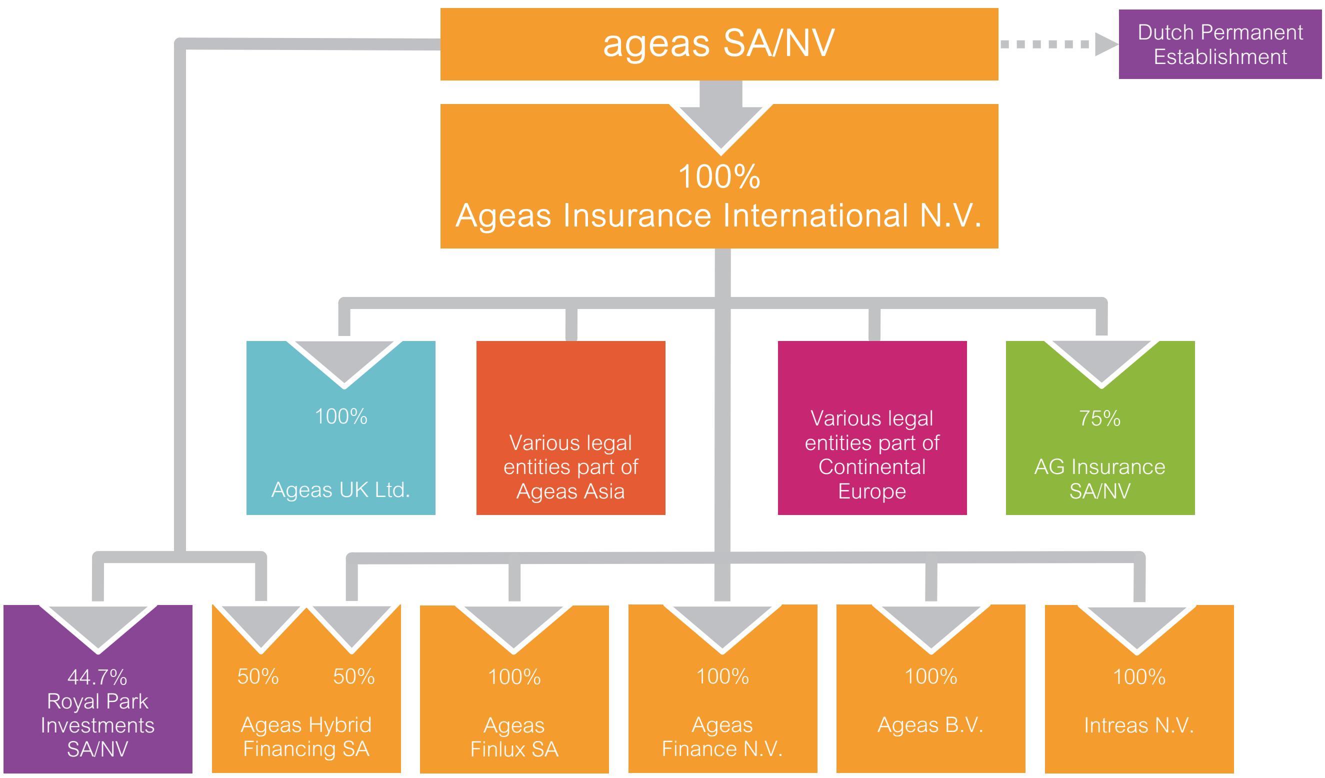
Ageas shares are listed on the regulated market of Euronext Brussels. Ageas has a sponsored ADR programme in the United States.

The main third-party shareholders of Ageas, based on the official notifications, as at 31 December 2015 are:
- Ping An 5.17%;
- BlackRock, Inc 4.98%;
- Schroders Plc 4.98%.

Beside these third-party shareholders, ageas holds 5.01% of its own shares. This interest is related to the FRESH (see note 19 Shareholders' equity and note 22 Subordinated liabilities) and the share buy-back programmes (see note 19 Shareholders' equity).

Ageas has pledged 46,715 shares of AG Insurance (7.4%) to BNP Paribas Fortis SA/NV as security for the complete and timely performance of the Relative Performance Note secured obligations (see note 25 RPN(I)).

The legal structure of Ageas is as follows.



The main subsidiaries of Ageas in Continental Europe are in Portugal, Millenniumbcp Ageas (51%), Ocidental Seguros (100%) and Médis (100%): in Italy, Cargeas Assicurazioni (50%): and in France, Ageas France (100%). Note that (i) on 30 August 2015, Ageas announced it had reached agreement with Beijing Tongchuangjiuding Investment Management Co. (currently renamed Tongchuangjiuding Investment Management Group Co., Ltd.) in relation to the sale of its wholly owned life insurance business in Hong Kong, (ii) on 10 August 2015, Ageas announced it had reached agreement with Muang Thai Life Assurance and Military Bank in relation to the establishment of a life insurance joint venture in Vietnam (not yet incorporated), (iii) on 28 May 2015, Ageas announced it had reached agreement with EastWest Bank in relation to the establishment of a life insurance joint venture in the Philippines, and (iv) on 7 August 2015, Ageas announced its intention to acquire AXA's insurance operations in Portugal.

Intreas N.V. is Ageas's internal Non-life reinsurer within the General account.

2 Summary of accounting policies

The Ageas Consolidated Financial Statements 2015 comply with International Financial Reporting Standards (IFRS) as at 1 January 2015, as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) on that date.

2.1 Basis of accounting

The accounting policies are consistent with those applied for the year ended 31 December 2014. Amended IFRS effective on 1 January 2015 with importance for Ageas (and endorsed by the EU) are listed in paragraph 2.2. The accounting policies mentioned here are a summary of the complete Ageas accounting policies, which can be found at:
https://www.ageas.com/en/about-us/supervision-audit-and-accounting-policies.

The Ageas Consolidated Financial Statements are prepared on a going concern basis and are presented in euros, the functional currency of the parent company of Ageas.

Assets and liabilities recorded in the statement of financial position of Ageas have usually a duration of more than 12 months, except for cash and cash equivalents, reinsurance and other receivables, accrued interest and other assets, accrued interest and other liabilities and current tax assets and liabilities.

The most significant IFRS for the measurement of assets and liabilities as applied by Ageas are:

- IAS 1 for presentation of financial statements;
- IAS 16 for property, plant and equipment;
- IAS 19 for employee benefits;
- IAS 23 for loans;
- IAS 28 for investments in associates;
- IAS 32 for written put options on non-controlling interests;
- IAS 36 for the impairment of assets;
- IAS 38 for intangible assets;
- IAS 39 for financial instruments;
- IAS 40 for investment property;
- IFRS 3 for business combinations;
- IFRS 4 for the measurement of insurance contracts;
- IFRS 7 for the disclosures of financial instruments;
- IFRS 8 for operating segments;
- IFRS 10 for consolidated financial statements;
- IFRS 12 for disclosure of interests in other entities;
- IFRS 13 for fair value measurements.

2.2 Changes in accounting policies

The following new or revised standards, interpretations and amendments to standards and interpretations became effective on 1 January 2015 (and are endorsed by the EU).

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The narrow scope amendments apply to contributions by employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting of contributions that are independent of the number of years of employee service: for example, employee contributions that are calculated according to a fixed percentage of salary.

Improvements to IFRS (2010-2012 cycle) issued on 12 December 2013

The topics addressed by the improvement project 2010-2012 which came into effect on 1 January 2015 are:

- IFRS 2 Share-based Payment: Definition of vesting condition;
- IFRS 3 Business Combinations: Accounting for contingent consideration in a business combination;
- IFRS 8 Operating Segments: Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets;
- IFRS 13 Fair Value Measurement: Short-term receivables and payables;
- IAS 16 Property, Plant and Equipment: Revaluation method—proportionate restatement of accumulated depreciation;
- IAS 24 Related Party Disclosures: Key management personnel;
- IAS 38 Intangible Assets: Revaluation method—proportionate restatement of accumulated amortization.

The impact of these IFRS amendments on our financial statements is limited.

Improvements to IFRS (2011-2013 cycle) issued on 12 December 2013

The topics addressed by the improvement project 2011-2013 which came into effect on 1 January 2015 are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards: Meaning of 'effective IFRS';
- IFRS 3 Business Combinations: Scope exceptions for joint ventures;
- IFRS 13 Fair Value Measurement: Scope of paragraph 52 (portfolio exception);
- IAS 40 Investment Property: Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

The impact of these IFRS amendments on our financial statements is limited.

Upcoming changes in IFRS EU

No new standards will become effective for Ageas on 1 January 2016 that would have a material impact on Shareholders' equity, Net result and/or Other Comprehensive Income.

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was issued by the IASB in July 2014. The new requirements will become effective in 2018, subject to endorsement by the EU. IFRS 9 replaces most of the current IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

The classification and measurement of financial assets under IFRS 9 will depend on both the entity's business model and the instrument's contractual cash flow characteristics. The classification of financial liabilities remains unchanged. The recognition and measurement of impairment under IFRS 9 is intended to be more forward-looking than under IAS 39. The hedge accounting requirements of IFRS 9 aim to simplify general hedge accounting.

At its September 2015 meeting, the International Accounting Standards Board agreed to propose an optional deferral of the IFRS 9 effective date at the reporting entity level for companies whose predominant activity is issuing contracts within the scope of IFRS 4 Insurance Contracts. Such companies would be able to defer application of IFRS 9 no later than reporting periods beginning on or after 1 January 2021. In this way, the implementation of IFRS 9 and the new insurance standard (IFRS 4 Phase II, which still needs to be issued) will be aligned.

The implementation of IFRS 9, if and when endorsed by the EU, may have a significant impact on Shareholder's equity, Net result and/or Other Comprehensive Income; also comparative information should be adjusted.

2.3 Accounting estimates

The preparation of the Ageas Consolidated Financial Statements in conformity with IFRS, requires the use of certain estimates at the end of the reporting period. In general these estimates and the methods used have been consistent since the introduction of IFRS in 2005. Each estimate by its nature carries a significant risk of material adjustments (positive or negative) to the carrying amounts of assets and liabilities in the next financial year.

The key estimates at the reporting date are shown in the table below.

31 December 2015	
Assets	**Estimation uncertainty**
Available for sale securities	
Financial instruments	
- Level 2	- The valuation model - Inactive markets
- Level 3	- The valuation model - Use of non-market observable input - Inactive markets
Investment property	- Determination of the useful life and residual value
Loans	- The valuation model - Parameters such as credit spread, maturity and interest rates
Associates	- Various uncertainties depending on the asset mix, operations and market developments
Goodwill	- The valuation model used - Financial and economic variables - Discount rate - The inherent risk premium of the entity
Other intangible assets	- Determination of the useful life and residual value
Deferred tax assets	- Interpretation of complex tax regulations - Amount and timing of future taxable income
Liabilities	
Liabilities for insurance contracts	
- Life	- Actuarial assumptions - Yield curve used in liability adequacy test - Reinvestment profile of the investment portfolio, credit risk spread and maturity, when determining the shadow LAT adjustment
- Non-life	- Liabilities for incurred but not reported claims - Claim adjustment expenses - Final settlement of outstanding claims
Pension obligations	- Actuarial assumptions - Discount rate - Inflation/salaries
Provisions	- The likelihood of a present obligation due to events in the past - The calculation of the best estimated amount
Deferred tax liabilities	- Interpretation of complex tax regulations
Written put options on NCI	- Estimated future fair value - Discount rate

For more detailed information on the application of these estimates, please refer to the applicable notes in the Ageas Consolidated Financial Statements. Note 5 Risk Management describes the way Ageas mitigates the various risks of the insurance operations.

2.4 Events after the reporting period

Events after the reporting period relate to events that occur between the date of the statement of financial position and the date when the Consolidated Financial Statements are authorised for issue by the Board of Ageas. Two types of events can be identified:

- events leading to an adjustment of the Consolidated Financial Statements if they provide evidence of conditions that existed at the date of the statement of financial position;
- events result in additional disclosures if they are indicative of conditions that arose after the date of the statement of financial position, and if relevant and material.

See note 49, Events after the date of the statement of financial position.

2.5 Segment reporting

Operating segments

Ageas's reportable operating segments are primarily based on geographical regions; the results are based on IFRS. The regional split is based on the fact that the activities in these regions share the same nature and economic characteristics and are managed as such.

The operating segments are:

- Belgium;
- United Kingdom (UK);
- Continental Europe;
- Asia;
- General Account.

Activities not related to insurance and elimination differences are reported separately from the Insurance activities in the fifth operating segment: General Account. The General Account comprises activities not related to the core insurance business, such as Group financing and other holding activities. In addition, the General Account also includes the investment in Royal Park Investments, Ageas's internal Non-life reinsurer Intreas, the liabilities related to CASHES/RPN(I) and the written put option on NCI.

Transactions or transfers between the operating segments are made under normal commercial terms and conditions that would be available to unrelated third parties. Eliminations are reported separately.

2.6 Consolidation principles

Subsidiaries

The Ageas Consolidated Financial Statements include those of ageas SA/NV (the parent company) and its subsidiaries. Subsidiaries are those companies, over which Ageas, either directly or indirectly, has the power to govern financial and operating policies so as to obtain benefits from the activities ('control'). Subsidiaries are consolidated from the date on which effective control is transferred to Ageas and are no longer consolidated from the date on which control ceases. Subsidiaries acquired exclusively with a view to resale are accounted for as non-current assets held for sale. The result on a sale of a portion of an interest in a subsidiary without a change in control is accounted for in equity.

Ageas sponsors the formation of Special Purpose Vehicles (SPVs) primarily for the purpose of asset securitisation transactions, structured debt issuance or to accomplish another well-defined objective. Some of the SPVs are bankruptcy-remote companies whose assets are not available to settle the claims of Ageas. SPVs are consolidated if, in substance, they are controlled by Ageas.

Intercompany transactions, balances, and gains and losses on transactions between Ageas companies are eliminated. Non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately on the statement of financial position and income statement. Subsequent to the date of acquisition, non-controlling interests comprise the amount calculated at the date of acquisition and the non-controlling interests' share of changes in equity since the date of acquisition.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether Ageas controls another entity.

Associates

Investments in associates are accounted for using the equity method. These are investments over which Ageas has significant influence, but does not control. The investment is recorded as Ageas's share of the net assets of the associate. The ownership share of net income for the year is recognised as share of result of associates and Ageas's share of the investment's post-acquisition direct equity movements is recognised in equity.

Gains on transactions between Ageas and investments accounted for using the equity method are eliminated to the extent of Ageas's interest. Losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Losses are recognised until the carrying amount of the investment is reduced to nil and further losses are only recognised to the extent that Ageas has incurred legal or constructive obligations or made payments on behalf of an associate.

Disposal of subsidiaries, businesses and non-current assets

A non-current asset (or disposal group, such as subsidiaries) is classified as 'held for sale' if it is available for immediate sale in its present condition and its sale is highly probable. A sale is highly probable where:

- there is evidence of management commitment;
- there is an active programme to locate a buyer and complete the plan;
- the asset is actively marketed for sale at a reasonable price compared to its fair value;
- the sale is expected to be completed within 12 months of the date of classification; and
- actions required to complete the plan indicate that it is unlikely that there will be significant changes to the plan or that it will be withdrawn.

The probability of shareholder's approval is considered as part of the assessment of whether the sale is highly probable. If regulatory approval is needed, a sale is only considered to be highly probable after this approval.

Non-current assets (or disposal groups) classified as held for sale are:

- measured at the lower of the carrying amount and fair value less costs to sell (except for the assets that are exempt from this rule such as IFRS 4 insurance rights, financial assets, deferred taxes and pension plans);
- current assets and all liabilities are measured in accordance with the applicable IFRS;
- not depreciated or amortised; and
- presented separately in the balance sheet (assets and liabilities are not offset).

The date of disposal of a subsidiary or disposal group is the date on which control passes. The Consolidated Income Statement includes the results of a subsidiary or disposal group up to the date of disposal. The gain or loss on disposal is the difference between (a) the proceeds of the sale and (b) the carrying amount of the net asset plus any attributable goodwill and amounts accumulated in other comprehensive income (for example, foreign translation adjustments and available-for-sale reserves).

2.7 Foreign currency

For individual entities of Ageas, foreign currency transactions are accounted for using the exchange rate at the date of the transaction. Outstanding balances in foreign currencies at year-end are translated at year-end exchange rates for monetary items.

Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items that are carried at fair value are translated using the exchange rate on the date that the fair values are determined. The resulting exchange differences are recorded in the income statement as foreign currency gains (losses), except for those non-monetary items whose fair value change is recorded as a component of equity.

The distinction between exchange differences (recognised in the Income Statement) and unrealised fair value results (recognised in equity) on available-for-sale financial assets is determined according to the following rules:

- the exchange differences are determined based on the evolution of the exchange rate calculated on the previous balances in foreign currency;
- the unrealised (fair value) results are determined based on the difference between the balances in euros of the previous and the new period, converted at the new exchange rate.

Foreign currency translation

Upon consolidation, the income statement and cash flow statement of entities whose functional currency is not the euro are translated into euros, at average daily exchange rates for the current year (or exceptionally at the exchange rate at the date of the transaction if exchange rates fluctuate significantly) and their statements of financial position are translated using the exchange rates prevailing at the date of the statement of financial position.

Translation exchange differences are recognised in equity. On disposal of a foreign entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Exchange differences arising on monetary items, borrowings and other currency instruments, designated as hedges of a net investment in a foreign entity are recorded in equity, until the disposal of the net investment, except for any hedge ineffectiveness that is immediately recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate on the date of the statement of financial position. All resulting differences are recognised in equity until disposal of the foreign entity when a recycling to the income statement takes place.

The following table shows the exchange rates of the most relevant currencies for Ageas.

	Rates at year end		Average rates	
1 euro =	2015	2014	2015	2014
Pound sterling	0.73	0.78	0.73	0.81
US dollar	1.09	1.21	1.11	1.33
Hong Kong dollar	8.44	9.42	8.60	10.30
Turkey lira	3.18	2.83	3.03	2.91
China yuan renminbi	7.06	7.54	6.97	8.19
Malaysia ringgit	4.70	4.25	4.34	4.34
Philippines Peso	51.00	54.44	50.52	58.98
Thailand baht	39.25	39.91	38.03	43.15

2.8 Measurement bases used in preparing the financial statements

The classification and measurement of assets and liabilities are based on the nature of the underlying transactions.

2.8.1 Financial assets

Management determines the appropriate classification of its investment securities at the time of purchase. Investment securities with a fixed maturity where management has both the intent and the ability to hold to maturity are classified as held to maturity. Investment securities with fixed or determinable payments that are not quoted in an active market and that upon initial recognition are not designated as held-for-trading nor as available-for-sale, are classified as loans and receivables. Investment securities to be held for an indefinite period of time, which may be sold in response to needs for liquidity or to changes in interest rates, exchange rates or equity prices, are classified as available for sale. Investment securities that are acquired for the purpose of generating short-term profits are considered to be held for trading.

Held-to-maturity investments are carried at amortised cost less any impairment charges. Any difference with the initial recognition amount resulting from transaction costs, initial premiums or discounts is amortised over the life of the investment using the effective interest method. If a held-to-maturity investment is determined to be impaired, the impairment is recognised in the income statement.

Loans and receivables are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are de-recognised or impaired, as well as through the amortisation process. For floating rate instruments, the cash flows are periodically re-estimated to reflect movements in market interest rates. If the floating rate instrument is initially recognised at an amount (almost) equal to the principal repayable, the re-estimation will have no significant effect on the carrying amount of the instrument and there will be no adjustment to the received interest, reported on an accrual basis. However, if a floating rate instrument is acquired at a significant premium or discount, this premium or discount will be amortised over the expected life of the instrument and included in the calculation of the EIR. The carrying amount is recalculated each period by computing the present value of estimated future cash flows at the actual effective interest rate. Any adjustments are recognised in profit or loss.

Held-for-trading assets and assets designated as held at fair value through profit or loss are carried at fair value. Changes in the fair value are recognised in the income statement. The (realised and unrealised) results are included in 'Result on sale and revaluations'. Interest received (paid) on assets (liabilities) held for trading is reported as interest income (expense). Dividends received are included in 'Interest, dividend and other investment income'.

The majority of Ageas's financial assets (being bonds and equity shares) are classified as available-for-sale and measured at fair value. Changes in the fair value are recognised directly in equity until the asset is sold, unless the asset is hedged by a derivative. These investments are carried at fair value with movements in fair value recognised through the income statement for the part attributable to the hedged risk and through equity for the remaining part.

For the insurance portfolios, where unrealised gains and losses on bonds have a direct impact on the measurement of the insurance liabilities, Ageas applies shadow accounting in accordance with IFRS 4. This means that the changes in the unrealised gains and losses will affect the measurement of the insurance liabilities and are therefore not part of equity.

2.8.2 Investment property and property held for own use

For reasons of comparability of performance in the Ageas Consolidated Financial Statements, Ageas did not opt in 2005 for the fair value model for investment property (with gains or losses arising from a change in the fair value recognised in profit or loss), but for the cost model, in line with the classification for property held for own use. After recognition as an asset, all property is carried at cost less any accumulated depreciation and any accumulated impairments. As a consequence, changes in the fair value of the property are not recognised in the income statement or in shareholders' equity, unless the property is impaired.

2.8.3 Investment in Associates

For associates where Ageas has significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee (but is not in control), Ageas applies the equity method of accounting for these associates. Ageas's share of the profit or loss is recognised in the income statement and revaluations are reported in shareholders' equity, while distributions received from the associate reduce the carrying amount of the investment.

2.8.4 Goodwill and other intangible assets

Goodwill arising from business combinations as from 1 January 2010

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over:

- Ageas's share in the net identifiable assets acquired and liabilities assumed, and
- net of the fair value of any previously held equity interest in the acquiree.

Any acquisition costs are directly expensed, except for the costs of issuing debt or equity securities, which are recognised in accordance with IAS 32 and IAS 39.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

If the business combination is achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Goodwill arising from business combinations prior to 1 January 2010

In comparison with the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured as the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additionally acquired share of interest did not affect previously recognised goodwill.

A contingent consideration was recognised if, and only if, Ageas had a present obligation, economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

Value of business acquired (VOBA)

Value of business acquired represents the difference between the fair value at acquisition date measured using Ageas's accounting policies and the subsequent carrying value of a portfolio of insurance and investment contracts acquired in a business or portfolio acquisition.

VOBA is recognised as an intangible asset and amortised over the income recognition period of the portfolio of contracts acquired.

Other intangible assets with finite life

Other intangible assets include intangible assets with a finite life, such as parking concessions, internally developed software that is not an integral part of the related hardware and licences that are generally amortised over their useful life using the straight-line method.

2.8.5 Financial liabilities

The measurement and recognition in the income statement depends on the IFRS classification of the financial liabilities, being: (a) financial liabilities at fair value through profit or loss, and (b) other financial liabilities measured at amortised cost.

2.8.6 Liabilities arising from insurance and investment contracts

Life insurance

These liabilities relate to insurance contracts, investment contracts with discretionary participation features (DPF) and investment contracts without DPF.

The DPF component concerns a conditional promise related to unrealised gains and losses. This promise remains therefore part of the unrealised gains and losses as included in equity. Once the promise becomes unconditional, the related amount is transferred to liabilities arising from Life insurance contracts.

For Life insurance contracts, future policy benefit liabilities are calculated using a net level premium method (present value of future net cash flows) on the basis of actuarial assumptions as determined by historical experience and industry standards. Participating policies include any additional liabilities relating to any contractual dividends or participation features. For some designated contracts, the future policy benefit liabilities have been re-measured to reflect current market interest rates.

Unit-linked contracts

Ageas's non-participating insurance and investment contracts are primarily unit-linked contracts where the investments are held on behalf of the policyholder and measured at fair value. Treasury shares and investments made in own debt instruments on behalf of policyholders are eliminated. The liabilities for such contracts are measured at unit value (i.e. fair value of the fund in which the unit-linked contracts are invested divided by the number of units of the fund).

Certain products contain guarantees, which are also valued at fair value and included in liabilities related to policyholders, with the change in the fair value recognised in the income statement. Insurance risks are taken into account on the basis of actuarial assumptions.

Shadow accounting

In some of Ageas's businesses, realised gains or losses on assets have a direct effect on all or part of the measurement of its insurance liabilities and related deferred acquisition costs. Ageas applies shadow accounting to the changes in fair value of the available-for-sale investments and of assets and liabilities held for trading that are linked to, and therefore affect, the measurement of the insurance liabilities.

Shadow accounting means that unrealised gains or losses on the assets, which are recognised in equity without affecting profit or loss, are reflected in the measurement of the insurance liabilities (or deferred acquisition costs or intangible assets) in the same way as realised gains or losses. This adjustment also covers the situation when market rates drop below any guaranteed rates. In that case an additional shadow accounting adjustment is made. This adjustment is also referred to as the shadow LAT (liability adequacy test). This adjustment is calculated on the assumption that the current portfolio would be sold at reporting date and reinvested under current market conditions.

Ageas has changed its assessment of the current market conditions to align these with those used for the LAT calculations. Previously, Ageas assumed that the reinvestments would return the Ageas Reference Rate (this consists of the risk free rate and the volatility adjustment). As from Q3 2015, the return is assumed to equal maturities and credit spreads in the existing portfolio. This change is classified as a change in accounting estimates and is applied prospectively. At the moment of the change, the impact of the change in assumptions had an insignificant impact on Ageas's equity as the (average) credit spread embedded in the current investment portfolio and (average) duration of the assumed reinvestment portfolio were approximately in line with the volatility adjustment of 22 BPS used when determining the risk-free rate and duration of the current investment portfolio.

The remaining unrealised changes in fair value of the available-for-sale portfolio (after application of shadow accounting) that are subject to discretionary participation features are classified as a separate component of equity.

An additional deferred profit sharing liability (DPL) is accrued based on a constructive obligation or the amount legally or contractually required to be paid on differences between statutory and IFRS income and unrealised gains or losses recorded in equity.

Non-life insurance

Claims and claim adjustment expenses are charged to the income statement as incurred. Unpaid claims and claim adjustment expenses include estimates for reported claims and provisions for claims incurred but not reported. Non-life liabilities for workmen's compensation business are presented at their net present value. Ageas does not discount its liabilities for claims other than for claims with determinable and periodic payment terms.

Liability Adequacy Test

The adequacy of insurance liabilities (liability adequacy test) is tested by each company at each reporting date. The tests are generally performed on legal fungible level for Life and on the level of line of business for Non-life. Ageas considers current best estimates of all contractual cash flows, including related cash flows such as (re)investment returns and expenses. The assumptions are internally consistent with those used for other modelling purposes, such as embedded value. For Life Insurance contracts, the tests include cash flows resulting from embedded options and guarantees. The present value of these cash flows is further determined by (a) using the current book yield of the existing portfolio, based on the assumption that reinvestments after the maturity of the financial instruments will take place at a risk-free rate plus volatility adjustment and (b) a risk-free discount rate allowing a company specific volatility adjustment based on EIOPA methodology (after the last liquid point the so called ultimate forward rate extrapolation is used).

The net present value of the cash flows is compared with the corresponding technical liabilities. Any shortfall is recognised immediately in profit or loss, either as a DAC or VOBA impairment or as a loss recognition. If, in a subsequent period, the shortfall decreases, the decrease will be reversed through profit or loss.

2.9 Measurement of impaired assets

An asset is impaired when its carrying amount exceeds its recoverable amount. Ageas reviews all of its assets at each reporting date for objective evidence of impairment. The carrying amount of impaired assets is reduced to the estimated recoverable amount.

If in a subsequent period the amount of the impairment on assets other than goodwill or available-for-sale equity instruments decreases, due to an event occurring after the write-down, the amount is reversed by adjusting the impairment and is recognised in the income statement. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment been recognised for the asset in prior years.

Financial assets

A financial asset (or group of financial assets) classified as available for sale, loans or receivables or held to maturity is impaired if there is objective evidence of one or more events (loss events or triggers, e.g. significant financial difficulty of the issuer) that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset (or group of financial assets) that can be reliably estimated.

For equity securities, the triggers used to determine whether there is objective evidence of impairment include, amongst others, the consideration whether the fair value is significantly (25%) below cost or has been below cost for a prolonged period (four consecutive quarters) at the date of the statement of financial position.

Investment property and property held for own use

Property is measured according to the cost model and impaired when the carrying amount exceeds the recoverable amount, which is the higher of either 'fair value less costs to sell' or 'value in use' (the expected present value of future cash flows, without deduction of transfer tax). At the end of each reporting period, Ageas assesses whether there is any indication that an asset may be impaired, considering various external (e.g. significant changes in the economic environment) and internal sources of information (e.g. plan to dispose). If any such indication exists (and only then), Ageas will estimate the recoverable amount of the property. Any impairment identified is recognised in the income statement. After the recognition of an impairment, the depreciation for future periods is adjusted based on the revised carrying amount less its residual value over the asset's remaining useful life.

Goodwill and other intangible assets

Goodwill is an intangible asset with an indefinite life and is like all other intangible assets with indefinite lives not amortised but tested for impairment at least annually. Intangible assets with finite lives are amortised over the estimated useful life and reviewed at each reporting date. Any impairment identified is recognised in the income statement.

Other assets

For non-financial assets, the recoverable amount is measured as the higher of the fair value less cost of disposal and the value in use. Fair value less cost of disposal is the price that would be received from the sale of an asset in an orderly transaction between market participants, after deducting any direct incremental disposal costs. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

2.10 Revenue recognition

2.10.1 Gross premium income

Premium income received

Premiums from Life insurance policies and investment contracts with discretionary participation features that are considered long duration type contracts are recognised as revenue when due from the policyholder. Estimated future benefits and expenses are offset against such revenue in order to recognise profits over the estimated life of the policies. This matching is accomplished by the establishment of liabilities of the insurance policies and investment contracts with discretionary participation features and by the deferral and subsequent amortisation of policy acquisition costs.

Premium income earned

For short duration type contracts (principally Non-life), premiums are recorded as written upon inception of the contract. Premiums are recognised in the income statement as earned on a pro-rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of the coverage.

2.10.2 Interest income and expense

Interest income and interest expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price including direct transaction costs. Interest income includes coupons earned on fixed and floating rate income instruments and the accretion or amortisation of the discount or premium.

Once a financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognised based on the effective interest rate that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

2.10.3 Realised and unrealised gains and losses

For financial instruments classified as available for sale, realised gains or losses on sales and divestments represent the difference between the proceeds received and the initial book value of the asset sold, minus any impairments recognised in the income statement after adjustment for the impact of any fair value hedge accounting.

For financial instruments carried at fair value through profit or loss, the difference between the carrying value at the end of the current reporting period and the previous reporting period is included in 'Result on sales and revaluations'.

For derivatives, the difference between the carrying clean fair value (i.e. excluding the unrealised portion of the interest accruals) at the end of the current reporting period and the previous reporting period is included in 'Result on sales and revaluations'.

Previously recognised unrealised gains and losses recorded directly in equity are transferred to the income statement upon derecognition or upon impairment of the financial asset.

2.10.4 Fee and commission income

Fees as integral part of effective interest rate

Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value through profit or loss, the fees are recognised as revenue when the instrument is initially recognised.

Fees recognised when services are provided

Fees are generally recognised as revenue when services are provided. If it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not considered a derivative, the commitment fee is recognised as revenue on a time proportion basis over the commitment period.

Fees recognised upon completion of the underlying transaction

Fees arising from negotiating, or participating in the negotiation of, a transaction for a third party are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete. Loan syndication fees are recognised as revenue when the syndication has been completed.

Fee revenue from investment contracts

This relates to contracts, without discretionary participation features, issued by insurance companies that are classified as investment contracts, because the covered insurance risk is not significant. Revenues from these contracts consist of fees for the coverage of insurance, administration fees and surrender charges. Fees are recognised as revenue when services are provided. Expenses include mortality claims and interest credited.

3 Acquisitions and disposals

The following significant acquisitions and disposals were made in 2015 and 2014. Details of acquisitions and disposals, if any, which took place after the date of the statement of financial position, are included in note 49 Events after the date of the statement of financial position.

3.1 Acquisitions in 2015

Exclusive negotiations to acquire AXA's insurance operations in Portugal

On 7 August 2015, Ageas confirmed the exclusive negotiations and intention to acquire AXA's share in its Portuguese insurance operations for a total consideration of EUR 190.8 million.

AXA's Portuguese operations comprise a Non-life business (99.7% stake), a Direct/internet Non-life business (100% stake), and a Life business (95.1% stake).

The combined operations will propel Ageas from number 6 to number 2 in Non-life in Portugal (based on gross written premiums), with a combined market share of 14.4%, alongside the existing leading position in Life.

This acquisition will be an important milestone in the development of Ageas's activities in Portugal currently operated by Ocidental Group. This transaction will accelerate a shift in business mix more towards Non-life, in line with Ageas's strategy to grow further in Non-life, and, at the same time, it will provide access to a direct/internet sales platform.

The transaction is expected to be completed in the first half of 2016 and is subject to regulatory approvals and customary closing conditions.

Life insurance joint venture in Vietnam

Ageas and Muang Thai Life Assurance signed an agreement with Military Commercial Joint Stock Bank (Military Bank) to establish a joint venture in Vietnam, which will be branded MB Ageas Life.

Under the agreement, Ageas will have an equity shareholding of 29% in the new company, Muang Thai Life Assurance 10%, and Military Bank 61%. It was further agreed that Military Bank and MB Ageas Life would enter into a 15-year exclusive bancassurance agreement. The total capital investment for the three partners will amount to around EUR 46 million.

Life insurance joint venture in Philippines

The joint venture called EastWest Ageas Life is a start-up company in which Ageas and EastWest Bank will both have an equal shareholding of 50%. It was further agreed that EastWest Bank and EastWest Ageas Life would enter into a 20-year exclusive distribution agreement.

Under the agreement, Ageas will contribute capital and funding in the initial 12 months for an estimated amount of USD 65 million or EUR 60 million (PHP 2,910 million). The initial capital injection amounts to USD 45 million or EUR 41 million (PHP 2,010 million) which is double the minimum regulatory capital required. Ageas contributed at 31 December 2015 an amount of EUR 29 million (PHP 1,510 million). Future funding will be dependent on the performance of the business.

Other acquisitions

In Q1 2015, AG Insurance acquired for EUR 86.7 million a stake of 36% in an equity associate named Spitfire, which comprises 23 retail warehouse parks in Germany.

In the second half of 2015, AG Real Estate acquired three real estate subsidiaries: Pleyel (acquired by redemption of a debt of EUR 80 million), Galeries Saint Lambert (EUR 78 million) and Immo 3 Jean Monnet (EUR 64 million). Furthermore, AG Insurance made some other acquisitions for a total amount of around EUR 60 million.

3.2 Disposals in 2015

Life insurance business in Hong Kong

Ageas has agreed to sell its Life insurance business in Hong Kong to JD Capital (Beijing Tongchuangjiuding Investment Management Co.) for a cash consideration of HKD 10,688 million (EUR 1,267 million at 31 December 2015). The transaction is expected to be completed in the first half of 2016 and is subject to regulatory approvals and customary closing conditions.

The book value of the Hong Kong operations amounted to EUR 1,021 million as per 31 December 2015. Based on these full-year 2015 figures and still subject to closing adjustments, the transaction is expected to have an impact on the net result of around EUR 450 million at the time of closing.

The Life insurance business in Hong Kong contributed EUR 4,940 million in assets and EUR 3,919 million in liabilities to the Asia segment as at 31 December 2015. Total net result for the period amounted to EUR 54 million (see note 9 Information on operating segments).

To manage part of the foreign currency risk on the Hong Kong dollar related to this agreement, Ageas has bought a cash flow hedge. This hedge mitigates the risk of the depreciation of the Hong Kong dollar and has a notional amount of EUR 612 million, a maturity of nine months and a strike price of 1 EUR = 8.82 HKD. At 31 December 2015, the fair value of this hedge amounted to EUR 7 million.

There were no material disposals during 2015.

3.3 Acquisitions in 2014

UBI Assicurazioni

On 5 August 2014, Ageas and BNP Paribas Cardif reached an agreement with UBI Banca to acquire the remaining 50% – 1 share in the share capital of UBI Assicurazioni (UBIA), for a total amount of EUR 75 million plus additional commissions subject to a closing adjustment.

UBIA is one of the leading Non-life bancassurance players in the Italian market. This transaction completes the 2009 joint acquisition of the majority stake in UBIA.

The transaction was closed at year-end 2014. Ageas paid EUR 46 million to acquire the additional 25%. Since Ageas already controlled UBI Assicurazioni the acquisition did not result in any purchase accounting. However, the acquisition resulted in a decrease of EUR 40 million in Ageas's shareholders equity due to the fact that the purchase consideration including the fair value of the additional commissions was above the net asset value.

BNP Paribas Cardif and Ageas jointly own 100% of UBIA with Ageas holding 50% + 1 share and BNP Paribas Cardif 50% - 1 share. Both shareholders agreed to further expand UBIA's activities in Italy, in order to continue the development of Non-life insurance products and services, including car and household insurance. At the same time, UBI Banca has agreed to renew and extend its long-term distribution agreement with UBIA. UBI Assicurazioni has been renamed Cargeas Assicurazioni.

Médis and Ocidental Seguros

MBCP Ageas, the joint venture with Banco Comercial Português (BCP) owned for 51% by Ageas, has dividended out its shares in the Non-life companies to its two shareholders together with a capital distribution of EUR 225 million. Ageas has taken full ownership of these Portuguese Non-life activities by acquiring MBCP's 49% stake on 30 June 2014 for an amount of EUR 126 million. The transaction includes a one-off price adjustment after four years to reflect actual versus projected commercial performance through the MBCP network.

In accordance with IFRS, Ageas did not recognise goodwill on this transaction since Ageas already controlled these companies. The difference between the acquisition price and the book value of the assets and liabilities amounting to EUR 72.4 million has been deducted from shareholders' equity.

Other acquisitions

On 2 April 2014, Ageas France acquired an additional stake of 16% in equity associate Sicavonline. Due to this acquisition, the Ageas share in Sicavonline became 65% and Ageas gained control over Sicavonline. As of this date, Sicavonline is therefore fully consolidated within the Ageas consolidation scope. The amounts relating to this transaction were relatively small. The total goodwill recognised amounted to EUR 9.9 million. A EUR 1.1 million gain was recognised on the derecognition of the equity associate when control was established and the entity was fully consolidated.

On 15 April 2014, AG Insurance acquired Kievit, a group of real estate companies, for an amount of EUR 145.1 million. In December 2014, AG Insurance acquired Sofa Invest, a real estate entity, for an amount of EUR 48.7 million.

3.4 Disposals in 2014

Interparking

On 18 July 2014, AG Real Estate, the majority (90%) shareholder of Interparking, signed an agreement with CPP Investment Board European Holdings S.àr.l (CPPIBEH), a wholly owned subsidiary of Canada Pension Plan Investment Board (CPPIB), to sell CPPIBEH a 39% stake in Interparking.

The parties have agreed on a purchase price of EUR 380 million for the 39% share, based on a 2013 EBITDA valuation multiple of around 13.

The transaction was closed in November 2014. AG Insurance has retained control of Interparking. Because of this control, the net capital gain of EUR 138 million realised on this transaction has directly been accounted for in shareholders' equity.

At the same time, AG Real Estate granted an unconditional put option on its 10.05% ownership to Parkimo, the present minority shareholder of Interparking. The put option has been measured at the fair value of the expected settlement amount (EUR 88 million) and the resulting liability is classified under the heading 'Liabilities related to written put options on NCI' in the statement of financial position. As a result of this reclassification, non-controlling interests decreased by EUR 69 million and shareholders' equity decreased by EUR 19 million.

Ageas Protect

On 31 December 2014, Ageas completed the sale of its 100% shareholding in Ageas Protect Limited (its Life Protection company in the UK) to AIG for a total consideration of GBP 197 million (EUR 253 million). The sale of the UK Life activities generated a net gain of EUR 33 million, including interest. This capital gain is included in the Income Statement in the line Result on sales and revaluations.

The impact of the sale of Ageas Protect on Ageas's consolidated statement of financial position at the date of the sale was as follows.

Assets		Liabilities	
Cash & cash equivalents	38	Liabilities arising from Life insurance contracts	394
Financial investments and loans	114	Current and deferred tax liabilities	11
Reinsurance and other receivables	436	Accrued interest and other liabilities	166
Accrued interest and other assets	154		
		Total liabilities	571
		Equity	171
Total Assets	742	Total liabilities and equity	742

Louvresse development

On 23 July 2014, AG Real Estate concluded the sale of 80% of Campus Cristal (Louvresse development) resulting in a capital gain of EUR 77 million (see note 35 Result on sales and revaluations). The remaining 20% is reported as equity associate.

3.5 Assets and liabilities of acquisitions and disposals

The table below provides details of the assets and liabilities resulting from the acquisition or disposal of subsidiaries and/or associates at the date of acquisition or disposal.

		2015		2014
	Acquisitions	Disposals	Acquisitions	Disposals
Assets and liabilities of acquisitions and divestments				
Cash and cash equivalents	3.1		24.6	(38.4)
Financial investments			1.3	(113.9)
Investment property	313.0		341.2	(202.1)
Loans	12.4			186.5
Investments in associates, including capital (re)payments	147.5	(19.8)	45.1	
Reinsurance and other receivables	9.5		10.6	(438.6)
Current and deferred tax assets	0.8		0.2	
Accrued interest and other assets	1.3		2.8	(154.0)
Property, plant and equipment	10.7		3.5	(0.6)
Goodwill and other intangible assets	23.0		46.6	(0.2)
Liabilities arising from insurance and investment contracts				(393.8)
Borrowings	135.6		153.9	
Current and deferred tax liabilities	37.7		40.8	(15.1)
Accrued interest and other liabilities	15.5		20.8	(117.6)
Provisions	2.7		0.4	
Non-controlling interests	8.1			232.0
Changes in equity related to acquisitions and divestments			(40.1)	137.8
Net assets acquired / Net assets disposed of	321.7	(19.8)	300.1	(552.0)
Result of disposal, gross		0.1		108.8
Result on discontinued operations, net of taxes		0.1		108.8
Cash used for acquisitions / received from disposals:				
Total purchase consideration / Proceeds from sale	(321.7)	19.9	(300.1)	660.8
Less: Cash and cash equivalents acquired / divested	3.1		24.6	(38.4)
Cash used for acquisitions / received from disposals	(318.6)	19.9	(275.5)	622.4

The positive amount relating to loans in 2014 shown in the disposals column relates to loans to former 100% subsidiaries.

In 2014, Ageas decreased its interest in Campus Cristal (Louvresse development) to 20% (see section 3.4 Disposals in 2014 of this note).

The total purchase consideration for acquisitions of subsidiaries and associates amounted to EUR 321.7 million in 2015 (2014: EUR 300.1 million). There were no capital increases by non-controlling interests in 2015 and 2014.

The increase in non-controlling interests under disposals in 2014 relates to the sale of part of Interparking (see section 3.4 Disposals in 2014 of this note).

4 Earnings per share

The following table details the calculation of earnings per share.

	2015	2014
Net result attributable to shareholders	770.2	475.6
Amortisation of costs of restricted shares	3.4	3.0
Net result used to determine diluted earnings per share	773.6	478.6
Weighted average number of ordinary shares for basic earnings per share (in thousands)	215,537	223,064
Adjustments for:		
- restricted shares (in thousands) expected to be awarded	595	563
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	216,132	223,627
Basic earnings per share (in euro per share)	3.57	2.13
Diluted earnings per share (in euro per share)	3.57	2.13

In 2015, weighted average options on 1,401,536 shares (2014: 1,738,337) with a weighted average exercise price of EUR 226.59 per share (2014: EUR 218.94 per share) were excluded from the calculation of diluted EPS because the exercise price of the options was higher than the average market price of the shares.

During 2015 and 2014, 4.0 million Ageas shares arising from the FRESH were excluded from the calculation of diluted earnings per share because the interest per share saved on these securities was higher than the basic earnings per share.

Ageas shares totalling 4.64 million (31 December 2014: 4.64 million) issued in relation to CASHES are included in the ordinary shares although they are not entitled to dividend nor do they have voting rights (see also note 47 Contingent liabilities).

5 Risk Management

As a multinational insurance provider, Ageas creates value through the acceptance, warehousing and transformation of risks that can be properly managed either at the individual or at the overall portfolio level. Ageas's insurance operations provide both Life and Non-life insurances and as such face a number of risks that, whether internal or external, may affect Ageas's operations, its earnings, its share price, the value of its investments or the sale of certain products and services. Besides insurance operations, General Account mainly comprises activities not related to the core insurance business, such as Group Risk & Finance and other holding activities.

The fundamental principle underlying the Risk Strategy of Ageas is to maximise shareholder value within the constraints of the Risk Appetite Framework, taking into account the protection of policyholders. To this end, the risk exposures of Ageas are directed towards businesses that provide attractive risk-adjusted returns.

This chapter therefore conveys how risks are managed. Firstly, Ageas's Risk Management Framework will be explained through its risk taxonomy and through an explanation of its Risk Appetite Framework. Secondly, Ageas's Risk Management organisation and governance will be detailed. Finally, Ageas's main risk exposures and the specific risk management frameworks applicable to them will be presented with regard to financial risks, insurance liability risks, operational risks and other risks.

The embedding of the Risk Strategy takes place in the Performance Management cycle, articulated around the annual Strategic Planning and ORSA (Own Risk and Solvency Assessment) process, supported by relevant modelling approaches. Those are an intrinsic part of the gathering of information that is a crucial contributor to the proper realisation of forecasts and projections based on specific events and parameters (which in turn are embedded, among others, in key performance indicators and in pricing value propositions).

5.1 Risk Management Framework

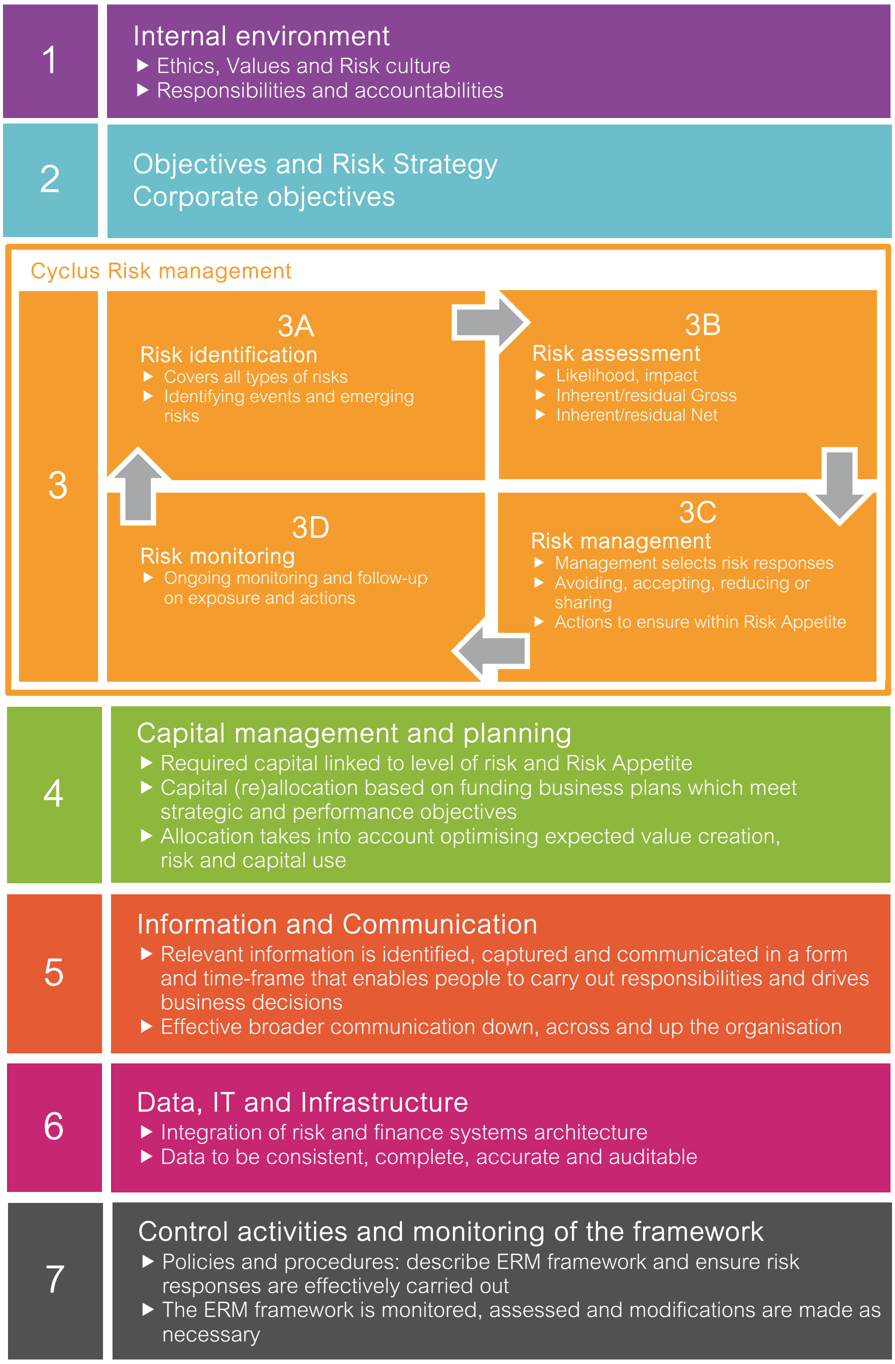
Ageas defines risk as the deviation from anticipated outcomes that may have an impact on the solvency, earnings or liquidity of Ageas, its business objectives or future opportunities. Ageas's risks stem from its exposure to external or internal risk factors in conducting its business activities. Ageas seeks to only take on risks that:

- it understands well;
- can be adequately managed either at the individual or at the overall portfolio level;
- it can afford (i.e. within the Ageas Risk Appetite);
- present an acceptable risk/reward trade-off.

To ensure that all material risks are understood and effectively managed, Ageas puts in place an ERM framework that:

- ensures that risks which affect the achievement of strategic objectives are identified, assessed, monitored and managed;
- defines a risk appetite to ensure that the risk of insolvency is kept at all times at acceptable levels and then ensures that the risk profile is kept within the risk appetite;
- supports the decision making process by ensuring that consistent, reliable and timely risk information is available to the decision makers;
- creates a culture of risk awareness in which each manager carries out his duty to be aware of the risks of his business, to manage them adequately and report them transparently.

Schematically it can be further described as per below:



Ageas's risk taxonomy will be described next, followed by a description of Ageas's Risk Appetite Framework.

5.1.1 Risk taxonomy

Ageas's risk taxonomy has been developed to ensure a consistent and comprehensive approach to risk identification, assessment, management and monitoring by highlighting and defining all identified risks within the Group. It serves as the basis for all risk management efforts. It is divided into four broad categories: financial risks, insurance liability risks, operational risks and other risks.

Ageas has in place a Group-wide Key Risk report process to identify key risks that could impact the realisation of its objectives. It also assesses the control framework in place to ensure that these risks are managed on an on-going basis. Each business follows up on their key risks at least on a quarterly basis and the most significant risks are also monitored at Group level. A wide range of internal and external sources is used in the identification of the key risks.

Identified risks, categorised in accordance with the Ageas risk taxonomy are assessed and reported to Ageas Group by the various entities using a standard likelihood and impact grid which provides an overview of the overall level of concern that each risk represents (i.e. their materiality). The risks are qualitatively assessed in relation to the objectives that they are associated with.

Group Risk consolidates all reports and the consolidated view is then discussed at the level of the Ageas Risk Committee, Executive Committee, Management Committee, Risk & Capital Committee as well as the Board of Directors. These bodies are described in section 5.2.

Total Risk

Financial Risk	Insurance Liability Risk	Operational Risk	Other Risk
Market Risks ▶ Interest rate (real & nominal) ▶ Equity ▶ Spread ▶ Currency ▶ Property ▶ Market Risk Concentration Default Risk ▶ Counterparty Default ▶ Investment Default Liquidity Risk	Life Underwriting Risks ▶ Mortality ▶ Longevity ▶ Disability/Morbidity ▶ Lapse/Persistency ▶ Expense ▶ Revision P/C Underwriting Risks ▶ Premium ▶ Reserve ▶ Lapse Health Underwriting Risks Similar to Life Techniques ▶ Mortality ▶ Longevity ▶ Disability/Morbidity ▶ Lapse/Persistency ▶ Expense ▶ Revision Non-Similar to Life Techniques ▶ Premium ▶ Reserve ▶ Lapse Catastrophe Risks	Clients, Products and Business Practices Execution, Delivery and Process Management Business Disruption and System Failures Employee Practices & Workplace Safety Internal Fraud External Fraud Damage to Physical Assets	Regulatory change Risk Competitor Risk Distribution Risk Reputation Risk Country Risk Economic Environment Risk Inflation Risk Other Environment Risk Concentration Risk Intangible Asset Risks Strategic Risk

5.1.2 Risk Appetite

The Risk Appetite Framework of Ageas - approved by its Board of Directors - provides the formal boundaries for risk taking. The purposes of the Risk Appetite are to ensure that:

- the exposure to a number of key risks of each subsidiary and the Group as a whole remain within known, acceptable and controlled levels;
- Risk Appetite criteria are clearly defined, so that actual exposures and activities can be compared to the criteria agreed at Board level, allowing monitoring and positive confirmation that risks are controlled and that the Board is able and willing to accept these exposures;
- Risks limits are linked to the actual risk taking capacity of a subsidiary and Group in a transparent and straightforward way.

Ageas's Risk Appetite Framework applies to all subsidiaries of Ageas, defined as entities of which Ageas, directly or indirectly, holds operational control. The Group will advise similar risk management principles, where possible, to new and existing equity associates, defined as entities of which Ageas, directly or indirectly, does not hold operational control.

The Risk Appetite Framework consists of criteria that are used to formulate the willingness of management to take on risk in a specific area. Criteria can be expressed in either quantitative or qualitative terms, depending on their nature. The Group and each subsidiary are therefore required to formulate a Risk Appetite Statement, which contains:

- the criteria which define their Risk Appetite;
- the measures to be employed for each criterion;
- the quantitative or qualitative limits that are to be adhered to for each criterion.

At Group level, the following criteria will be subjected to limits:

- Solvency;
- Earnings;
- Liquidity.

Ageas's Risk Appetite Statements concerning solvency:

Ageas's risk exposures must be limited in order to ensure that at all times its:

- Risk consumption (RC) remains below Ageas's Risk Appetite (RA) budget, set at 40% of own funds (OF);
- Capital consumption (CC) remains below target capital (TC);
- Own funds remain higher than minimum acceptable capital (MAC).

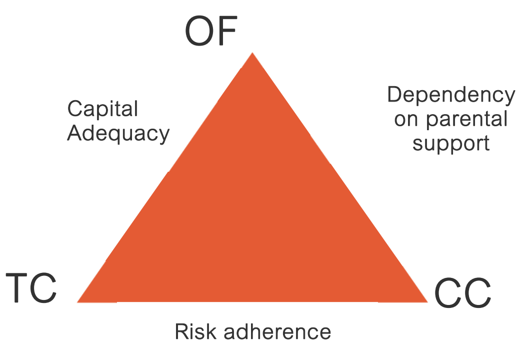
In these statements:

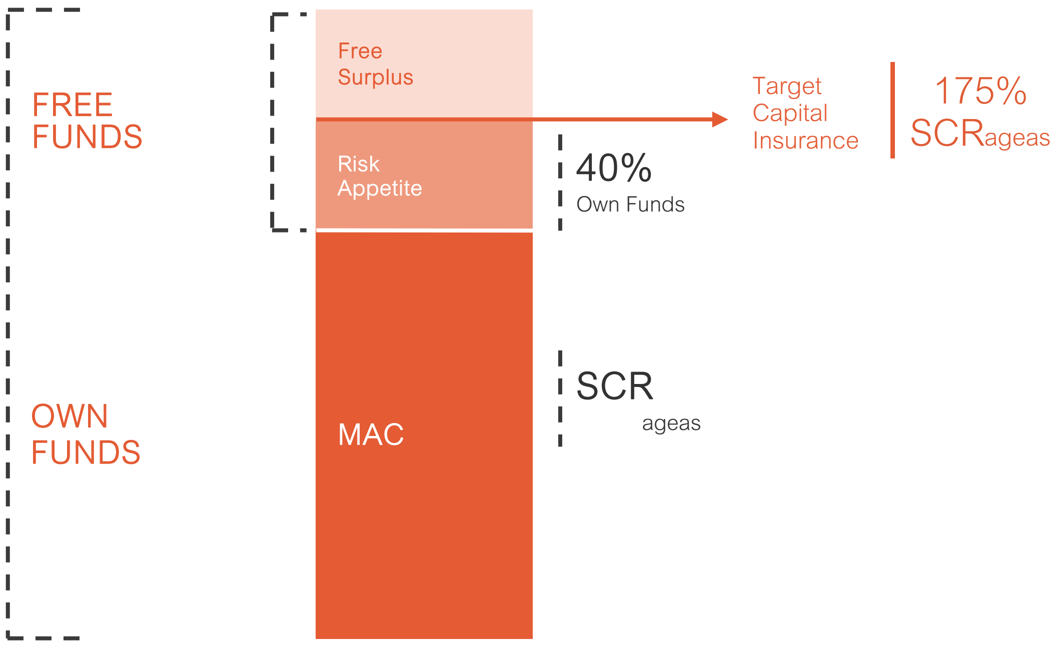
- RC is the level of economic capital required by Ageas's current risk profile, consistent with a 1 in 30 year loss;
- RA is the level of capital in excess of the minimum acceptable capital which is made available to the Group or to its subsidiaries in order to take risks;
- CC is the total level of economic capital being consumed by Ageas or its subsidiaries based on its current risk profile, defined as the sum of the minimum available capital and the risk consumption;
- TC is the total level of capital being made available to the Group or its subsidiaries for risk taking purposes. It is defined as sum of the minimum acceptable capital and the Risk Appetite budget;
- MAC is the level of capital below which the Group or subsidiary is considered to be in financial distress. It is defined as 100% of SCR_{ageas} under Solvency II (was 125% of required minimum margin under Solvency I). For the definition of SCR_{ageas} see next paragraph).

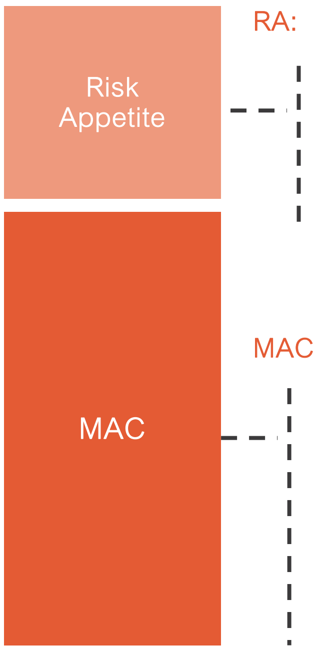
When risk consumption exceeds Risk Appetite at either Group or subsidiary level, it is the responsibility of management to recommend remedies to the (Group or subsidiary) Boards for them to take action.

This framework supports both the capital management and risk management activities of Ageas:

Under this Risk Appetite Framework, Ageas is targeting a solvency ratio, based on its SCR_{ageas}, of 175%.







RA: **Risk Appetite**

- Budget agreed upon within the Board for taking risk in pursuit of strategic objectives
- RA limited to 40% Insurance Own Funds
- Measured under 1/30 loss event
- Quarterly stress test on actual Risk Consumption
- Local risk profile & local risk appetite

MAC: **Minimum Acceptable Capital**

- Capitalisation level we really want to protect
- Group target: MAC = SCR_{ageas}

Measuring capital adequacy

Under Solvency II, Ageas uses a Partial Internal Model (PIM) (for Non-life at the level of some entities) to measure its Solvency Capital Requirement under pillar 1. Ageas supplements the PIM Non-life with its own internal view to measure its Solvency Capital Requirements (called SCR_{ageas}) under pillar 2. On top of the internal model Non-life, the SCR_{ageas} enhances the standard formula with the following elements:

- Review of spread risk treatment:
  - Excludes non-fundamental spread risk for corporate bonds based on EIOPA input in line with calibration volatility adjustment;
  - Covers fundamental spread risk for government bonds, based on standard formula capital charges for corporate bonds (in line with EIOPA prescription, excluding non-fundamental spread and done in same way as for corporate bonds).

The SCR_{ageas} is a one-year value at risk (VaR) measure for Solvency II own funds. In principle, any desired probability could be used for defining the VaR limits. However, Ageas does not have a full internal model. As a consequence two probabilities are currently reported, i.e.:

- a VaR corresponding to a 99.5% probability of solvency over one year (the 1 in 200);
- a VaR corresponding to a 96.67% probability of solvency over one year (the 1 in 30).

This SCR_{ageas} is then compared with qualifying own funds to determine the Group's overall capital adequacy.

Overall capital adequacy is verified on a Group-wide basis, quarterly and annually:

- Through a quarterly Risk report, Ageas's Board of Directors ensures that capital adequacy continues to be met on a current basis;
- Ageas's Board also proactively assesses and steers the Group's capital adequacy on a multi-year basis, taking into account strategy and forecasted business and risk assumptions. This is done through a process called Own Risk & Solvency Assessment, which is embedded into Ageas's multi-year budgeting and planning processes.

The main risks that are measured for capital requirements under Solvency II are:

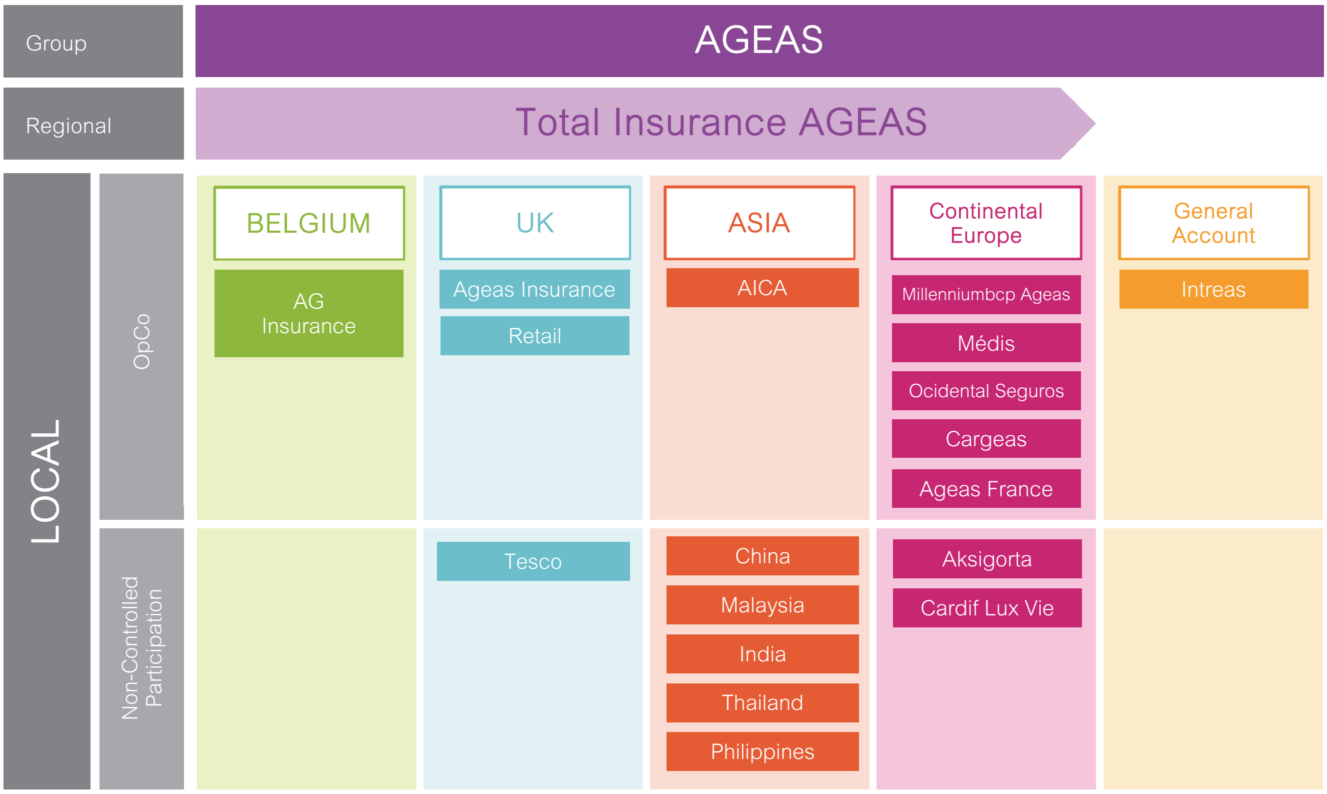
- financial risks
- insurance liability risks
- operational risks
- other risks

These risks are further detailed in section 5.3.

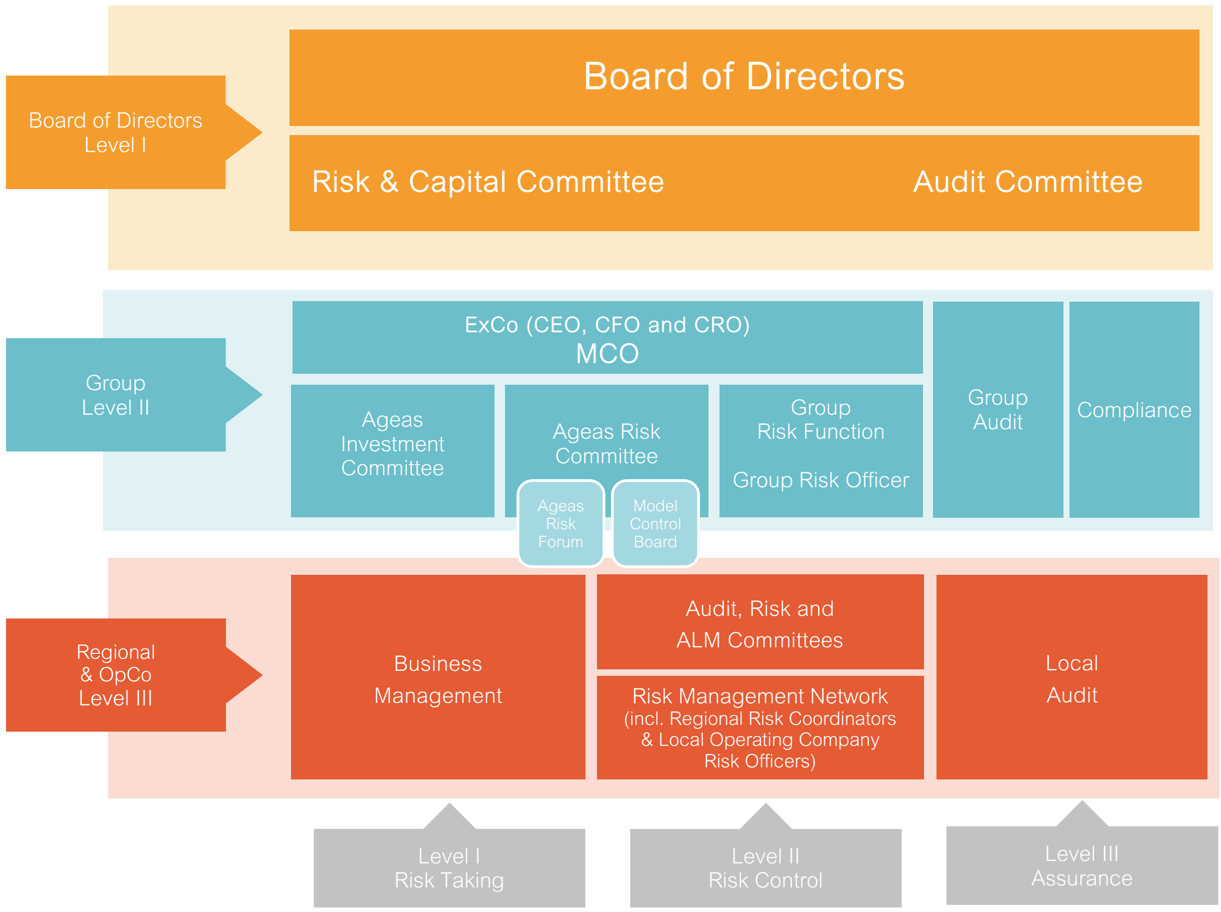
5.2 Risk management organisation and governance

The Ageas Risk Management Framework takes into account the management structure of Ageas, which is articulated around the Ageas Group, regions (set of entities with common regional oversight) and local entities. A company at local level is considered either an operating company (also referred to as OpCo or called subsidiary) or a non-controlled participation (also called equity associate).

Management is further organised around the concept of Governance unit defined by the Ageas Board as a legal entity or a set of legal entities sharing identical boards regardless of regulatory supervision. Governance units can be present at regional and/or local level.



The Board is ultimately responsible for the overall Risk Management. It is assisted in the discharge of its duties by several key governance bodies as depicted below and explained further down in this section:



To monitor the design of the overall risk and control framework, detect deficiencies and optimise its risk management framework, Ageas has adopted the 'three lines of defence' approach:

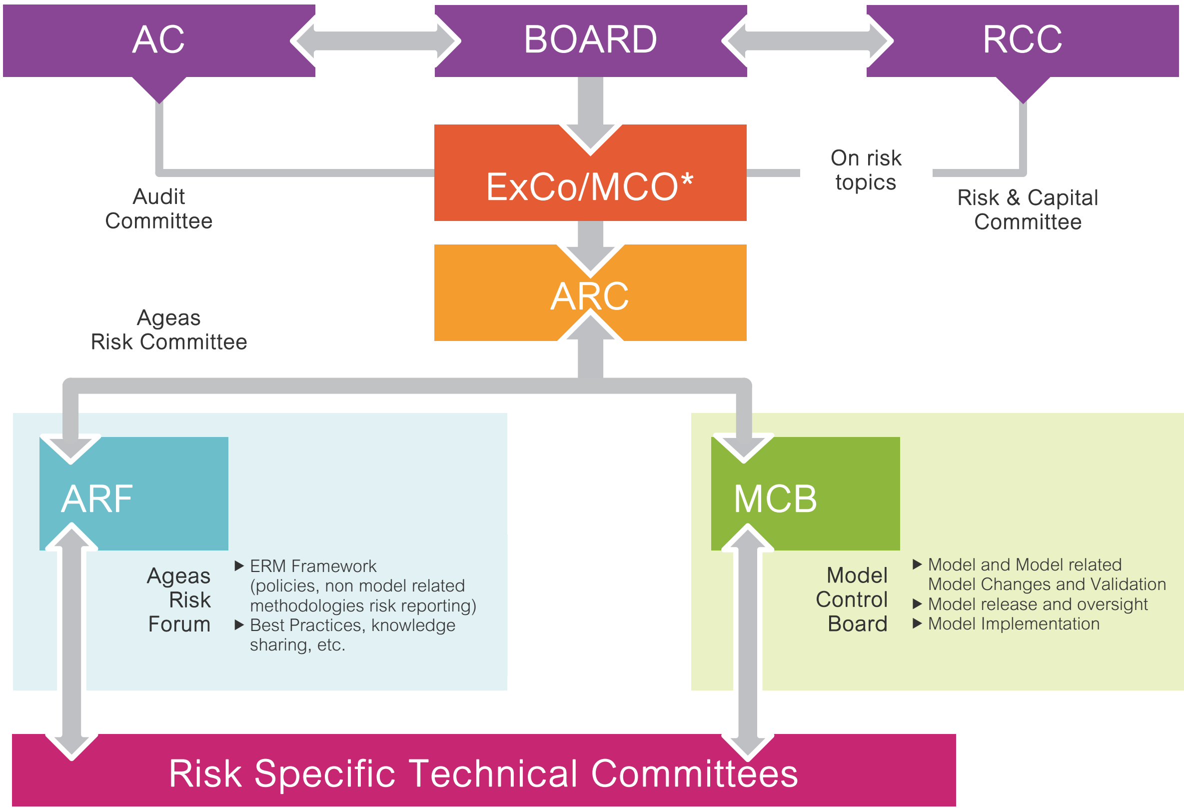
- First line of defence: Local businesses have the primary responsibility to ensure that Ageas does not suffer from unexpected events and to manage the full taxonomy of risks arising in their areas. They are responsible for the execution of the business strategy ranging from the CEO, line management and business managers to employees at the business lines. They must have a robust risk culture and risk awareness in place all the way down to the deepest levels of their organisation. They are responsible for managing risks in line with local internal requirements, which are designed to be consistent with Group requirements. They are responsible for ensuring that appropriate processes and controls are in place and duly implemented.

- Second line of defence:
  - Ageas's Risk Management gives guidance to management, but is not responsible for the management decisions or their execution. Its role is primarily one of advising senior management on the setting of high level strategies and aggregate risk appetite and to coordinate, monitor, challenge and provide support for its management. The Group Risk and Local Risk Functions ensure high standards of risk management throughout the organisation through the development of the risk framework and more specifically through risk type specific guidelines and policies. They coordinate the implementation of risk initiatives and raise senior management's awareness of risk at the consolidated level and assist the Group Executive Committee (ExCo) or local Management Committee and Board to optimise Ageas's overall risk appetite, risk limits, risk/return profile and utilisation of risk bearing capacity. Moreover, they are responsible for communicating and embedding risk strategy, risk awareness and risk management throughout the entire organisation.
  - Compliance has an overall assurance role in which it makes sure that the company and its employees comply with laws, regulations, internal rules and ethical standards. Compliance ensures that policies (both risk and compliance related) are in place and that they abide by internal and external rules and requirements.

- Third line of defence: Internal Audit provides assurance on the proper design and implementation of the risk governance framework and observance of guidelines, policies and processes.

A. RISK MANAGEMENT ORGANISATION AT GROUP LEVEL

The Risk Management function is built around a number of Boards, Committees and functions with various responsibilities within the Enterprise Risk Management (ERM) Framework. At Group level, the following Boards, Committees and functions govern risks.



*Executive Committee / Management committee

- the Board of Directors is the ultimate decision-making body of Ageas without prejudice to the competences of the General Meeting. The Board determines Ageas's strategy and risk appetite. Among other matters, it approves the appropriate frameworks for risk management and controls, supervisors the performance of external and internal audits and monitors the performance of Ageas against its strategic goals, plans, risk profiles and budgets;

- the role of the Risk & Capital Committee is to advise the Board by making recommendations on all risk and capital matters and in particular on (i) the definition, supervision and monitoring of the risk profile of Ageas, compared to the targeted level of risk appetite as determined by the Board; (ii) on capital adequacy and capital allocation with regards to the strategy and strategic initiatives including the Own Risk & Solvency Assessment (ORSA); (iii) strategic asset allocation and (iv) Ageas's risk governance framework and its processes;

- the Audit Committee assists the Board to fulfil its supervision and monitoring responsibilities in respect of internal control in the broadest sense within Ageas, including internal control over financial and risk reporting;

- the Board has assigned the ExCo the task of drawing up proposals related to the business strategy that take into account the risk and financial management requirements it has set. Among other matters, the ExCo also monitors Ageas's performance as a whole, including key findings reported through the Risk Management function and committees. It implements adequate systems of internal controls, including for the governance and reporting of risks and financial reports. It ensures that appropriate effective internal audit, risk management and compliance functions and processes are in place. It then advises the Risk & Capital Committee, Board and the markets/shareholders on the above. The ExCo is composed of Ageas's CEO, CFO, CRO and COO;

- Ageas's Board has created a Management Committee to advise its Executive Committee with regards to matters related to the strategy and business development, Ageas-wide policies including on financial management (e.g. funding strategy, solvency matters, but excluding dividend policy) and risk management (e.g. risk appetite). The Management Committee is composed of Ageas's ExCo members as well as the CEOs of regions, the Chief Operating Officer as well as the Group Risk Officer. The ExCo is advised in the execution of its role by the Management Committee and Ageas Risk Committee on risk related topics.

The following bodies provide advice – ultimately to the ExCo and/or the Board, unless they have been explicitly mandated by ExCo and/or Board to take decisions on specific tasks:

- Ageas Investment Committee advises Ageas's ExCo and monitors overall asset exposures to ensure that they are managed in accordance with the risk framework and within agreed limits. It advises management on decisions regarding investments. Its role also includes making recommendations relating to the Strategic Asset Allocation and Asset & Liability management and aims to optimise the overall investment strategy of the Group and ensures that risk mitigation actions are taken when necessary. This committee is split into an Asian part and a European part to ensure relevant regional focus;

- Ageas Risk Committee (ARC) advises Ageas's ExCo on all risk related topics ensuring that all risks that affect the achievement of strategic, operational and financial objectives are promptly identified, measured, managed, reported and monitored (through adequate risk appetite limits) and that adequate risk management governance and organisations are in place and followed (as stipulated in the context of the ERM Framework). The Chief Risk Officers and Chief Financial Officers from the regions are members of the ARC, which ensures that decisions or recommendations made by the ARC take into account the views and expertise of the operations. The most significant risk issues and methodologies are also reviewed and decided upon by the Executive Committee and by the Board. The ARC is itself advised by the Ageas Risk Forum[1] (ARF) on topics related to the risk management framework and by the Ageas Model Control Board[2] (MCB) that makes sure the models used are appropriate and suited to the task they are used for;

- Risk-specific technical committees, such as the Ageas Financial Risk Technical Committee, Ageas's Life Technical Committee, Ageas Non-life Technical Committee and Ageas Operational Risk Technical Committee act as technical expert bodies. They assure consistency of methodology and modelling approaches across Ageas's local operating companies. They facilitate the collection of business requirements and align Ageas Group platforms supporting the relevant risk assessments with business requirements and overall regulatory requirements. They act as advisory bodies to the ARF and MCB;

- the Group Risk Function - headed by the Group Risk Officer - is responsible for monitoring and reporting on the overall risk profile of the Group including the aggregate risk profile of the insurance companies. It develops, proposes and implements the ERM framework that it documents through regularly updated risk policies. It ensures the appropriateness of the overall model governance taking into account remarks made by Ageas's independent Model Validation team. It also coordinates major risk related projects.

1 *Regional Risk Officers are members of the ARF which meets regularly to share knowledge and best practice and to jointly develop and improve the Group's enterprise risk framework.*

2 *The MCB is composed of Group Risk Model Managers and representatives from all regions, allowing for the proper interactions with the local Model Control Boards.*

The above-mentioned structures favour consistency, transparency, sharing of knowledge and make sure that Group-wide developments benefit from the practical experience and expertise of local operating companies.

B. RISK MANAGEMENT ORGANISATION AT OPERATING COMPANY LEVEL

Each insurance company:

- is responsible for ensuring that it has a comprehensive risk management framework in place;
- is responsible for managing its risks within the limits, policies and guidelines set by regulators, Ageas Group and its local Board.

Local operating companies are required to have the following in place:

- a Board level Risk Committee and Audit Committee to assist the Board in fulfilling its supervision;
- a Management Risk Committee, which supports its management team in ensuring that key risks are well understood and appropriate risk management procedures are in place;
- an ALM Committee whose role includes the monitoring of market risks to ensure they are managed in accordance with the risk framework and within agreed limits and to make specific decisions or recommendations relating to ALM;
- a local Model Control Board which coordinates with the Ageas MCB;
- a risk function (or Risk Officer) to support the work of the Risk Committee and to provide risk reporting and opinions to the local CEO, local Board and to Group management;
- an actuarial function in line with Solvency II regulatory requirements;
- a compliance function that advises the administrative or management body on compliance with laws, regulations and administrative requirements and Group and local policies where these set additional requirements. Compliance assesses the possible impact of any changes in the legal environment on the operations of the undertaking concerned and identifies any compliance risk;
- an internal audit function assessing the adequacy and effectiveness of the internal control system and other elements of the risk governance system.

5.3 Risk Management Processes

Ageas has in place a Group-wide Key Risk report process to identify key risks that could impact the realisation of Ageas's objectives. It also assesses the control framework in place to ensure that these risks are managed on an on-going basis. Each business follows up on their key risks at least on a quarterly basis and the most significant risks are also monitored at Group level. A wide range of internal and external sources is used in the identification of the key risks. The main sources used are:

- Internal Control Assessment (INCA)
- ERM review including Model Assessments
- Actuarial opinions
- Model Validation Reports
- Internal / External Audit Reports
- Compliance Reports
- Legal Reports
- Performance notes /Performance targets (MYB)
- Key Risk Reports
- Risk Taxonomy

Process

At least once a year, a full bottom-up risk and control self-assessment exercise is conducted, identifying in a bottom-up way all the key risks that the company is confronted with.

The thus identified risks, categorised in accordance with Ageas's risk taxonomy are assessed and reported to Ageas Group by the various entities using a standard likelihood and impact grid which provides an overview of the overall level of concern they represent (i.e. their materiality). The risks are qualitatively described and explained in relation to the objectives they are associated with.

The list of the top risks is reviewed quarterly by the Risk & Capital Committee and Ageas Board.

Risk Officers from each local business and region (including Corporate Function) provide quarterly updates on those risk statements to Ageas's Group Risk. Group Risk consolidates all reports and a consolidated view is then discussed at the level of the ARC and ExCo.

Each Ageas Group Risk Committee discusses the evolutions of the key risks on a monthly basis.

5.4 Details of various risk exposures

The following sections explain Ageas's various risk exposures in more detail.

5.4.1 Financial risk

Financial risk encompasses all risks relating to the value and performance of assets and liabilities that may affect solvency, earnings and liquidity due to changes in financial circumstances. These include:

- Market risk
- Default risk
- Liquidity risk

Financial risk is the most significant risk for many of Ageas's operations. The risk framework in place at all operations combines investment policies, limits, stress tests and regular monitoring in order to control the nature and level of financial risks and to ensure that risks being taken are appropriate for both customer and shareholder and are appropriately rewarded.

The overall asset mix is determined by local businesses based on asset mix studies to identify the appropriate strategic assets, their adequacy from an ALM perspective and on regular monitoring of the market situation and prospects to decide on the tactical allocation. The decision process needs to balance risk appetite, capital requirements, long-term risks and return, policyholder expectations, profit sharing requirements, tax and liquidity issues to arrive at an appropriate target mix. The mission of the Group Risk function includes monitoring aggregate risk appetite covering financial risks and working with the local businesses to develop the policies and best practice, which must be adopted by the local Boards to ensure they become part of the local regular activity.

5.4.1.1 Market risk

Market risk arises from adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets and liabilities. It is composed of the following sub-risks:

a. interest rate risk;
b. equity risk;
c. spread risk.
d. currency risk;
e. property risk;
f. market risk concentration.

A. INTEREST RATE RISK

Interest rate risk exists for all assets and liabilities sensitive to changes in the term structure of interest rates or interest rate volatility. This applies to both real and nominal term structures. Changes in interest rate risk can also impact the products the insurance companies sell, for example, through guarantees, profit sharing and the value of Ageas's investments. This risk arises as a result of a mismatch between the interest rate sensitivity of assets and liabilities to changes in interest rates.

Ageas measures, monitors and controls its interest rate risk using a number of indicators including cash flow mismatch analysis and stress testing. The investment policies usually require close matching unless specifically approved otherwise. Longer term business can be difficult to match due to lack of availability of suitable assets. The matching strategy will be determined taking into account risk appetite, availability of (long-term) assets, current and prospective market rates and levels of guarantee. Derivatives are sometimes used to hedge interest rate risk. Note that interest rate risk has been a point of attention during the ORSA process. Low interest rate risk has now also become a strategic risk with focus on fixed/variable cost structure.

The typically long insurance liabilities and lack of long-term assets imply a negative gap in the long maturity buckets and a positive one at the shorter end of the curve.

The table below shows the gross impact on the IFRS income statement and IFRS equity as a result of a decrease or increase in the interest rate by 100 basis points (never below zero, on the bond portfolio - including the risk free bonds and the floating rate bonds until the interest reset date).

		2015		2014
	Impact on income statement	Impact on IFRS equity	Impact on income statement	Impact on IFRS equity
Interest - rate down (100 bp)	(1.0)	230.2	(25.1)	204.9
Interest - rate up + 100 bp	2.2	(1,223.4)	8.1	(396.8)

B. EQUITY RISK

Equity risk arises from the sensitivity of assets and liabilities and financial instruments to changes in the level or volatility of market prices for equities or their yield.

This risk is controlled through limit setting based on the risk appetite and by investment policies that require a range of controls to be in place including the action that will be taken in the event of significant decreases in value. Earlier pro-active management of this risk has resulted in the rapid reduction in exposure to equity risk through sales and hedging. This helps to limit losses and to ensure that the insurance companies remain solvent throughout a financial crisis.

For risk management purposes, Ageas bases its definition of equity exposure on the economic reality of underlying assets and risks. Taking a risk based approach; the total economic exposure to equities at fair value is given in the table below together with the reconciliation to the IFRS reported figures.

	2015	2014
Type of asset		
Direct equity investments	2,439.3	2,105.9
Equity funds	308.1	246.6
Private equity	85.8	64.3
Alternative investments	66.0	4.6
Asset allocation funds	81.8	54.6
Commodity funds	0.6	0.8
Total Economic equity exposure	2,981.6	2,476.8
Debt funds	415.2	704.4
Money market funds	0.7	0.6
Real estate funds (SICAFI/REITS)	578.7	597.9
Total IFRS equity exposure	3,976.2	3,779.7
of which:		
Available for Sale (see note 11)	3,881.0	3,721.1
Held at Fair Value (see note 11)	95.2	58.6

Sensitivities

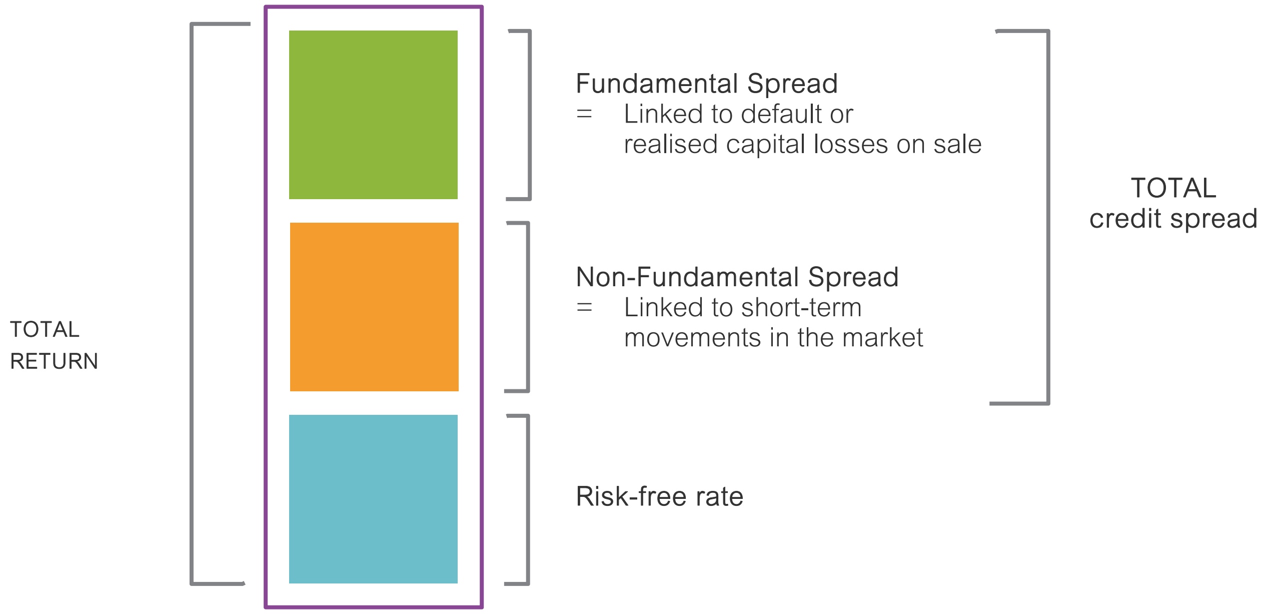
The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of an equity down (-30%) sensitivity shock.

		2015		2014
	Impact on income statement	Impact on IFRS equity	Impact on income statement	Impact on IFRS equity
Equity - market risk	(173.0)	(606.8)	(226.4)	(620.3)

C. SPREAD RISK

Spread risk results from the sensitivity of the value of assets and liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

A significant portion of Ageas's liabilities are relatively illiquid. Ageas generally aims to hold credit assets to maturity. This limits the long-term impact of spread risk significantly because liabilities that are relatively illiquid mean that Ageas can hold these assets to maturity. Although short-term volatility can be important, it is highly unlikely that Ageas would be forced to sell at distressed prices, but Ageas can choose to sell if it considers this to be the best course of action. This is also why Ageas uses an internal measure of fundamental spread risk, which takes into account only that part of spread risk that is related to default and downgrade of credit ratings that could lead to an actual loss. This evolution is aligned with the Solvency II concept of volatility adjuster ignoring short-term spread volatility not resulting in realised losses.



Ageas's spread risk treatment in the SCR_{ageas} is as follows:

- Inclusion of fundamental spread for EU sovereign and equivalent exposures;
- Exclusion of non-fundamental spread for other debt.

Sensitivities

The impact of spread risk is measured based on a factor times duration. The table below shows the factors for AAA and BBB corporate with a modified duration (shorter than) five years and equal to ten years, which are applied to the credit exposure to measure the impact on the IFRS income statement and IFRS equity:

	Impact on income statement	Impact on IFRS equity
Stress - AAA (5 year / 10 year)	+ 54 bps / + 42 bps	+ 68 bps / + 53 bps
Stress - AA (5 year / 10 year)	+ 66 bps / + 51 bps	+ 83 bps / + 64 bps
Stress - A (5 year / 10 year)	+ 84 bps / + 63 bps	+ 105 bps / + 79 bps
Stress - BBB (5 year / 10 year)	+ 150 bps / + 120 bps	+ 188 bps / + 150 bps
Stress - BB (5 year / 10 year)	+ 270 bps / + 210 bps	+ 338 bps / + 263 bps
Stress - B (5 year / 10 year)	+ 450 bps / + 351 bps	+ 563 bps / + 439 bps
Spread - rate risk	(4.2)	(1,013.5)

D. CURRENCY RISK

Currency risk arises from the sensitivity of assets and liabilities to changes in the level of currency exchange rates when there is a mismatch between the relevant currency of the assets and liabilities. At Group level, this includes situations where Ageas has assets (in subsidiaries and equity associates) or liabilities (from funding) that are non-euro denominated.

Ageas's investment policy limits this risk by requiring the currency mismatch between assets and liabilities at subsidiaries to be minimised and in most cases it is eliminated entirely.

Ageas's policy is not to hedge equity investments and permanent funding for subsidiaries and equity associates in foreign currency. Ageas accepts the mismatch arising from ownership of local operating companies in non-euro currencies as a consequence of being an international group.

The main currency risk exposures to foreign currencies as at 31 December are stated in the following table. The exposures shown are net (assets minus liabilities), after any hedging denominated in euros.

At 31 December 2015	HKD	GBP	THB	MYR	CNY	TRY	USD	JPY	PHP	RON	INR	Other
Total assets	1,360.2	4,242.5	474.8	292.1	1,173.1	166.0	5,657.6	20.1	29.2	21.8	34.0	12.3
Total liabilities	1,503.1	3,295.4			31.0		2,632.7	7.0		16.6		8.7
Total assets minus liabilities	(142.9)	947.1	474.8	292.1	1,142.1	166.0	3,024.9	13.1	29.2	5.2	34.0	3.6
Off balance	(120.9)	121.3			2.3		(1,869.2)					
Net position	(263.8)	1,068.4	474.8	292.1	1,144.4	166.0	1,155.7	13.1	29.2	5.2	34.0	3.6
Of which invested in subsidiaries and equity associates	1,046.7	1,128.6	474.8	292.1	1,173.1	126.2	79.0		28.8	21.8	22.7	

At 31 December 2014	HKD	GBP	THB	MYR	CNY	TRY	USD	JPY	PHP	RON	INR	Other
Total assets	1,192.2	4,231.7	394.8	315.1	729.8	166.0	4,922.6	16.5		23.6	34.0	15.8
Total liabilities	1,203.8	3,129.7			23.1		2,451.3	5.6		1.8		4.2
Total assets minus liabilities	(11.6)	1,102.0	394.8	315.1	706.7	166.0	2,471.3	10.9		21.8	34.0	11.6
Off balance	392.5				1.6		(1,614.3)					
Net position	380.9	1,102.0	394.8	315.1	708.3	166.0	857.0	10.9		21.8	34.0	11.6
Of which invested in subsidiaries and equity associates	866.9	1,126.9	394.8	315.1	729.8	145.7	75.9			23.6	18.8	

E. PROPERTY RISK

Property risk arises as a result of sensitivity of assets and liabilities to the level or volatility of market prices of property or their yield.

For risk management purposes, Ageas defines the exposure to real estate based on the market value of these assets including assets held for own use. This differs from the exposure reported under IFRS definitions, which excludes unrealised gains. The table below identifies what Ageas considers economic exposure to real estate and how this is reconciled to the figures reported under IFRS.

	2015	2014
Type of asset		
Carrying amount		
Investment properties (see note 12)	2,847.1	2,641.3
PP&E: land and buildings for own use (see note 18)	1,010.5	971.7
Property intended for sale (see note 17)	82.6	60.0
Total (at amortised cost)	3,940.2	3,673.0
Real estate funds (at fair value)	578.7	597.9
Total IFRS real estate exposure	4,518.9	4,270.9
Unrealised capital gain (Economic exposure)		
Investment properties	1,114.2	976.9
PP&E: land and buildings for own use	430.8	383.4
Total Economic real estate exposure	6,063.9	5,631.2

Sensitivities

The table below shows the gross impact on the IFRS income statement and IFRS equity as the result of a property down by 20% shock.

	2015		2014	
	Impact on income statement	Impact on IFRS equity	Impact on income statement	Impact on IFRS equity
Real estate risk	(232.4)	(312.5)	(314.8)	(324.0)

F. MARKET CONCENTRATION RISK

Market risk concentration refers to risks stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers.

Concentration risk can arise due to large aggregate exposures to single counterparties or an aggregate of exposures to a number of positively correlated counterparties (i.e. tendency to default under similar circumstances) with the potential to produce a significant amount of impairments due to a bankruptcy or failure to pay.

Avoidance of concentration is therefore fundamental to Ageas credit risk strategy of maintaining granular, liquid and diversified portfolios. Each local business is responsible for its own counterparty limits, taking into account its particular situation and any Group requirements. Each local business is in charge of continuous monitoring. Periodic reporting allows the Group to check these limits and monitor the overall position.

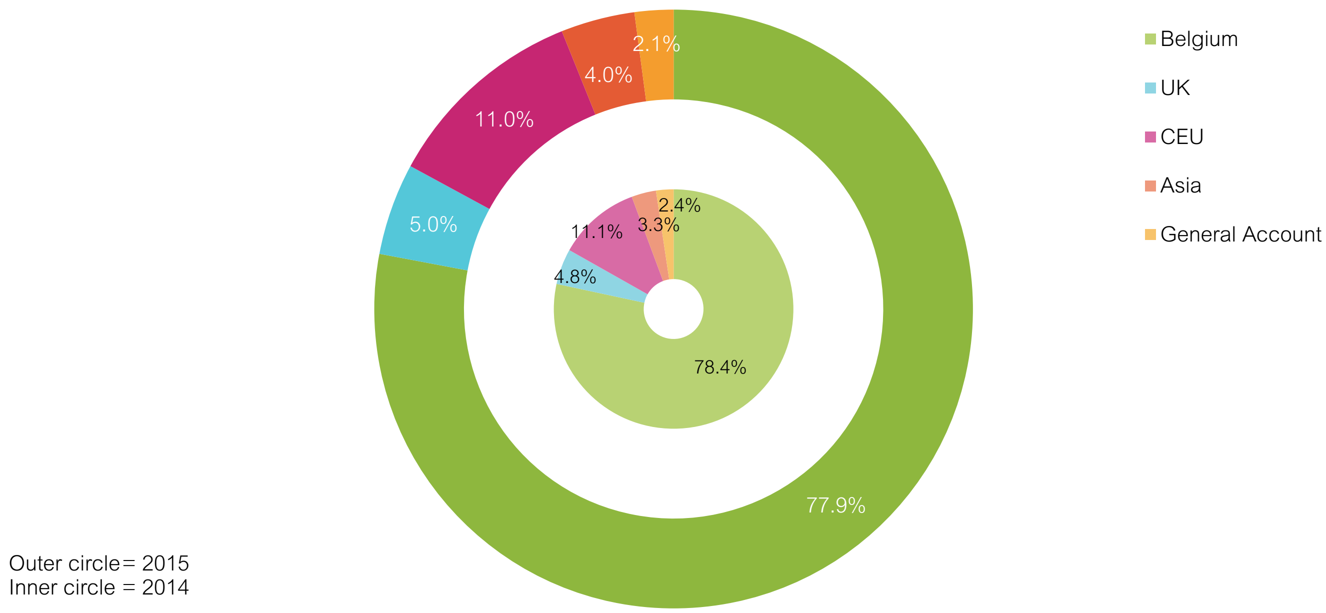
To manage the concentration of credit risk, Ageas's investment limits aim to spread the credit risk across different sectors and countries. Ageas monitors its largest exposures to individual entities, groups of companies (Total One Obligor) and other potential concentrations such as sectors and geographic areas to ensure adequate diversification and identification of significant concentration risk.

The table below provides information on the concentration of credit risk as at 31 December by type and by location of the Ageas entity.

31 December 2015	Government and official institutions	Credit institutions	Corporate customers	Retail customers	Other	Total
Belgium	33,836.9	10,033.2	12,413.0	1,545.6	110.0	57,938.7
UK	314.2	961.1	2,208.6		210.4	3,694.3
Continental Europe	4,744.6	1,879.3	1,485.6	26.9	35.7	8,172.1
- France	*1,475.6*	*656.7*	*408.2*	*26.9*	*31.1*	*2,598.5*
- Italy	*442.4*	*44.6*	*140.2*		*1.7*	*628.9*
- Portugal	*2,826.6*	*1,178.0*	*937.2*		*2.9*	*4,944.7*
Asia	472.4	974.0	1,452.1	64.7	5.6	2,968.8
General Account	45.2	1,667.7	(158.9)		2.8	1,556.8
Total	39,413.3	15,515.3	17,400.4	1,637.2	364.5	74,330.7

31 December 2014	Government and official institutions	Credit institutions	Corporate customers	Retail customers	Other	Total
Belgium	34,654.1	10,995.2	11,385.1	1,666.6	92.4	58,793.4
UK	537.9	962.9	1,981.0		142.5	3,624.3
Continental Europe	4,376.6	2,205.2	1,621.8	26.3	121.9	8,351.8
- France	*1,319.0*	*694.3*	*491.6*	*26.3*	*92.3*	*2,623.5*
- Italy	*432.5*	*207.0*	*145.5*		*1.5*	*786.5*
- Portugal	*2,625.1*	*1,303.9*	*984.7*		*28.1*	*4,941.8*
Asia	440.9	829.9	1,164.5	56.6	3.5	2,495.4
General Account	89.1	1,800.5	(142.5)		21.7	1,768.8
Total	40,098.6	16,793.7	16,009.9	1,749.5	382.0	75,033.7

The chart below shows Ageas's credit risk as at 31 December, broken down by operating segments (as described in section 5.2).

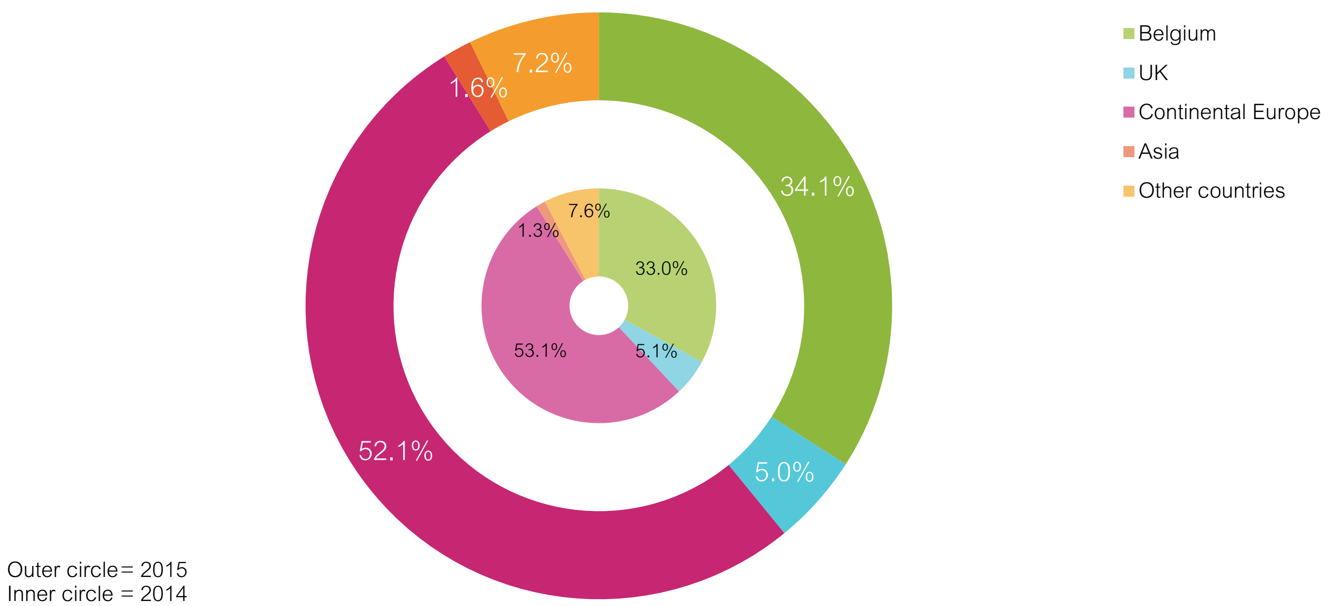


The table below provides information on the concentration of credit risk as at 31 December by type and location of counterparty.

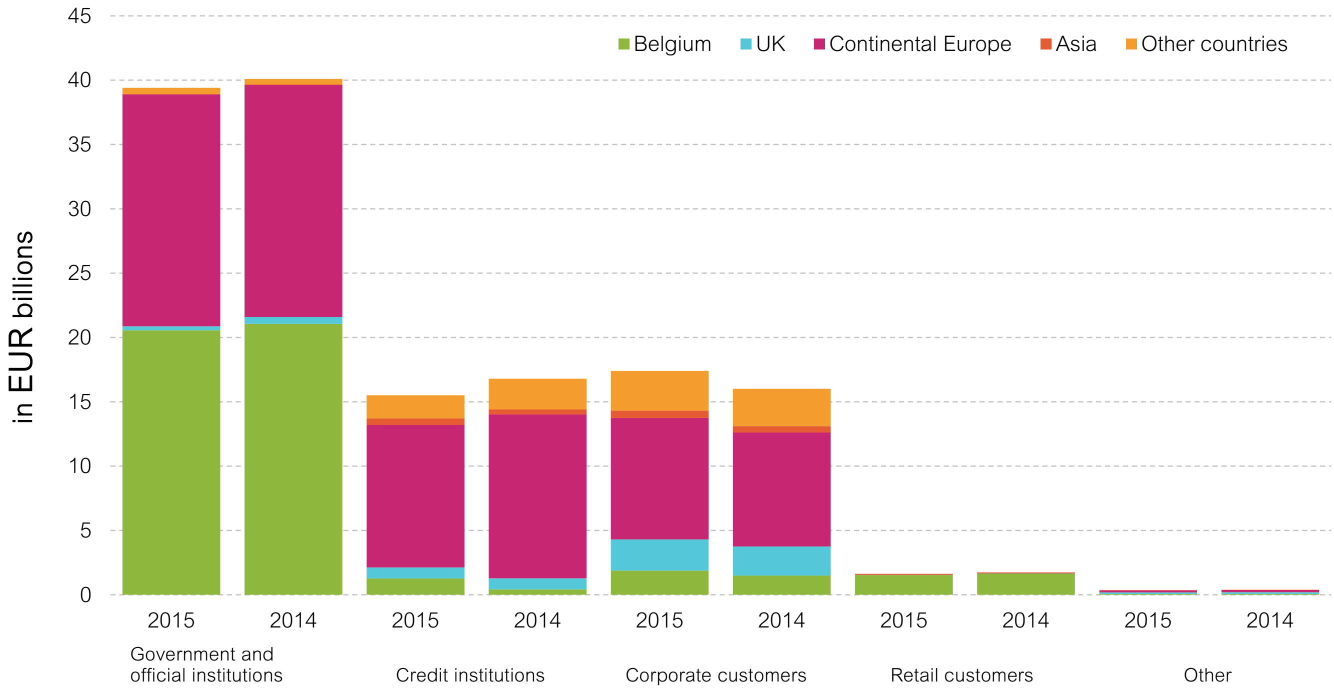
31 December 2015	Government and official institutions	Credit institutions	Corporate customers	Retail customers	Other	Total
Belgium	20,564.2	1,276.3	1,884.6	1,545.6	67.1	25,337.8
UK	311.9	861.0	2,425.3		130.8	3,729.0
Continental Europe	18,015.0	11,059.4	9,435.6	26.9	159.0	38,695.9
- France	*5,995.1*	*2,782.2*	*3,086.1*	*26.9*	*49.3*	*11,939.6*
- Italy	*1,662.2*	*233.4*	*822.0*		*3.0*	*2,720.6*
- Portugal	*2,107.6*	*344.1*	*281.3*		*6.0*	*2,739.0*
- Other	*8,250.1*	*7,699.7*	*5,246.2*		*100.7*	*21,296.7*
Asia	38.3	511.8	573.8	64.7	5.6	1,194.2
Other countries	483.9	1,806.8	3,081.1		2.0	5,373.8
Total	39,413.3	15,515.3	17,400.4	1,637.2	364.5	74,330.7

31 December 2014	Government and official institutions	Credit institutions	Corporate customers	Retail customers	Other	Total
Belgium	21,065.5	428.5	1,495.7	1,666.6	68.6	24,724.9
UK	535.9	860.4	2,266.6		141.8	3,804.7
Continental Europe	18,034.0	12,727.8	8,860.6	26.3	165.4	39,814.1
- France	*6,195.6*	*3,061.4*	*2,686.6*	*26.3*	*87.3*	*12,057.2*
- Italy	*1,599.9*	*267.4*	*843.2*		*3.5*	*2,714.0*
- Portugal	*2,039.2*	*385.2*	*318.3*		*30.0*	*2,772.7*
- Other	*8,199.3*	*9,013.8*	*5,012.5*		*44.6*	*22,270.2*
Asia	34.6	386.6	495.4	56.6	3.5	976.7
Other countries	428.6	2,390.4	2,891.6		2.7	5,713.3
Total	40,098.6	16,793.7	16,009.9	1,749.5	382.0	75,033.7

The chart below shows the concentration of credit risk as at 31 December by location of counterparty. The main investment of each region is predominantly in the own regional environment. Given that AG Insurance diversifies to a large extent throughout Europe, the main counterparties are located in Continental Europe (excluding Belgium).



The graph below shows the concentration of credit risk as at 31 December by type of counterparty.



The table below shows the highest exposures to ultimate parents measured at fair value and nominal value with their ratings.

Highest Exposure Top 10	Group Rating	Fair Value	Nominal Value
Kingdom of Belgium	AA	18,020.5	15,170.3
French Republic	AA	8,028.2	6,340.7
Republic of Austria	AA+	3,233.8	2,524.9
Federal Republic of Germany	AAA	2,814.6	2,280.8
Portuguese Republic	BB+	2,222.8	2,071.4
European Investment Bank	AAA	1,904.5	1,600.4
Republic of Italy	BBB	1,663.9	1,828.3
BNP Paribas	A+	1,103.3	1,063.7
Kingdom of the Netherlands	AAA	1,037.7	908.9
Kingdom of Spain	BBB+	849.7	639.3
Total		40,879.1	34,428.7

The top 10 exposure shows the same top counterparties as last year. The Kingdom of Belgium remains the top counterparty in line with the strategy of the previous years to 'redomesticate' at the cost of increasing the risk towards the home country. BNP Paribas, the only non-sovereign counterparty in the list, moves one step up in the list.

5.4.1.2 Default risk

Default risk is composed of two sub-risks:

a. investment default risk;

b. counterparty default risk.

The following table provides an overview of the credit risk to which Ageas is exposed.

31 December 2015	Belgium	UK	Continental Europe	Asia	General	Eliminations	Total Ageas
Cash and cash equivalents (see note 10)	934.6	209.6	219.4	194.5	836.2		2,394.3
Derivatives held for trading (assets) (see note 11)	25.7		2.8				28.5
Loans	6,574.3	78.0	31.4	258.8	1,534.9	(1,167.1)	7,310.3
Impairments	(12.7)		(1.1)	(10.2)			(24.0)
Total Loans, net (see note 13)	6,561.6	78.0	30.3	248.6	1,534.9	(1,167.1)	7,286.3
Interest bearing investments	49,632.4	2,536.8	7,659.7	2,388.5	349.6		62,567.0
Impairments	(3.5)		(21.0)				(24.5)
Total Interest bearing investments, net (see note 11)	49,628.9	2,536.8	7,638.7	2,388.5	349.6		62,542.5
Reinsurance and other receivables	771.7	869.9	258.8	127.0	8.6	(5.4)	2,030.6
Impairments	(5.4)		(8.7)	(2.6)			(16.7)
Total Reinsurance and other receivables, net (see note 15)	766.3	869.9	250.1	124.4	8.6	(5.4)	2,013.9
Total credit risk exposure, gross	57,938.7	3,694.3	8,172.1	2,968.8	2,729.3	(1,172.5)	74,330.7
Impairments	(21.6)		(30.8)	(12.8)			(65.2)
Total credit risk exposure, net on balance	57,917.1	3,694.3	8,141.3	2,956.0	2,729.3	(1,172.5)	74,265.5
Off Balance commitments (see note 31)	3,597.5			61.1	4.7		3,663.3
Total credit risk exposure, off balance	3,597.5			61.1	4.7		3,663.3
Total credit risk exposure, net	61,514.6	3,694.3	8,141.3	3,017.1	2,734.0	(1,172.5)	77,928.8

31 December 2014	Belgium	UK	Continental Europe	Asia	General	Eliminations	Total Ageas
Cash and cash equivalents (see note 10)	798.7	215.7	397.8	134.5	969.6		2,516.3
Derivatives held for trading (assets) (see note 11)	2.4		15.7				18.1
Loans	5,284.9	52.5	37.8	231.1	1,814.9	(1,327.6)	6,093.6
Impairments	(15.6)		(0.3)	(9.4)			(25.3)
Total Loans, net (see note 13)	5,269.3	52.5	37.5	221.7	1,814.9	(1,327.6)	6,068.3
Interest bearing investments	51,913.1	2,507.0	7,622.3	2,041.7	315.1		64,399.2
Impairments	(1.9)		(20.3)				(22.2)
Total Interest bearing investments, net (see note 11)	51,911.2	2,507.0	7,602.0	2,041.7	315.1		64,377.0
Reinsurance and other receivables	794.3	849.1	278.2	88.1	3.8	(7.0)	2,006.5
Impairments	(5.2)		(7.1)	(2.4)	(0.1)		(14.8)
Total Reinsurance and other receivables, net (see note 15)	789.1	849.1	271.1	85.7	3.7	(7.0)	1,991.7
Total credit risk exposure, gross	58,793.4	3,624.3	8,351.8	2,495.4	3,103.4	(1,334.6)	75,033.7
Impairments	(22.7)		(27.7)	(11.8)	(0.1)		(62.3)
Total credit risk exposure, net on balance	58,770.7	3,624.3	8,324.1	2,483.6	3,103.3	(1,334.6)	74,971.4
Off balance commitments (see note 31)	4,380.3			65.1	4.6		4,450.0
Total credit risk exposure, off balance	4,380.3			65.1	4.6		4,450.0
Total credit risk exposure, net	63,151.0	3,624.3	8,324.1	2,548.7	3,107.9	(1,334.6)	79,421.4

The table below provides information on the impaired credit risk exposure as at 31 December.

	2015			2014		
	Impaired outstanding	Impairments for specific credit risk	Coverage ratio	Impaired outstanding	Impairments for specific credit risk	Coverage ratio
Interest bearing investments (see note 11)	27.1	(24.5)	90.4%	27.0	(10.4)	38.5%
Loans (see note 13)	72.7	(23.2)	31.9%	97.3	(24.4)	25.1%
Other receivables (see note 15)	22.5	(16.7)	74.2%	29.3	(14.8)	50.5%
Total impaired credit exposure	122.3	(64.4)	52.6%	153.6	(49.6)	32.3%

A. INVESTMENT DEFAULT RISK

The investment default risk includes the risk of actual default of Ageas's investments as well as the potential for indirect losses that may arise from a default event on investment assets. Note this aspect is also known as fundamental spread risk. Value movements due to market short-term volatility are covered under market risk. This does not include contracts covered under counterparty default risk (see section B).

This risk is managed through limits which take into account the type of credit exposure, credit quality and, where needed, maturity, and through regular monitoring and early warning systems.

Investment exposures are monitored through a quarterly Limit Breach Report. Limits are monitored on fair values based on asset classification. The limits are defined by the following categories.

Limits on *government bonds* are defined by country in multiple ways:

- 'macro limits', defined as percentages of gross domestic product (GDP), government debt and investment assets;
- Total One Obligor (TOO) limits defined as maximum exposure to one obligor based on credit ratings;
- (re-)investment restrictions: No new investments in sovereign debt with a rating of BBB or below without the approval of the ARC. Increases in exposure to euro countries rated BBB are only allowed on the condition of having a stable outlook.

Limits on *corporate bonds* are also defined on multiple criteria:

- total corporate exposure as a percentage of the portfolio;
- limits in function of the solvency capital required for spread risk;
- limits by sector based on the credit ratings;
- monitoring of exposure to financial institutions based on credit ratings;
- Total One Obligor.

Ageas also has a risk appetite stress scenario for single investment defaults in which the largest single sovereign investment default, as well as the largest single corporate investment default should remain within the solvency Risk Appetite budgets.

Equity investments are allowed when the subsidiary assures that the indicators remain within the risk appetite limits.

The credit rating applied by Ageas is based on the second best of available ratings from Moody's, Fitch and Standard & Poor's. In the paragraphs hereafter, more detail is provided on the credit quality of:

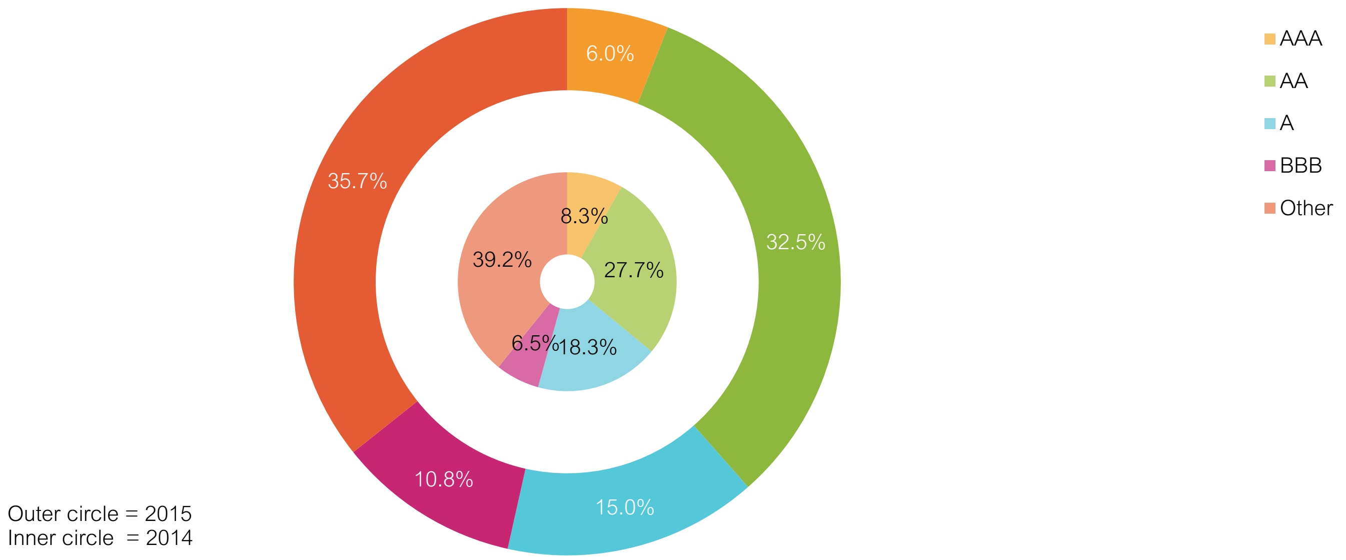
- loans;
- interest bearing investments:
  - government bonds;
  - corporate bonds;
  - banks and other financials.

1 Loans

The table below provides information on the credit quality of loans.

	Carrying value	2015 Percentage	Carrying value	2014 Percentage
Investment grade				
AAA	438.5	6.0%	502.8	8.3%
AA	2,379.5	32.5%	1,686.4	27.7%
A	1,093.4	15.0%	1,116.8	18.3%
BBB	790.1	10.8%	398.2	6.5%
Investment grade	4,701.5	64.3%	3,704.2	60.8%
Below investment grade	2.1	0.0%		
Unrated	2,606.7	35.7%	2,389.4	39.2%
Total investments in loans, gross	7,310.3	100.0%	6,093.6	100.0%
Impairments	(24.0)		(25.3)	
Total investments in loans, net (see note 13)	7,286.3		6,068.3	

The chart below shows the credit quality of loans.



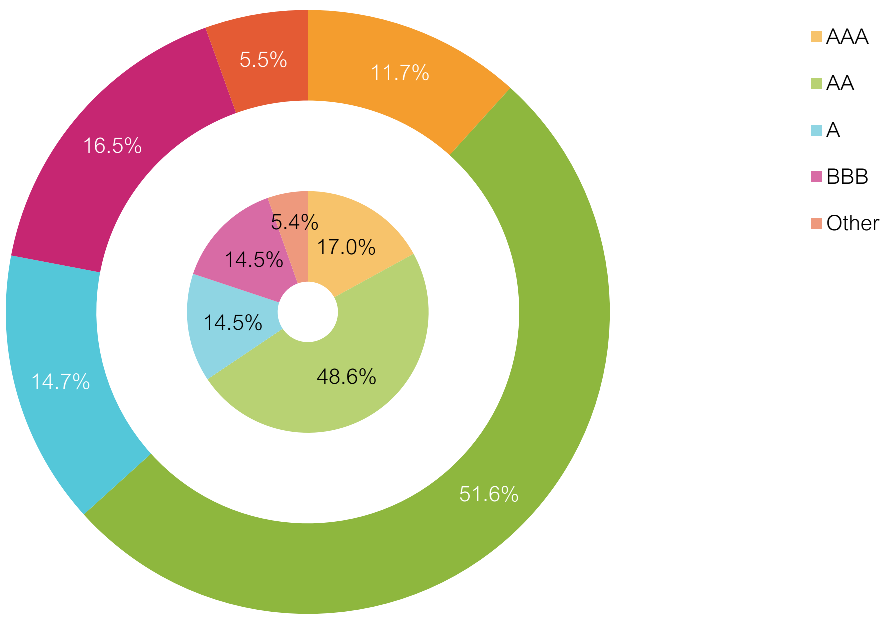
The proportion of investment grade loans represents mainly an increase in loans towards sovereigns. The proportion of unrated loans, which mainly represents residential mortgage loans to customers, decreased during 2015.

2 Interest bearing investments

The table below outlines the credit quality of interest bearing investments showing a constant proportion of investment grade investments.

		2015		2014
	Carrying value	Percentage	Carrying value	Percentage
Investment grade				
AAA	7,327.9	11.7%	10,915.1	17.0%
AA	32,259.5	51.6%	31,273.7	48.6%
A	9,167.7	14.7%	9,330.1	14.5%
BBB	10,352.2	16.5%	9,343.2	14.5%
Investment grade	59,107.3	94.5%	60,862.1	94.6%
Below investment grade	2,658.8	4.3%	2,954.8	4.5%
Unrated	776.4	1.2%	560.1	0.9%
Total investments in interest bearing securities, net	62,542.5	100.0%	64,377.0	100.0%
Impairments	24.5		22.2	
Total investments in interest bearing securities, gross (see note 11)	62,567.0		64,399.2	

The chart below shows the credit quality of interest bearing investments:



Outer circle= 2015
Inner circle = 2014

The bond portfolio is highly geared towards government and other investment grade bonds. Investment grade bonds make up 94.5% (2014: 94.6%) of the portfolio with 78.0% (2014: 80.1%) rated A or higher and more than 50% invested in AA. The percentage below investment grade comprises mainly Portuguese exposure, while the main exposure to AA rated bonds consists of Belgian exposure.

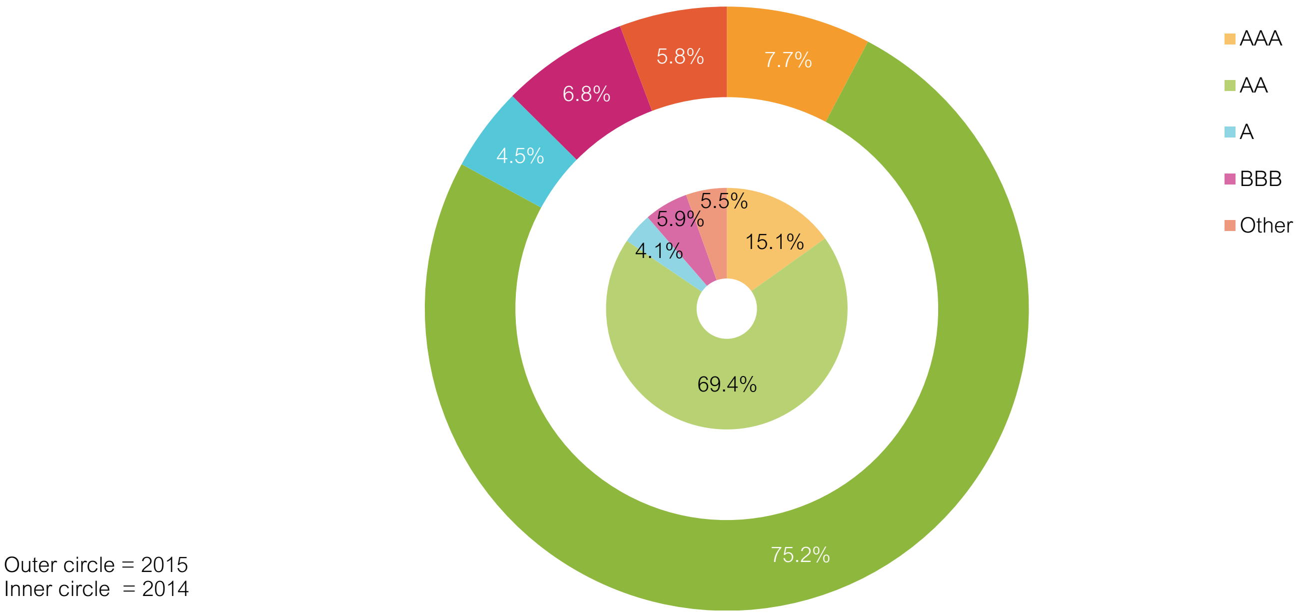
A GOVERNMENT BONDS

The table below provides information on the credit quality of government bonds.

	31 December 2015	Percentage	31 December 2014	Percentage
By IFRS classification				
Available for sale	31,705.3	87.0%	32,748.9	87.2%
Held to maturity	4,725.0	13.0%	4,801.3	12.8%
Total government bonds (see note 11)	36,430.3	100.0%	37,550.2	100.0%
By rating				
AAA	2,822.1	7.7%	5,683.5	15.1%
AA	27,390.2	75.2%	26,040.6	69.4%
A	1,638.2	4.5%	1,553.4	4.1%
BBB	2,483.2	6.8%	2,213.6	5.9%
Total investment grade	34,333.7	94.2%	35,491.1	94.5%
Below investment grade	2,047.6	5.7%	2,048.0	5.5%
Unrated	49.0	0.1%	11.1	0.0%
Total non-investment grade and unrated	2,096.6	5.8%	2,059.1	5.5%
Total government bonds	36,430.3	100.0%	37,550.2	100.0%

The table shows an important transfer from AAA to AA credit rating exposure mainly explained by the downgrade of Austria from AAA to AA.

The chart below shows the credit quality of government bonds.



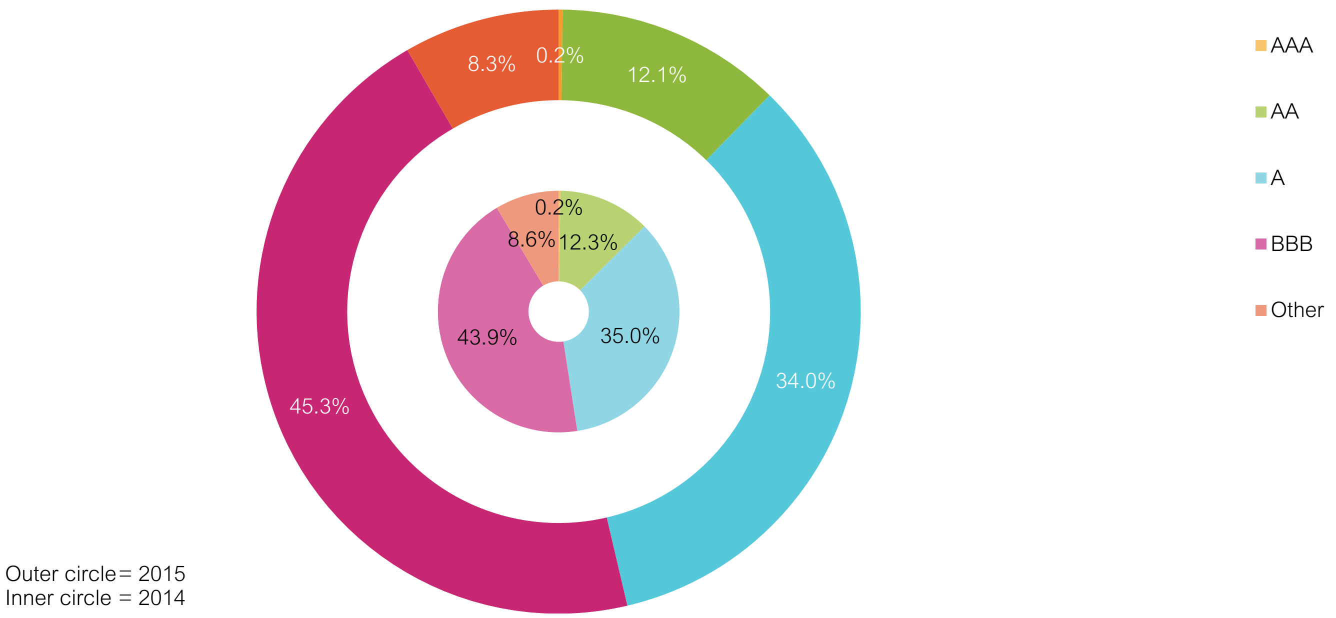
The held to maturity exposure is completely represented by Belgian and Portuguese government bonds. The main part of the government bond portfolio is invested in AA bonds, to a large extent explained by the exposure to Belgian government bonds. More than 99% of the non-investment grade exposure relates to Portugese exposure.

B CORPORATE BONDS

The table below provides information on the credit quality of corporate bonds.

	31 December 2015	Percentage	31 December 2014	Percentage
By IFRS classification				
Available for sale	13,562.9	99.6%	13,000.1	99.5%
Held to maturity	59.8	0.4%	69.1	0.5%
Total corporate bonds (see note 11)	13,622.7	100.0%	13,069.2	100.0%
By rating				
AAA	28.9	0.2%	31.4	0.2%
AA	1,646.9	12.1%	1,610.7	12.3%
A	4,637.7	34.0%	4,572.6	35.0%
BBB	6,172.1	45.3%	5,737.5	43.9%
Total investment grade	12,485.6	91.6%	11,952.2	91.4%
Below investment grade	526.3	3.9%	688.5	5.3%
Unrated	610.8	4.5%	428.5	3.3%
Total non-investment grade and unrated	1,137.1	8.4%	1,117.0	8.6%
Total corporate bonds	13,622.7	100.0%	13,069.2	100.0%

The chart below shows the credit quality of corporate bonds.



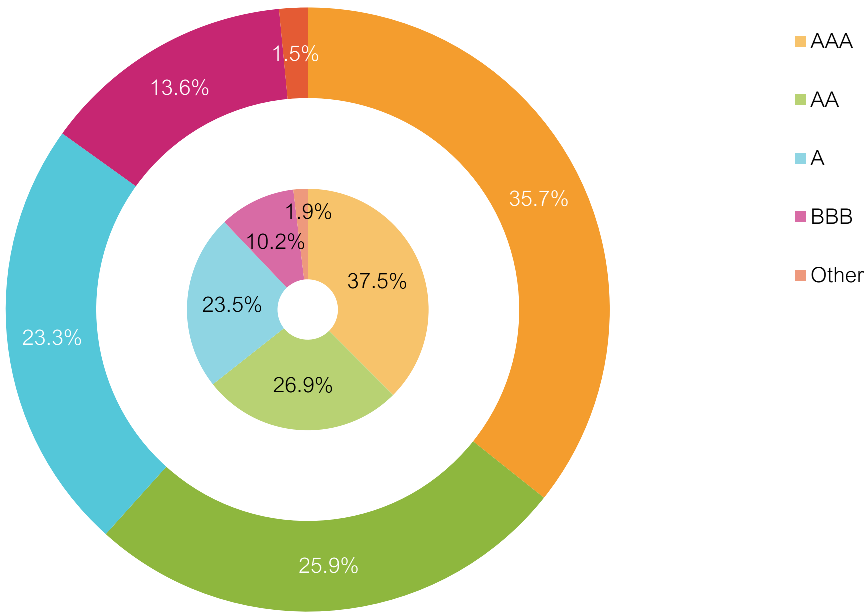
The corporate bond portfolio focuses on investment grade bonds. These bonds comprise 91.6% (2014: 91.4%) of the portfolio with 46.3% (2014: 47.5%) rated A or higher.

C BANKS AND OTHER FINANCIALS

The table below provides information on the credit quality of banks and other financial institutions.

	31 December 2015	Percentage	31 December 2014	Percentage
By IFRS classification				
Available for sale	12,205.1	99.3%	13,308.6	99.3%
Held at fair value through profit or loss	75.7	0.6%	81.2	0.6%
Held to maturity	17.3	0.1%	16.6	0.1%
Total banking and other financials (see note 11)	12,298.1	100.0%	13,406.4	100.0%
By rating				
AAA	4,391.8	35.7%	5,027.8	37.5%
AA	3,190.4	25.9%	3,602.9	26.9%
A	2,859.5	23.3%	3,150.6	23.5%
BBB	1,669.4	13.6%	1,368.9	10.2%
Total investment grade	12,111.1	98.5%	13,150.2	98.1%
Below investment grade	83.3	0.7%	197.3	1.5%
Unrated	103.7	0.8%	58.9	0.4%
Total non-investment grade and unrated	187.0	1.5%	256.2	1.9%
Total banks and other financials	12,298.1	100.0%	13,406.4	100.0%

The chart below shows the credit quality of banks and other financials.



Outer circle= 2015
Inner circle = 2014

The exposure to banks and other financial institutions is in particular geared to investment grade (98.5%) with 84.9% rated A or above.

B. COUNTERPARTY DEFAULT RISK

The counterparty default risk reflects possible losses due to unexpected default, or deterioration in the credit standing, of counterparties and debtors. The scope of the counterparty default risk category includes risk-mitigating contracts (such as reinsurance arrangements, securitisations and derivatives) cash, receivables from intermediaries and other credit exposure not elsewhere covered (guarantees, policyholders, etc.).

Counterparty default risk can arise due to the purchase of re-insurance, other risk mitigation and 'other assets'. Ageas minimises this risk through policies on counterparty selection, collateral requirements and diversification.

Within Ageas, this risk is mitigated through the application of Ageas's Default Policy and close monitoring of outstanding counterparty default credit positions. Diversification and avoidance of low rated exposures are key elements in the mitigation of this risk.

Impairment for specific credit risk is established if there is objective evidence that Ageas will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment is the difference between the carrying amount and the recoverable amount. In the case of market traded securities, the recoverable amount is the fair value.

Impairments are based on Ageas's latest estimate of the recoverable amount and represent the loss that Ageas considers it will incur. Conditions for write-off may be that the obligor's bankruptcy proceedings have been finalised and securities have been exhausted, the obligor and/or guarantors are insolvent, all normal recovery efforts have been exhausted, or the economic loss period (i.e. the period within which all expenses will exceed the recoverable amount) has been reached.

5.4.1.3 Liquidity risk

Liquidity risk is the risk of being unable to liquidate investments and other assets in order to settle financial obligations when they fall due. For example, this is the risk that expected and unexpected cash demands of policyholders, and other contract holders, cannot be met without suffering losses or without endangering the business franchise due to constraints on liquidating assets. These constraints may be structural or due to market disruption. Liquidity risk also covers the risk that any assumed illiquidity premium (volatility adjustment), used to value illiquid liabilities, will not materialise.

The financial commitments of Ageas and its local businesses are often long-term, and generally assets held to back these would be long-term and may not be liquid. Claims and other outflows can be unpredictable and may differ significantly from expected amounts. If liquid resources are not available to meet a financial commitment as it falls due, liquid funds will need to be borrowed and/or illiquid assets sold (which may trigger a significant loss in value) in order to meet the commitment. Losses would arise from any discount that would need to be offered to liquidate assets.

As an insurance group, Ageas is normally cash accretive and hence this risk is relatively remote. Recent years have been dominated by the effects of the (European) debt crises. The European Central Bank pursues a liquidity enhancing monetary policy to overcome these crises. Ageas keeps a significant cash position in order to be able to withstand (relatively) adverse conditions if and when arising.

Causes of liquidity risk can be split into elements that can create a sudden increase in the need for cash and elements that can reduce unexpectedly the availability of expected resources to cover cash needs. Types of liquidity risk are the following:

- *funding liquidity risk* is the risk that Ageas or a local business will not be able to obtain sufficient outside funding, as its assets are illiquid, at the time it is needed (for example, to meet an unanticipated large claim);
- *market liquidity risk* is the risk that the process of selling in itself results in losses due to market conditions or high concentrations;
- *underwriting liquidity risk* is the risk that Ageas or a local business needs to pay an important amount to cover unanticipated changes in customer behaviour (lapse risk) or sudden large claims resulting from large or catastrophic events such as windstorms, ash clouds, flu epidemics, etc.

Each business ensures they can meet all liquidity requirements by identifying and monitoring liquidity risk, so that the circumstances under which liquidity issues could be possible are known and understood (i.e. expected liability run-off profile, mass lapse event, slowdown in new business, change in rating, etc.), as well as the business's ability to respond to such issues (i.e. liquidity of assets in a crisis). In the General Account, the aggregate liquidity is monitored including payments relating to legacy instruments, transfers to/from local businesses, dividend payments to shareholders under both current conditions and stress conditions.

The following table shows Ageas's assets and liabilities classified by relevant maturity grouping, based on the remaining period to the contractual maturity date. It covers all Ageas's assets and liabilities and therefore includes both the insurance business and holding activities.

At 31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Fixed rate financial instruments	217.3	1,339.2	2,508.8	16,590.1	42,773.2	63,428.6
Variable rate financial instruments	669.2	313.9	397.5	813.4	5,822.7	8,016.7
Non-interest bearing financial instruments	628.5	373.2	734.2	558.3	7,477.5	9,771.7
Non-financial assets	101.9	386.8	2,008.3	2,412.1	18,359.7	23,268.8
Total assets	1,616.9	2,413.1	5,648.8	20,373.9	74,433.1	104,485.8
Liabilities						
Fixed rate financial instruments	211.2	390.8	644.6	57.3	1,695.1	2,999.0
Variable rate financial instruments	14.9	8.2	17.4	1,107.0	1,505.6	2,653.1
Non-interest bearing financial instruments	483.4	510.8	1,897.7	17,204.1	45,911.9	66,007.9
Non-financial liabilities	193.6	616.0	1,207.0	3,211.9	15,622.3	20,850.8
Total liabilities	903.1	1,525.8	3,766.7	21,580.3	64,734.9	92,510.8
Net liquidity surplus (gap)	713.8	887.3	1,882.1	(1,206.4)	9,698.2	11,975.0
Liabilities including future interest						
Fixed rate financial instruments	211.3	395.9	651.4	98.7	1,681.9	3,039.2
Variable rate financial instruments	16.4	8.4	18.1	1,112.0	255.7	1,410.6
Non-interest bearing financial instruments	483.4	510.8	1,897.7	17,204.1	45,911.9	66,007.9
Non-financial liabilities	193.6	616.0	1,207.0	3,211.9	15,622.3	20,850.8
Total liabilities including future interest	904.7	1,531.1	3,774.2	21,626.7	63,471.8	91,308.5

At 31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Total assets	2,322.2	1,978.6	6,315.5	19,264.4	73,678.3	103,559.0
Total liabilities	1,053.9	1,981.3	6,531.4	21,868.2	61,212.7	92,647.5
Net liquidity surplus (gap)	1,268.3	(2.7)	(215.9)	(2,603.8)	12,465.6	10,911.5

Note that the IFRS representation of net liquidity could lead to a misinterpretation of a net liquidity gap of between one and five years. However, this representation does not provide an adequate view of the liquidity position because it is based on the maturity schedule of the assets and liabilities on the statement of financial position at their IFRS value (which is not equal to market value for real estate, mortgages or provisions). Additionally, the liquidity is further underestimated given the table does not include dividends on equities, rents on real estate and expected future premiums or does include liabilities which actually do not represent a cash outflow (e.g. low interest rate reserve, longevity reserve, etc.).

On the other hand, liquidity for some specific assets might be overestimated given these assets are taken at their IFRS value, while in reality these assets do not represent a real cash flow (e.g. goodwill, DAC and part of the intangible assets).

The FRESH are, in accordance with IFRS, excluded from the liabilities including future interest since the principal amount of EUR 1,250 million can only be redeemed through conversion into Ageas shares.

5.4.2 Insurance liability risks

Insurance liability risks refer to all insurance underwriting risks due to deviations in claims arising from uncertainty and timing of the claims as well as deviations in expenses and lapses, compared to underlying assumptions made at the start of the policy.

Life risk includes mortality risk, longevity risk, disability, morbidity risk (i.e. critical illness risk), lapse and persistency risk, life-expense risk and revision risk.

Non-life risks include reserve risk, premium risk and catastrophe risks. Reserve risk is related to outstanding claims, while premium risk is related to future claims from which catastrophe claims are excluded. Catastrophe risk is related to claims arising from catastrophic events: either natural disasters or man-made events.

Each business manages insurance risks through a combination of Underwriting Policy, Pricing Policy, Reserving Policy and Reinsurance Policies. Particular attention is paid to ensuring that the customer segment that buys the product is consistent with the underlying assumptions made about the customers when the product was designed and priced.

Underwriting policies are adopted at local level as part of the overall management of insurance risk and are revised by actuarial staff, who examine the actual loss experience. A range of indicators and statistical analysis tools are employed to refine underwriting standards in order to improve loss experience and/or ensure pricing is adjusted appropriately.

Insurance companies aim to set premiums at a level that will ensure that premiums received plus the investment income earned on them exceed total claims, costs of handling those claims and the cost of managing the business. The appropriateness of pricing is tested using a range of techniques and key performance indicators appropriate to a particular portfolio, on both a priori basis (e.g. profit testing) and a posteriori basis (e.g. embedded value, combined ratios).

The factors taken into consideration when pricing insurance vary by product according to the cover and benefits offered. In general they include:

- expected claims by policyholders and related expected payouts and their timing;
- the level and nature of variability associated with the expected benefits. This includes analysis of claims statistics as well as consideration of the evolution of court rulings, the economic climate and demographic trends;
- other costs of producing the relevant product, such as distribution, marketing, policy administration, and claim administration costs;
- financial conditions, reflecting the time value of money;
- solvency capital requirements;
- target levels of profitability;
- insurance market conditions, notably competitor pricing of similar products.

In its exposures to the above-mentioned risks, Ageas benefits from diversification across geographical regions, product lines and even across the different insurance risk factors so that Ageas is not exposed to significant concentrations of insurance risks. Moreover, Ageas's insurance companies have built in specific mitigation measures in order to minimise their risk exposures. Examples are, lapse supported products via lapse penalties and/or market value adjustments to the payout to the policyholders, and reinsurance treaties leading to limited exposure to large losses.

5.4.2.1 Life underwriting risks

The Life underwriting risk reflects the risk arising from Life insurance obligations, in relation to the perils covered and the processes used in the conduct of business.

Life underwriting risks are mainly composed of mortality/longevity, disability/morbidity, lapse and persistency, life expense, revision as well as catastrophe risks. This section will first describe these risks (sub-sections A to F). It will then provide an overview of their management within Ageas operating companies (sub-section G) and the main Life risk sensitivities (sub-section H).

A. MORTALITY/LONGEVITY RISK

Mortality risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities. The mortality tables used in the pricing include prudential margins. As per industry practice, Ageas's operating companies use the population experience tables with adequate safety loadings. Yearly review of the assumptions is necessary to compare the expected mortality of the portfolio with the experience. This analysis takes a number of criteria into account such as age, policy year, sum assured and other underwriting criteria.

Longevity risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities. This risk is managed through yearly revision of the mortality experience within the portfolio. Where longevity is found to be rising faster than assumed in the mortality tables, additional provisions are set up and pricing of new products is adjusted accordingly.

B. DISABILITY/MORBIDITY RISK

Disability/morbidity risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness and morbidity rates. This can, for example, arise in the disability business, health business and workmen's compensation. Ageas insurance companies mitigate disability risk through medical selection strategies and appropriate reinsurance cover.

C. LAPSE AND PERSISTENCY RISKS

Lapse risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses and persistency, which include renewals, surrenders, premium reductions and other premium reducing factors. Note that persistency risk is another name sometimes used to describe the volatility in the policy premium lapses and reinstatements of lapsed policies, free look cancellations or surrenders.

When designing and pricing insurance policies, assumptions also need to be made relating to the costs of selling and then administering the policies until they lapse or mature and relating to the rate of persistency that will be experienced. The risks that in actual experience may be different from the potential impact are identified during the product development stage and can be mitigated by thorough product design. For example, the use of early redemption penalties/loyalty bonuses, initial charges or spreading the commission paid to distributors to align interests or a market value adjustment for certain group contracts where the risks are completely born by the policyholders in case of lapse.

D. LIFE-EXPENSE RISK

Life-expense risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts. Expense risk arises if the expenses anticipated when pricing a guarantee are insufficient to cover the actual costs accruing in the following year.

E. REVISION RISK

Revision risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level, trend, or volatility of the revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

F. CATASTROPHE RISK

Life's catastrophe risk stems from extreme or irregular events that are life threatening, for example nuclear explosion, new infectious disease pandemic, terrorism, or natural disasters.

G. MANAGEMENT OF LIFE RISKS AT AGEAS INSURANCE COMPANIES

Life underwriting risks are monitored via internal quarterly risk reporting in order to better understand their exposure to certain events. Most of the Life insurance operating companies are exposed to similar events, such as (mass) lapse events, expenses or mortality/longevity.

H. LIFE RISK SENSITIVITIES

Life sensitivities are as follows.

Life Sensitivities	Impact on value at 31 December 2015	Impact on value at 31 December 2014
Mortality rates (5%)	20.3	11.4
Expenses (10%)	185.5	182.1
Lapse rates (10%)	81.4	79.7

Note that the above numbers are based on yearly embedded value calculations for which the scope is based on extended contract boundaries.

5.4.2.2 Non-life underwriting risks

Non-life underwriting risks are mainly composed of reserve, premium, catastrophe and lapse risks. This section will first describe these risks (sub-sections A to D). It will then provide an overview of their management within Ageas operating companies (sub-section E) and loss ratios (sub-section F), Non-life risk sensitivities (sub-section G) and loss reserve tables (sub-section H).

A. RESERVE RISK

Reserve risk is related to outstanding claims and represents the risk of adverse change in the value of insurance liabilities resulting from fluctuations in the timing and amount of claim settlements and claims expenses.

B. PREMIUM RISK

Non-life premium risk is the risk that the premium will not be sufficient to cover all liabilities including claims and expenses resulting from fluctuations in frequency, severity of claims, timing of claim settlements, or adverse changes in expenses.

Claims losses can differ from the expected outcome for a range of reasons. Analysis of claims will generally treat differently short and long-tail claims. Short-tail claims, such as motor damage and property damage claims, are generally reported within a few days or weeks and are settled soon afterwards. The resolution of long-tail claims, such as bodily injury or liability claims, can take years to complete. In the case of long-tail claims, information concerning the event, such as medical treatment required, may, due to its very nature, not be readily obtainable. Analysis of long-tail losses is also more difficult, requires more detailed work and is subject to greater uncertainties than analysis of short-tail losses.

Ageas's insurance companies take into account experience with similar cases and historical trends, such as reserving patterns, exposure growth, loss payments, pending levels of unpaid claims, as well as court decisions and economic conditions.

To mitigate the claims risk, Ageas's insurance companies adopt selection and underwriting policies based on their historical claims experience and modelling. They do this by client segment and class of business based on knowledge or expectations of future movements in claims frequency and severity. Ageas's insurance companies also benefits from diversification effects by engaging in a wide range of Non-life insurance classes and geographies. This does not reduce average claims, although it does significantly reduce the variation in the total claims book and therefore the risk. The risk of unexpectedly large claims is contained by policy limits, concentration risk management and reinsurance.

C. CATASTROPHE RISK

Catastrophe risk is related to claims generated by catastrophic events, natural disasters such as storms, floods, earthquakes, freezes, tsunamis or man-made events such as terrorist attacks, explosions or train accidents.

D. LAPSE RISK

Lapse risk is related to future premiums included in the premium provision where an expected profit is foreseen. Lapse risk is the risk that more lapses will occur than the expected ones, generating less profit than foreseen.

E. MANAGEMENT OF NON-LIFE RISKS AT AGEAS INSURANCE COMPANIES

The management of Non-life risk at Ageas is in conformity with underwriting and risk taking management instructions and guidance issued at each Non-life entity of the Group. This includes, amongst other things, risk acceptance rules, claims management guidance on cost assessment and on funding allocations, reinsurance taking activity and management.

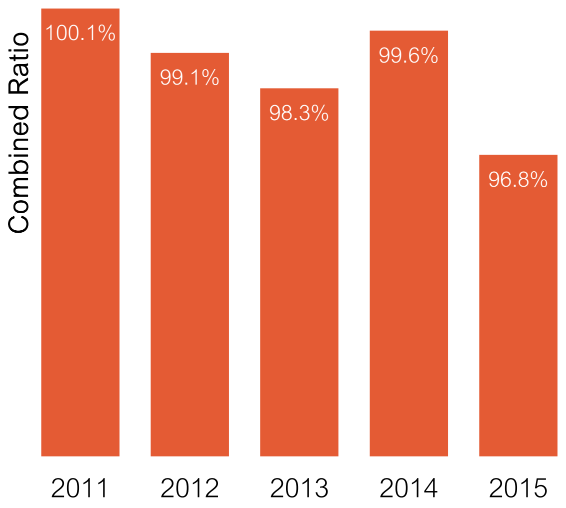
At Group level a number of reporting schemes related to the above are in place e.g. KPI reports and adequacy testing both on claims- and premium -reserves to date and also historically for claims liabilities.

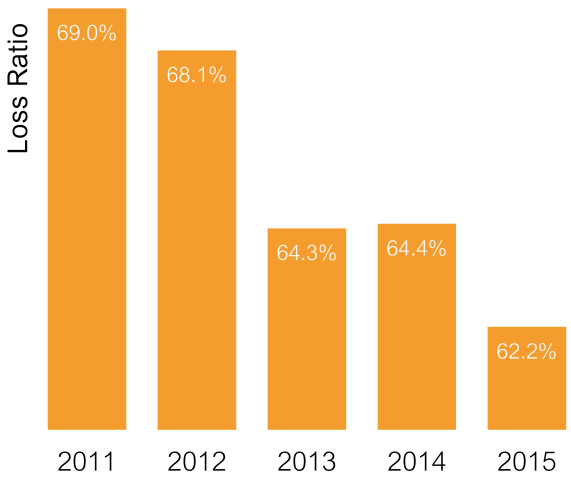
F. LOSS RATIOS

A loss ratio is the single measure used for assessing the appropriateness of the part of premium rates marketed to cover insurance claims. It is defined as the ratio of total claim cost (estimated) divided by premiums earned. Note that the other parts of the premium rates, management costs and profit, are not considered here. Combined ratio is the sum of loss ratio and expense ratio (including commissions).

Generally speaking one may expect to experience a combined ratio below 100 percent. For reasons of intrinsic variability of the claims process and/or premium inefficiency one might from time to time observe a combined ratio above 100 percent. The latter situation is tackled in the management of the Non-life risks (see point E. above).

The table below gives the history of the combined ratios and loss ratios over the last five years.





G. SENSITIVITIES ON TECHNICAL PROVISIONS

Non-life sensitivities shown assume the impact on the pre-taxation result considering a decrease in expenses, as included in the consolidated income statement, of 10%, and an increase in incurred claims, as included in the consolidated income statement, of 5%.

Non-life Sensitivities	Impact on pre-taxation result at 31 December 2015	Impact on pre-taxation result at 31 December 2014
Expenses (10%)	139.9	135.2
Incurred claims 5%	(125.5)	(124.6)

H. LOSS RESERVE TABLES

The reserves for claims and claim expenses that appear in the statement of financial position are analysed by the actuaries and claims management departments by accident year. Payments and loss reserves are therefore represented in a two time-related dimension table: accident year (year of loss occurrence, in the columns) and calendar year (or development year, in the rows). This so-called run-off triangle shows how loss reserve develops over time due to payments made and new estimates of the expected ultimate loss at the respective date of the statement of financial position.

All contracts concerned are insurance contracts as defined by IFRS, including all accident & health, and property and casualty contracts whose reserves can be reported in a triangular format. All material figures quoted are undiscounted. Claim reserves that are held on a discounted basis with similar to life techniques (e.g. permanent disability or death annuities deriving from health or workers compensation or other contracts) are included in the reconciliation lines.

All amounts in the table are calculated at the applicable exchange rates at year-end 2015.

The loss reserve development table per accident year is as follows.

Accident Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Payments at:										
N	871.8	1,113.4	1,099.4	1,170.7	1,243.6	1,163.1	1,161.3	1,108.9	1,177.8	1,197.6
N + 1	427.9	533.5	502.3	568.4	692.1	591.5	570.4	582.6	585.0	
N + 2	108.0	136.0	132.9	156.1	152.8	164.6	145.2	141.5		
N + 3	69.0	74.4	92.0	95.8	102.6	85.4	106.4			
N + 4	51.4	54.8	64.9	68.3	64.2	60.2				
N + 5	36.0	36.6	38.7	36.2	54.0					
N + 6	23.0	18.2	20.8	24.2						
N + 7	13.0	10.3	12.7							
N + 8	8.6	6.3								
N + 9	10.5									
Cost of claims: (Cumulative Payments + Outstanding claims reserves)										
N	1,755.2	2,129.1	2,117.3	2,286.8	2,497.8	2,419.7	2,417.7	2,390.4	2,417.6	2,470.6
N + 1	1,733.1	2,119.1	2,075.7	2,234.8	2,458.8	2,324.2	2,372.2	2,325.6	2,422.5	
N + 2	1,724.5	2,113.2	2,096.4	2,257.7	2,463.3	2,303.8	2,366.9	2,255.6		
N + 3	1,710.1	2,105.5	2,088.0	2,276.4	2,459.4	2,272.6	2,334.5			
N + 4	1,696.8	2,078.6	2,079.1	2,255.0	2,455.5	2,241.1				
N + 5	1,683.0	2,078.6	2,060.6	2,263.8	2,455.6					
N + 6	1,673.6	2,062.3	2,077.1	2,245.1						
N + 7	1,677.9	2,062.0	2,066.6							
N + 8	1,681.4	2,056.8								
N + 9	1,676.7									
Ultimate loss, estimated at initial date	1,755.2	2,129.1	2,117.3	2,286.8	2,497.8	2,419.7	2,417.7	2,390.4	2,417.6	2,470.6
Ultimate loss, estimated at prior year	1,681.4	2,062.0	2,077.1	2,263.8	2,455.5	2,272.6	2,366.9	2,325.6	2,417.6	
Ultimate loss, estimated at current year	1,676.7	2,056.8	2,066.6	2,245.1	2,455.6	2,241.1	2,334.5	2,255.6	2,422.5	2,470.6
Surplus (deficiency) current year vs initial accident year	78.5	72.3	50.8	41.7	42.2	178.6	83.2	134.8	(4.9)	
Surplus (deficiency) current year vs prior year	4.7	5.2	10.5	18.7	(0.1)	31.5	32.4	70.0	(4.9)	

Outstanding claims reserves prior to 2006	404.0
Outstanding claims reserves from 2006 to 2015	3,388.2
Other claims liabilities (not included in table)	863.5
Claims with regard to workers' compensation and health care	1,181.9
Total claims in the statement of financial position	5,837.6

The loss reserve development table per accident year shows the development of the ultimate total loss (as payments made and outstanding claims reserves) for each individual accident year (as indicated in the column), for each development year (as indicated in the row) since the year of occurrence through to the reporting year 2015.

The triangle related to 'Payments' reports the amount of claim payments net of recoveries.

The second triangle, 'Outstanding claims reserves', reports the outstanding loss reserve including IBN(E)R for each accident year, based on the new estimate of ultimate loss on the claims and the payments already made.

The Ultimate loss line items, estimated at the initial date of occurrence, at prior reporting year and at current reporting year, reflect the fact that the estimate fluctuates with the knowledge and information gained on the claims. The longer the period of development of the claims, the more accurate is the estimate of the ultimate loss.

The amount of total claims in the statement of financial position is further disclosed in section 20.4 Liabilities arising from Non-life insurance contracts.

5.4.2.3 Health Risk

Health underwriting risk reflects the risk arising from the underwriting of health insurance obligations, whether it is pursued on a similar technical basis to that of life insurance or not, following from both the perils covered and the processes used in the conduct of business.

The components of health insurance risk are to split depending on the type of liabilities: if similar to life risk or modelled based on similar techniques as for life liabilities – please refer to section 5.4.2.1 Life underwriting risks. For liabilities similar to Non-life liabilities or modelled on a similar way, please refer to section 5.4.2.2 Non-life underwriting risks.

5.4.2.4 Reinsurance

Where appropriate, Ageas's insurance companies enter into reinsurance contracts to limit their exposure to underwriting losses. This reinsurance may be on a policy-by-policy basis (per risk), or on a portfolio basis (per event), i.e. where individual policyholder exposures are within local limits but an unacceptable risk of accumulation of claims exists at Group level (catastrophe risks). The latter events are mostly weather related or man-made. Reinsurance companies are selected based primarily on pricing and counterparty default risk considerations. The management of counterparty default risk is integrated into the overall management of credit risk.

The major uses of external reinsurance include the mitigation of the impact of natural disasters (e.g. hurricanes, earthquakes and floods), large single claims against policies with high limits and multiple claims triggered by a single man-made event.

In Q2 2015, Ageas established an internal reinsurance company, Intreas N.V.. It was incorporated in May 2015 and obtained a licence in the Netherlands in June 2015. Intreas is capitalised with EUR 100 million. The rationale of setting up this internal reinsurance company is to optimise the Ageas Group reinsurance programme by harmonising risk profiles among controlled limits/entities and to improve capital management. Intreas is a Non-life reinsurance company and may only accept risks from Ageas Group companies.

Effective 1 July 2015, Intreas wrote small shares in selected Ageas Group companies' reinsurance programmes. Those participations are very small due to the start of operations at mid-year. Going forward, reinsurance programmes will continue to be decided locally by operating companies, whereas Intreas aims at accepting up to 50% shares, of the ceded risks (and premiums) in these treaties. At Group level, Intreas is expected to retain 10-12% of the currently ceded premiums within the Group.

In 2015, Intreas showed a Solvency I ratio of 4,550% and a Solvency II ratio, calculated according to the standard formula, of more than 400%. This solvency ratio will go down in line with increased risk participation and its target is set at 200%. The internal companies within the scope of the start-up phase are:

- AG Insurance, Belgium
- Ageas Insurance Limited, UK
- Ageas Ocidental, Portugal
- Cargeas, Italy

In line with its Risk Appetite, Intreas mitigates part of its risk on the assumed business through the acquisition of group retrocession covers and/or covers protecting its own balance sheet. The increase in the net retained risk for the Ageas Group is expected to represent EUR 45 million on a 1/200 adverse development in 2016.

Intreas respects and operates within the Ageas Risk Management Framework and has set up its proper governance bodies and control processes following Group standards.

The table below provides details of risk retention by product line (in nominal amounts) of Ageas.

2015	Highest retention per risk	Highest retention per event
Product		
Motor, Third Party liability	4,100,000	
Motor Hull	42,500,000	
Property	2,500,000	61,300,000
General Third Party Liability	4,100,000	.
Workmen's Compensation	2,700,000	
Personal Accident	300,000	

The table shows the highest amount across all entities of the Group for similar covers for which Ageas Group assumes responsibility for mitigating emerging risks; any amount higher than those in the table will be transferred to third party reinsurers for cover. The measurement depends on the type of event covered by these reinsurance agreements: either per single risk or alternatively per event[3]. Additionally, as the catastrophe covers for Motor Hull have been integrated into the regular reinsurance treaty, the retention mentioned is the maximum that Ageas Group is responsible for.

The table below provides details by product line of the proportion of premiums ceded to reinsurers in the year ended 31 December (amounts in millions).

2015	Gross written premiums	Ceded premiums	Net premiums
Product			
Life	5,061.3	(66.0)	4,995.3
Accident & Health	843.7	(28.8)	814.9
Property & Casualty	3,453.8	(200.1)	3,253.7
General and eliminations	(0.2)	3.2	3.0
Total	9,358.6	(291.7)	9,066.9

2014	Gross written premiums	Ceded premiums	Net premiums
Product			
Life	5,155.3	(106.3)	5,049.0
Accident & Health	854.1	(29.3)	824.8
Property & Casualty	3,249.2	(218.8)	3,030.4
General and eliminations	(0.3)		(0.3)
Total	9,258.3	(354.4)	8,903.9

5.4.3. Operational risks

Ageas is exposed – like any other financial institution - to operational risks, understood as the risks of losses arising from inadequate or failed internal processes, personnel or systems, or from external events.

Ageas at Group level as well as at local level has in place processes to manage operational risks. These processes are an integral part of the risk management framework. The operational risk management framework consists of company-wide policies and processes embedded at Group level and at all local businesses, which collectively aim at identifying, assessing, managing, monitoring and reporting on operational risks. Some of these company-wide processes include:

- Business Continuity Management;
- Fraud Risk Management;
- Outsourcing;
- Treat Your Customer Fairly;
- Loss Data Collection;
- Internal Control Adequacy Assessment;
- Key Risk Identification process.

Through its risk taxonomy, Ageas has classified its potential sources of operational risks:

Clients, products and business practices
Unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements) and corporate stakeholders e.g. regulators, or from the nature or design of a product.

Execution, delivery and process management
Risk of failed transaction processing or process management, from relations with trade counterparties and vendors.

Business disruption and system failures
Risk associated with the interruption of business activity due to internal or external system and/or communication system failures, the inaccessibility of information and/or the unavailability of utilities and other externally driven business disruptions, which may also harm personnel.

3 *The term 'event' is clearly defined in the reinsurance treaty covering it.*

Employee practices and workplace safety
Risk arising from acts/omissions, intentional or unintentional, inconsistent with applicable laws on employment relations, health, safety and diversity/discrimination acts the Company is responsible for.

Internal fraud
Internal fraud risk is the risk of deliberate abuse of procedures, systems, assets, products and/or services of a company, involving at least one internal staff member (i.e. on the payroll of the company) who intends to deceitfully or unlawfully benefit him/herself or others.

External fraud
Events arising from acts of fraud and theft, or intentional circumvention of the law, actuated by third parties, including customers, vendors and outsource companies (including sub-vendors and sub-contractors), with the goal of obtaining a personal benefit, damaging the company or its counterparties (for which the company pays), or damaging the company's assets. Includes all forms of cyber risk, and frauds by clients and external parties (i.e. parties which do not collaborate usually with the company and have no access to the company's systems, such as non-mechanised brokers).

Damage to physical assets
Losses arising from loss or damage to physical assets from natural disasters or other events.

Ageas aims to keep the above operational risks at appropriate levels by maintaining sound and well-controlled environments in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these control measures mitigate operational risks, they can never completely eliminate them.

An Internal Control Assessment (INCA) process is performed each year and results in the annual Management Control Statement issued by all (local and Group) CEOs who express their confidence in their control frameworks.

5.4.4. Other risks

Other risks cover all the other external and internal factors that can impact Ageas's ability to meet its current business plan and objectives.

Within Ageas taxonomy, these are considered to be the following:

Regulatory change risk
Regulations with regard to allowable product features, conduct of business, underwriting practices (e.g. genetic testing), guarantees, profit sharing, personnel rules, reserving, solvency, which may affect the volume or quality of new sales or the profitability of in-force business.

Competitor risk
Competitor risks arise due to changes in competitor landscape or market position.

Distribution risk
This is the risk of a loss due to distribution plans deviating adversely from expectations. This type of strategic risk has been singled out for particular attention due to the importance of distribution in the Group's business model and our reliance on external parties and partners for the distribution. Distribution risk can arise due to (a number of causes including) lack of alignment of incentives, poor relationship management or lack of sufficient bargaining power in the relationship.

Reputation risk
This is the risk of loss resulting from a decrease in the number of clients, transactions and funding opportunities arising from the adverse perception of the image of the company on the part of customers, counterparties, shareholders, investors or regulators.

Country risk
Country risk refers to the risk of investing in a country, dependent on changes in the business environment that may adversely affect operating profits or the value of assets in a specific country. For example, financial factors such as currency controls, devaluation or regulatory changes, or stability factors such as mass riots, civil war and other potential events contribute to companies' strategic risks (e.g. Eurozone break-up). Country risk only refers to risks affecting all companies operating within a particular country.

Economic environment risk
General economic environment risk is the risk that the economic environment encounters changes and the impact this can have on general business environment, customer behaviour, etc. Within it, inflation risk represents the sensitivity of the value of assets and liabilities to changes in inflation expectations.

Other environmental risks

Environmental risk covers a range of changes to the external environment not already covered by the categories above, including:

- geopolitical environment which can impact Ageas's ability to develop business in the different countries where it operates;
- technology shifts such as the application of internet technology and the impact this can have on customer buying behaviour and the need to develop appropriate IT strategies;
- Other emerging risks are those major scale events or circumstances beyond one's direct capacity to control, which would impact in ways difficult to imagine today, such as potential claims due to nanotechnology or changing weather patterns;
- contagion risks – an extreme form of concentration risk that arises when usually unrelated risk factors affect each other and become highly correlated – linked to the greater levels of connectivity across the world and therefore our markets and risk types.

Concentration risk

Concentration risk further refers to all risk exposures with a loss potential that is large enough to threaten the solvency or the financial position of Ageas.

Intangible asset risk

Intangible asset risk is the risk of loss, or of adverse change in the value of intangible assets due to a change in expected future benefits to be gained from the intangible assets.

Strategic risk

Strategic risk is defined as the risk of the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Strategic risk is a function of the compatibility of an undertaking's strategic goals, the business strategy developed to achieve those goals, the resources deployed in pursuit of these goals, and the quality of implementation.

In summary, strategic risk is a risk that is 'home grown': losses are incurred as a result of actions or decisions taken by the Board of Directors.

6 Regulatory supervision and solvency

The National Bank of Belgium (NBB) has designated ageas SA/NV as an Insurance Holding and as such supervises Ageas on a consolidated basis. Until year-end 2015, supervision was based on Solvency I requirements. Since 1 January 2016, Ageas has been supervised on a consolidated level based on the Solvency II framework. Both frameworks are explained in more detail in this note.

6.1 Requirements and available capital under Solvency I

At the Ageas consolidated level, the National Bank of Belgium (NBB) supervises Ageas. The regulators in the countries in which the subsidiaries are located supervise the subsidiaries of Ageas in those countries, using their own solvency measures and based on local accounting principles.

Based on the rules and regulations for Insurance Groups applicable in Belgium, Ageas reports on a quarterly basis to the NBB its available regulatory capital and required solvency. This prudential supervision includes quarterly verification that Ageas, on a consolidated basis, meets the solvency requirements.

The reconciliation of shareholders' capital to the available regulatory capital and the resulting Solvency I ratios are as follows.

	2015	2014
Share capital and reserves	7,650.8	7,151.4
Net result attributable to shareholders	770.2	475.6
Unrealised gains and losses	2,955.1	2,596.3
Shareholders' equity	11,376.1	10,223.3
Non-controlling interests	598.9	688.2
Total equity	11,975.0	10,911.5
Subordinated liabilities	2,380.4	2,086.3
Prudential filters		
Local required equalisation reserves for catastrophes	(300.6)	(240.7)
Pension adjustment	(15.8)	
Revaluation of investment property, net of tax (at 90%)	902.2	792.5
Adjustment valuation of available for sale investments	(2,999.4)	(2,869.3)
Cash flow hedge	17.1	(20.9)
Goodwill	(965.1)	(911.0)
Other intangible assets	(403.9)	(381.6)
Proposed dividend	(449.0)	(518.8)
Limitation subordinated debt to 50% of required solvency	(199.7)	
Regulatory capital	9,941.2	8,848.0
Solvency ratio's		
Solvency requirements	4,361.5	4,218.3
Solvency excess	5,579.7	4,629.7
Solvency ratio	227.9%	209.8%

6.2 Ageas capital management under Solvency I

Ageas considers a strong capital base at the individual insurance operations a necessity, on the one hand as a competitive advantage and on the other as being necessary to fund the planned growth.

Ageas targets a minimum aggregate Solvency I capital ratio of 200% of the minimum solvency requirements at the total insurance level.

The General Account comprises the Group functions, financing transactions (net of on-lending), as well as so-called legacy issues.

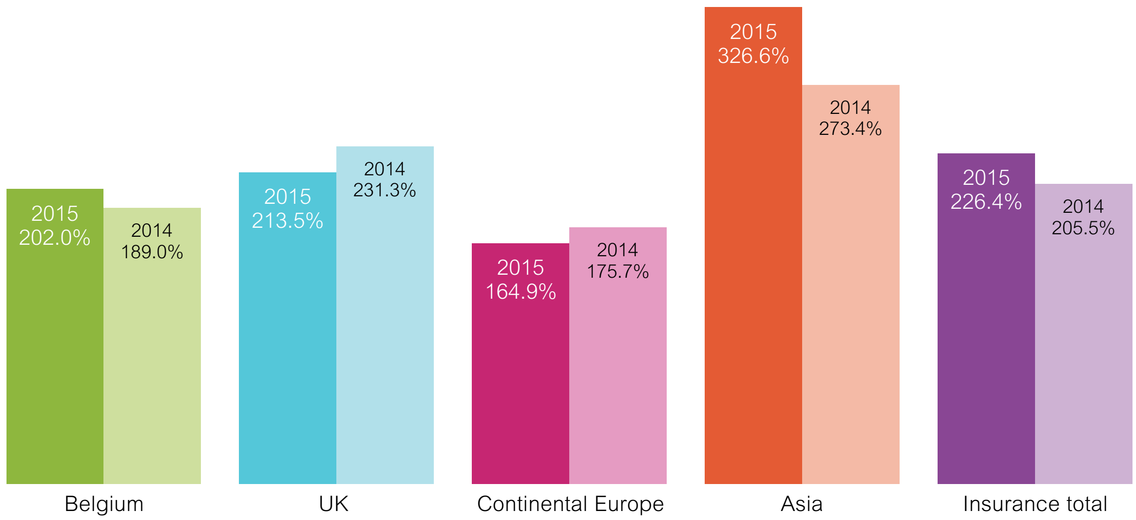
Capital position Insurance

At 31 December 2015, the total available capital of the insurance operations stood at EUR 9.9 billion (31 December 2014: EUR 8.7 billion), 226.4% of the required minimum (31 December 2014: 205.5%).

31 December 2015	Belgium	UK	Continental Europe	Asia	Consolidation Adjustments	Insurance total	General (incl. elim)	Total Ageas
Total available capital	5,139.4	844.3	1,021.2	2,621.5	249.5	9,875.9	65.3	9,941.2
Minimum solvency requirements	2,544.3	395.5	619.2	802.6		4,361.6		4,361.6
Amount of total capital above minimum	2,595.1	448.8	402.0	1,818.9	249.5	5,514.3	65.3	5,579.6
Total solvency ratio	202.0%	213.5%	164.9%	326.6%		226.4%		227.9%

31 December 2014	Belgium	UK	Continental Europe	Asia	Consolidation Adjustments	Insurance total	General (incl. elim)	Total Ageas
Total available capital	4,755.7	845.2	1,060.9	2,004.5	2.7	8,669.0	179.0	8,848.0
Minimum solvency requirements	2,515.8	365.4	603.9	733.2		4,218.3		4,218.3
Amount of total capital above minimum	2,239.9	479.8	457.0	1,271.3	2.7	4,450.7	179.0	4,629.7
Total solvency ratio	189.0%	231.3%	175.7%	273.4%		205.5%		209.8%

The Solvency I position per insurance segment and for total insurance can be shown graphically as follows.



6.3 Requirements and available capital under Solvency II (unaudited)

Since 1 January 2016, Ageas has been supervised on a consolidated level based on the Solvency II framework, applying a Partial Internal Model, where the Non-life risks are modelled according to Ageas specific formulas, instead of the standard formula approach.

The consolidation scope for Solvency II is comparable to the IFRS consolidation scope. The European equity associates have been included pro rata, without any diversification benefits. All Non-European equity associates (including Turkey) have been excluded from own funds and required solvency.

The expected payout of dividends has been deducted from own funds. Furthermore, Ageas takes a conservative approach towards its eligible own funds as, besides the free funds belonging to third party shareholders, all diversification benefits between controlled entities are treated as non available own funds.

Ageas only applies the transitional measures relating to the grandfathering of issued debt and the extension of reporting deadlines.

The Solvency II figures have not been audited as for 2015 as the official start of this new framework is 1 January 2016.

The reconciliation of the IFRS Shareholders' Capital to the own funds under Solvency II and the resulting solvency ratio according to the Partial Internal Model approach is as follows.

	31 December 2015	31 December 2014
IFRS Equity	11,975.0	10,911.5
Shareholders' equity	11,376.1	10,223.3
Non-controlling interest	598.9	688.2
Qualifying Subordinated Liabilities	2,380.0	2,068.0
Scope changes at IFRS value	(2,575.6)	(2,288.0)
Exclusion of expected dividend	(330.0)	(323.0)
Exclusion of Non-controlling interest of ancillary services	(204.7)	(360.0)
Derecognition of Equity Associates	(2,040.9)	(1,605.0)
Valuation differences	(1,864.3)	(942.5)
Revaluation of Property Investments	1,551.0	1,440.0
Derecognition of goodwill	(822.7)	(780.0)
Revaluation of Insurance related balance sheet items (Technical Provisions, Reinsurance Recoverables, VOBA and DAC)	(5,167.1)	(4,438.0)
Revaluation of assets which, under IFRS are not accounted for at fair value (Held to Maturity Bonds, Loans, Mortgages)	2,521.0	2,842.0
Tax impact on valuation differences	403.5	180.0
Other	(350.0)	(185.5)
Total Solvency II Own Funds	9,915.1	9,749.0
Non Transferable Own Funds	(491.4)	(490.0)
Total Eligible Solvency II Own Funds	9,423.7	9,259.0
Group Required Capital under Partial Internal Model (SCR)	4,565.7	4,240.0
Capital Ratio	206.4%	218.0%

	31 December 2015	31 December 2014
Total Eligible Solvency II Own Funds, of which:	9,423.7	9,259.0
Tier 1	6,939.0	7,103.0
Tier 1 restricted	1,823.7	1,924.9
Tier 2	494.9	99.6
Tier 3	166.1	131.5

The composition of the capital solvency requirements can be summarised as follows:

	31 December 2015	31 December 2014
Market Risk	4,792.6	4,294.0
Counterparty Default Risk	327.4	348.0
Life Underwriting Risk	791.1	843.0
Health Underwriting Risk	357.7	387.0
Non-life Underwriting Risk	805.6	736.0
Diversification between above mentioned risks	(1,564.4)	(1,552.0)
Non Diversifiable Risks	671.0	829.0
Loss-Absorption through Technical Provisions	(487.1)	(543.0)
Loss-Absorption through Deferred Taxes	(1,128.2)	(1,102.0)
Group Required Capital under Partial Internal Model (SCR)	4,565.7	4,240.0
Impact of Non-life Internal Model on Non-life Underwriting Risk	363.2	373.0
Impact of Non-life Internal Model on Diversification between risks	(194.6)	(208.0)
Impact of Non-life Internal Model on Loss-Absorption through Deferred Taxes	19.4	(15.0)
Capital Solvency Requirements under the SII Standard Formula	4,753.7	4,390.0

6.4 Ageas capital management under Solvency II

Ageas considers a strong capital base at the individual insurance operations a necessity, on the one hand as a competitive advantage and on the other as being necessary to fund the planned growth.

For its capital management Ageas uses an internal approach based on the Partial Internal Model with an adjusted spread risk. In this adjustment, spread risk is calculated on the fundamental part of the spread risk for all bonds. This increases the SCR for EU government bonds and decreases the spread risk for all other bonds. This SCR is called the SCR_{ageas}.

Ageas targets a minimum aggregate Solvency II capital ratio of 175% of the solvency capital requirements at the total insurance level.

The SCR_{ageas} can be reconciled to the SCR Partial Internal Model as follows:

	31 December 2015	31 December 2014
Group Eligible Solvency II Own Funds based on Partial Internal Model	9,423.7	9,259.0
Exclusion of General Account	(1,358.0)	(1,278.0)
Recalculation of Non Transferable	(57.7)	(174.0)
Insurance Eligible Solvency II ageas Own Funds	8,008.0	7,807.0

	31 December 2015	31 December 2014
Group Partial Internal Model SCR	4,565.7	4,240.0
Exclude impact General Account	(32.0)	(38.0)
Insurance Partial Internal Model SCR	4,533.7	4,202.0
Additional Spread Risk	(31.0)	76.0
Less Diversification	(123.7)	
Less Deferred Tax Loss Mitigation	13.0	(70.0)
SCR_{ageas}	4,392.0	4,208.0

The decrease in SCR has a negative impact of EUR 57 million (2014: EUR 105 million positive) on non transferable own funds, as the buffer that is allocated to minority shareholders is smaller due to the higher SCR at the specific entities.

Capital position Ageas per segment, based on the SCR_{ageas}.

	31 December 2015			31 December 2014		
	Own Funds	SCR	Solvency Ratio	Own Funds	SCR	Solvency Ratio
Belgium	6,911.8	2,852.0	242.3%	6,988.0	2,893.0	241.5%
UK	1,099.1	843.0	130.4%	1,014.0	732.0	138.5%
Continental Europe	943.0	722.0	130.6%	1,036.0	751.0	137.9%
Asia	574.8	321.0	179.1%	492.0	358.0	137.4%
Non Transferable Own Funds/Diversification	(1,520.7)	(346.0)		(1,723.0)	(526.0)	
Total Insurance	8,008.0	4,392.0	182.3%	7,807.0	4,208.0	185.5%
Impact of the inclusion of the General Account	1,359.0	34.0		1,333.0	26.0	
Total Ageas	9,367.0	4,426.0	211.6%	9,140.0	4,234.0	215.9%

7 Remuneration and benefits

7.1 Employee benefits

This note covers post-employment benefits, other long-term employee benefits and termination benefits. Post-employment benefits are employee benefits, such as pensions and post-employment medical care, which are payable after the end of employment. Other long-term employee benefits are employee benefits that do not fall fully due within twelve months of the period in which the employees rendered the related service, including long-service awards and long-term disability benefits. Termination benefits are employee benefits payable as a result of the premature end of the employee's employment contract.

The table below shows an overview of all the employee benefits' liabilities (assets) at Ageas.

	2015	2014
Post-employment benefits - defined benefit plans - pensions	432.6	455.7
Post-employment benefits - defined benefit plans - other	111.9	116.3
Other long-term employee benefits	13.0	13.2
Termination benefits	10.4	8.5
Total net defined benefits liabilities (assets)	567.9	593.7

Liabilities and related service cost are calculated according to the Projected Unit Credit Method. The objective of this method is to expense each participant's benefits as they would accrue taking into account future compensation increases and the plan's benefit allocation principles.

The defined benefit obligation is the net present value of the participant's attributed benefits measured at the reporting date. The current service cost is the net present value of the participant's benefits attributed to service during the year.

The pension cost includes net interest expense, calculated by applying the discount rate to the net pension liability. The discount rate is a high-quality corporate bond rate where there is a deep market in such bonds, and a government bond rate in other markets.

Some assets might be restricted to their recoverable amount in the form of a reduction in future contributions or a cash refund (asset ceiling). Additionally, there might be recognition of a liability from a minimum funding requirement.

The recognition of actuarial gains and losses for post-employments benefits occurs in other comprehensive income, whereas those for other long-term employee benefits and termination benefits occur in the income statement.

7.1.1 Post-employment benefits

7.1.1.1 Defined benefit pension plans and other post-employment benefits

Ageas operates defined benefit pension plans covering the majority of its employees. Ageas's preferred approach is to replace defined benefit plans by defined contribution plans in order to better monitor and control the employer costs, to facilitate cross-country mobility and to facility the understanding of the benefit. However, respecting earlier commitments, Ageas still does operate defined benefit pension plans covering a large proportion of its employees.

Under defined benefit pension plans, benefits are calculated based on years of service and level of salary. Pension obligations are determined on the basis of mortality tables, employee turnover, wage drift and economic assumptions such as inflation and discount rate. Discount rates are set per country or region on the basis of the yield (at closing date) of corporate AA bonds. These defined benefit plans expose the Group to actuarial risks, such as longevity, currency, interest rate and market risk.

In addition to pensions, post-employment benefits may also include other expenses such as reimbursement of part of health insurance premiums, which continue to be granted to employees after retirement.

The following table provides details of the amounts shown in the statement of financial position as at 31 December, regarding defined benefit pension obligations and other post-employment benefits.

	Defined benefit pension plans		Other post-employment benefits	
	2015	2014	2015	2014
Present value of funded obligations	300.9	281.7		
Present value of unfunded obligations	432.8	429.8	111.9	116.3
Defined benefit obligation	733.7	711.5	111.9	116.3
Fair value of plan assets	(300.9)	(271.1)		
	432.8	440.4	111.9	116.3
Asset ceiling / minimum funding requirement		15.3		
Other amounts recognised in the statement of financial position	(0.2)			
Net defined benefit liabilities (assets)	432.6	455.7	111.9	116.3
Amounts in the statement of financial position:				
Defined benefit liabilities	448.4	455.7	111.9	116.3
Defined benefit assets	(15.8)			
Net defined benefit liabilities (assets)	432.6	455.7	111.9	116.3

Defined benefit liabilities are classified under accrued interest and other liabilities (see note 26) and defined benefit assets are classified under accrued interest and other assets (see note 16).

As Ageas is a financial institution specialising in the management of employee benefits, some of its employees' pension plans are insured by Ageas insurance companies. Under IFRS, the assets backing these pension plans are non-qualifying and consequently may not be considered plan assets. For this reason, these plans are classified as 'unfunded'.

From an economic point of view, the net defined liability is offset by the non-qualifying plan assets that are held within Ageas (2015: EUR 312.6 million; 2014: EUR 300.4 million), resulting in a net liability of EUR 120.2 million in 2015 (2014: EUR 155.5 million) for defined benefit pension obligations.

The following table reflects the changes in net defined benefit liabilities (assets) as recognised in the statement of financial position.

	Defined benefit pension plans		Other post-employment benefits	
	2015	2014	2015	2014
Net defined benefit liabilities (assets) as at 1 January	455.7	358.2	116.3	91.6
Total defined benefit expense	22.9	38.4	5.8	5.8
Employer's contributions	(7.0)	(11.4)		
Benefits directly paid by the employer	(22.0)	(15.9)	(2.2)	(2.3)
Foreign exchange differences	0.3	(1.3)		
Other	(0.3)	1.3	(0.8)	(0.8)
Remeasurement	(17.0)	86.4	(7.2)	22.0
Net defined benefit liabilities (assets) as at 31 December	432.6	455.7	111.9	116.3

Benefits directly paid by the employer relate to defined benefit pension plans that are directly held within an Ageas entity. The Other line item referring to 2014 mainly comprises the transfer of defined benefit obligations and corresponding qualified plan assets from another pension plan. The 'Remeasurements' line item is explained further in this note.

The table below shows the changes in the defined benefit obligation.

	Defined benefit pension plans		Other post-employment benefits	
	2015	2014	2015	2014
Defined benefit obligation as at 1 January	711.5	578.6	116.3	91.6
Current service cost	31.8	26.8	3.8	3.0
Interest cost	12.6	18.4	2.0	2.9
Past service cost - vested benefits	(13.3)	(0.7)		
Curtailments		1.8		
Settlements		(0.3)		(0.1)
Remeasurement	8.8	88.5	(7.2)	22.0
Participants' contributions	0.3	0.3		
Benefits paid	(7.7)	(8.4)		
Benefits directly paid by the employer	(22.0)	(15.9)	(2.2)	(2.3)
Foreign exchange differences	12.0	10.9		
Other	(0.3)	11.5	(0.8)	(0.8)
Defined benefit obligation as at 31 December	733.7	711.5	111.9	116.3

The following table shows the changes in the fair value of plan assets.

Defined benefit pension plans	2015	2014
Fair value of plan assets as at 1 January	271.1	220.4
Interest income	8.6	9.3
Remeasurement (return on plan assets, excluding effect of interest rate)	9.0	16.2
Employer's contributions	7.0	11.4
Participants' contributions	0.3	0.3
Benefits paid	(7.7)	(8.4)
Foreign exchange differences	12.6	12.2
Other		9.7
Fair value of plan assets as at 31 December	300.9	271.1

The Remeasurement line item for 2015 reflects the fact that in the current low yield market, article 115 of IAS 19 is applicable to some qualifying insurance policies.

The following table shows the changes in the asset ceiling and/or minimum funding requirement.

	Defined benefit pension plans	
	2015	2014
Asset ceiling / minimum funding requirement as at 1 January	15.3	
Interest cost	0.6	1.2
Remeasurement	(16.8)	14.1
Foreign exchange differences	0.9	
Asset ceiling / minimum funding requirement as at 31 December		15.3

During 2015, some amendments were made to the pension scheme in the United Kingdom in order to provide greater clarity that the employer has a right to any surplus arising out of the schemes in one of the circumstances addressed in IFRIC 14. As a result, the asset ceiling is nil and the employer has recognised the surplus in its pension asset.

The following table shows the components affecting the income statement that relate to the defined benefit pension plans and other post-employment benefits for the year ended 31 December.

	Defined benefit pension plans		Other post-employment benefits	
	2015	2014	2015	2014
Current service cost	31.8	26.8	3.8	3.0
Net interest cost	4.6	10.3	2.0	2.9
Past service cost - vested benefits	(13.3)	(0.7)		
Curtailments		1.8		
Settlements		(0.3)		(0.1)
Other	(0.2)	0.5		
Total defined benefit expense	22.9	38.4	5.8	5.8

Net interest cost and other are included in financing costs (see note 41). All other items are included in staff expenses (see note 44).

The Past service cost – vested benefits line item for 2015 reflects some changes in the pension schemes in United Kingdom.

The following table shows the composition of remeasurements for the year ended 31 December.

	Defined benefit pension plans 2015	2014	Other post-employment benefits 2015	2014
Return on plan assets, excluding effect of interest rate	(9.0)	(16.2)		
Remeasurement on asset ceiling / minimum funding requirement	(16.8)	14.1		
Actuarial (gains) losses with regard to:				
change in demographic assumptions	6.4			1.1
change in financial assumptions	(1.9)	101.5	(7.3)	18.9
experience adjustments	4.3	(13.0)	0.1	2.0
Remeasurement on net defined liability (asset)	(17.0)	86.4	(7.2)	22.0

Remeasurement of the net defined benefit liability is recognised in other comprehensive income. Remeasurements of plan assets are mainly the difference between actual return on plan assets and expected discount rate. Remeasurements of defined benefit obligations reflect the change in actuarial assumptions (i.e. demographic and financial assumptions) and the experience adjustment.

Experience adjustments are actuarial gains and losses that arise because of differences between the actuarial assumptions made at the beginning of the year and actual experience during the year.

The following table reflects the weighted average duration of the defined benefit obligation.

2015	Defined benefit pension plans	Other post-employment benefits
Weighted average duration of defined benefit obligation	17.0	18.6

The following table shows the principal actuarial assumptions made for the eurozone countries.

	Defined benefit pension plans 2015 Low	2015 High	2014 Low	2014 High	Other post-employment benefits 2015 Low	2015 High	2014 Low	2014 High
Discount rate	1.2%	2.0%	0.8%	1.7%	1.6%	2.2%	1.3%	1.8%
Future salary increases (price inflation included)	1.5%	4.5%	1.5%	4.5%				
Future pension increases (price inflation included)	0.0%	1.8%	0.0%	1.5%				
Medical cost trend rates					3.8%	3.8%	3.8%	3.8%

The discount rate for pensions is weighted by the net defined benefit liability (asset) on pensions. The largest pension schemes are in Belgium, with discount rates varying from 1.20% to 2.10%. The discount rate for other post-employment benefits varied in 2015 from 1.45% in Belgium to 1.60% in the Netherlands. The future salary increases varied in 2015 from 1.50% for the older employee group to 4.50% for the younger ones.

The following table shows the principal actuarial assumptions made for other countries.

Defined benefit pension plans	2015	2014
Discount rate	3.5%	3.5%
Future salary increases (price inflation included)	3.5%	3.5%
Future pension increases (price inflation included)	0.0%	2.0% - 3.0%

The eurozone represents 71% of Ageas's total defined benefit obligations. Other countries include only obligations in the United Kingdom. Other post-employment benefits in countries outside the euro-zone are not regarded as significant.

A one per cent change in the actuarial assumptions would have the following effect on the defined benefit obligation for defined benefit pension plans and other post-employment benefits.

	Defined benefit pension plans		Other post-employment benefits	
	2015	2014	2015	2014
Defined benefit obligation	733.7	711.5	111.9	116.3
Effect of changes in assumed discount rate:				
One-percent increase	(14.2%)	(15.8%)	(17.0%)	(17.5%)
One-percent decrease	18.2%	15.6%	22.9%	23.7%
Effect of changes in assumed future salary increases:				
One-percent increase	14.5%	14.3%		
One-percent decrease	(8.2%)	(11.1%)		
Effect of changes in assumed pension increase:				
One-percent increase	10.7%	7.0%		
One-percent decrease	(9.2%)	(8.9%)		

A one per cent change in assumed medical cost trend rates would have the following effect on the defined benefit obligation for medical costs.

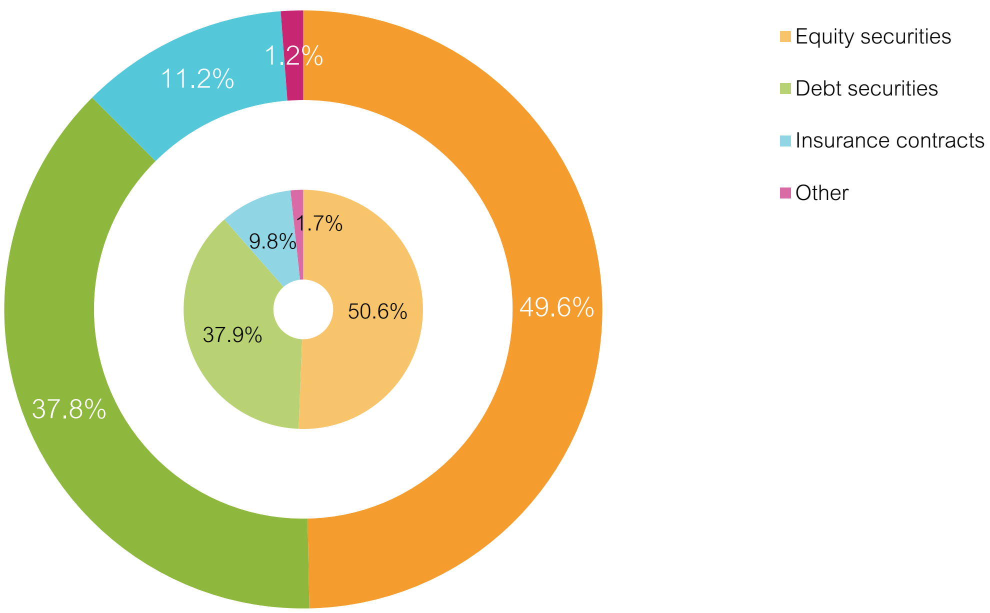
		Medical Care
	2015	2014
Defined benefit obligation	109.4	113.8
Effect of changes in assumed medical costs and trend rates:		
One-percent increase	23.9%	24.3%
One-percent decrease	(18.1%)	(18.3%)

The plan assets comprise predominantly equity securities, fixed-income securities and investment contracts with insurance companies. Ageas's internal investment policy stipulates that investment in derivatives and emerging markets for the purpose of funding pension plans is to be avoided. Ageas gradually adjusts its asset allocation policy to ensure a close match between the duration of assets and that of pension liabilities.

The asset mix of the plan assets for pension obligations is as follows.

	31 December 2015	%	31 December 2014	%
Equity securities	149.2	49.6%	137.3	50.6%
Debt securities	113.6	37.8%	102.6	37.9%
Insurance contracts	33.8	11.2%	26.5	9.8%
Real estate	0.3	0.1%	0.7	0.2%
Cash	3.3	1.1%	4.0	1.5%
Other	0.7	0.2%		
Total	300.9	100.0%	271.1	100.0%

The asset mix of the plan assets can be shown graphically as follows.

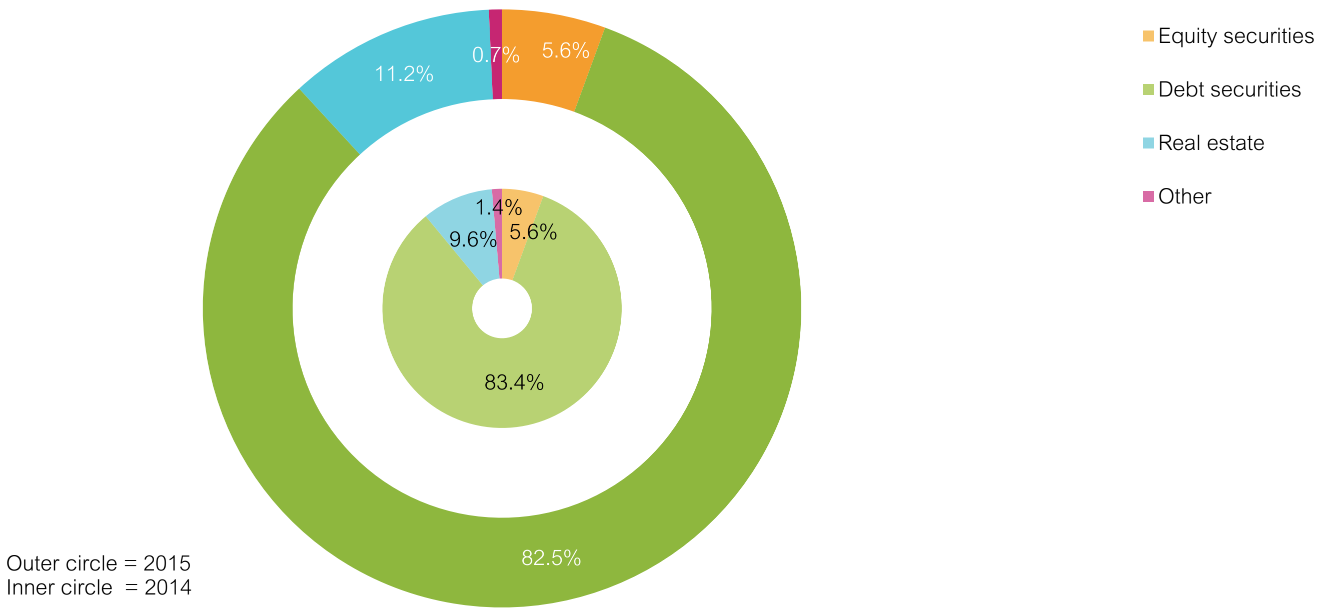


Outer circle = 2015
Inner circle = 2014

The mix of the unqualified assets for pension obligations is as follows.

	31 December 2015	%	31 December 2014	%
Equity securities	17.5	5.6%	16.8	5.6%
Debt securities	258.1	82.5%	250.5	83.4%
Real estate	34.9	11.2%	29.0	9.6%
Convertible bonds	1.5	0.5%	1.1	0.4%
Cash	0.7	0.2%	3.0	1.0%
Total	312.7	100.0%	300.4	100.0%

The mix of the unqualified assets for pension obligations can be shown graphically as follows.



The employer's contributions expected to be paid into post-employment benefit plans for the year ending 31 December 2015 are as follows.

	Defined benefit pension plans
Expected contribution next year to plan assets	6.4
Expected contribution next year to unqualified plan assets	23.8

7.1.1.2 Defined contribution plans

Ageas operates a number of defined contribution plans worldwide. The employer's commitment to a defined contribution plan is limited to the payment of contributions calculated in accordance with the plan's regulations. Employer contributions to defined contribution plans amounted to EUR 26.8 million in 2015 (2014: EUR 24.2 million) and are included in Staff expenses (see note 44).

In Belgium, Ageas has defined contribution plans in accordance with the Law of 28 April 2003 regarding occupational pensions (WAP/LPC plans). These plans commit the employer to the payment of contributions as the plan's terms provide, and to guarantee a minimum return linked to Belgian government bonds yields, with a floor of 1.75% and a cap of 3.75%.

The law of 18 December 2015 to ensure the sustainability and social nature of occupational pensions, and to ensure the strengthening of the additional character relative to the retirement pensions, modifies the commitment of the employer to these plans. As of 1 January 2016, the interest rate guaranteed by the employer is equal to a percentage (equal to 65% for 2016) of the average return on the Belgian linear bonds with a term of 10 years over the 24 months preceding to 1 June, rounded to the nearest 25 basis points. This rate will take effect on 1 January of the following year. To determine the interest rate on 1 January 2016, the average is calculated as at 1 June 2015. This calculation results in a guaranteed interest rate of 1.75% on 1 January 2016.

The related total defined benefit obligation amounts to EUR 122.2 million at year-end (EUR 111.6 million last year).

Because of these minimum return guarantees, WAP/LPC plans do not meet, in a strict sense, the definition of defined contribution plans of IAS 19. However, IAS 19 does not address the accounting for hybrid plans and applying defined benefit plan accounting may not be relevant. Being simultaneously employer and insurer, Ageas has chosen to apply IAS 8.10. Therefore these plans are accounted for in accordance with IFRS 4, as the risks associated with these contracts are fundamentally no different from the risks associated with our usual Life Group insurance contracts. Accordingly, the liabilities related to these plans are included in 'Liabilities arising from Life insurance contracts' (note 20.1). The employer contributions to such plans are included in Staff expenses, as mentioned above.

7.1.2 Other long-term employee benefits

Other long-term employee benefits include long-service awards. The table below shows net liabilities. The liabilities related to other long-term employee benefits are included in the statement of financial position under accrued interest and other liabilities (see note 26).

	2015	2014
Defined benefit obligation	13.0	13.2
Net defined benefit liabilities (assets)	13.0	13.2

The following table shows the changes in liabilities for other long-term employee benefits during the year.

	2015	2014
Net liability as at 1 January	13.2	12.4
Total expense	0.7	2.2
Benefits directly paid by the employer	(0.9)	(1.3)
Other		(0.1)
Net liability as at 31 December	13.0	13.2

The table below provides the range of actuarial assumptions applied when calculating the liabilities for other long-term employee benefits.

	2015 Low	2015 High	2014 Low	2014 High
Discount rate	1.45%	1.50%	0.9%	1.2%
Future salary increases	1.50%	4.50%	1.5%	4.5%

Expenses related to other long-term employee benefits are shown below. Interest cost is included in financing costs (see note 41), all other expenses are included in staff expenses (see note 44).

	2015	2014
Current service cost	0.6	0.6
Interest cost	0.1	0.3
Net actuarial losses (gains) recognised immediately		1.3
Total expense	0.7	2.2

Actuarial losses in 2014 are mainly related to a lower discount rate.

7.1.3 Termination benefits

Termination benefits are employee benefits payable as a result of either an enterprise's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

The table below shows liabilities related to termination benefits included in the statement of financial position under accrued interest and other liabilities (see note 26).

	2015	2014
Defined benefit obligation	10.4	8.5
Net defined benefit liabilities (assets)	10.4	8.5

The following table shows the changes in liabilities for termination benefits during the year.

	2015	2014
Net liability as at 1 January	8.5	10.7
Total expense	4.8	1.0
Benefits directly paid by the employer	(2.9)	(3.2)
Net liability as at 31 December	10.4	8.5

Expenses related to termination benefits are shown below. Interest cost is included in financing costs (see note 41). All other expenses are included in staff expenses (see note 44).

	2015	2014
Current service cost	5.0	1.1
Interest cost		0.1
Net actuarial losses (gains) recognised immediately	(0.2)	(0.2)
Total expense	4.8	1.0

The current service cost line item reflects some early departure conventions in Belgium in 2015.

7.2 Employee share option and share purchase plans

Ageas's remuneration package for its employees and Executive Committee Members may include share-related instruments.

These benefits can take the form of:

- employee share options;
- restricted shares.

7.2.1 Employee share options

Since 2009, no new options have been granted to employees. Ageas has committed itself to fulfilling the existing option obligations towards employees of the discontinued operations. The number of options that is disclosed in this note therefore relates to current employees of Ageas and to former employees of Ageas who were employed by the discontinued operations Fortis Bank, Fortis Insurance Netherlands and Fortis Corporate Insurance.

The following option plans were outstanding as at 31 December 2015 (the exercise prices are expressed in euros).

2015	Outstanding options	Weighted average exercise price	Highest exercise price	Lowest exercise price
Lapsing year				
2016	431,659	246.01	246.80	244.90
2017	490,187	280.20	286.20	272.30
2018	479,690	154.32	164.60	150.60
Total	1,401,536	226.59		

2014	Outstanding options	Weighted average exercise price	Highest exercise price	Lowest exercise price
Lapsing year				
2015	326,502	185.48	186.50	184.10
2016	434,729	246.02	246.80	244.90
2017	494,376	280.25	286.20	272.30
2018	482,730	154.40	164.60	150.60
Total	1,738,337	218.94		

The average duration of the options outstanding at year end 2015 is 1.3 years (2014: 2.0 years). The changes in outstanding options are as follows.

	2015 Number of options	2015 Weighted average exercise price	2014 Number of options	2014 Weighted average exercise price
Balance as at 1 January	1,738,337	218.94	2,064,018	207.88
Lapsed	(336,801)		(325,681)	
Balance as at 31 December	1,401,536	226.59	1,738,337	218.94
On existing Ageas shares	7,048		8,720	
On new Ageas shares	1,394,488		1,729,617	
Of which are conditional				
Of which are unconditional	1,401,536		1,738,337	
Exercisable out of the money	1,401,536		1,738,337	

In 2015 and 2014, Ageas recorded no expenses with respect to the option plans since they are all vested. As long as the options are not exercised, they have no impact on shareholders' equity, as the expenses recorded in the income statement are offset by a corresponding increase in shareholders' equity. When the options are exercised, an amount equal to the exercise price will be transferred within shareholders' equity from reserves to share capital and premium reserve. In 2015 and 2014 no options were exercised.

The options granted by Ageas are ten-year American at-the-money call options with a five-year vesting period, the value is based on the Simple-Cox model. The volatility is based on market information of external parties.

All option plans and restricted share plans (see below) are settled by the delivery of Ageas shares rather than in cash. Some option plans and restricted share plans specifically state that existing shares must be delivered upon exercise. New shares may be issued in other cases.

7.2.2 Restricted shares

In 2014, 2013, 2012 and 2011, Ageas created a restricted share programme for its senior management. Dependent on the relative performance of Ageas shares in relation to a peer group over the next three years and some additional conditions, the senior managers will be awarded, in total:

- between zero and 119,600 existing Ageas shares for free on 1 April 2015 (plan 2012);
- between zero and 167,000 existing Ageas shares for free on 1 April 2016 (plan 2013);
- between zero and 139,600 existing Ageas shares for free on 1 April 2017 (plan 2014);
- between zero and 154,440 existing Ageas shares for free on 1 April 2018 (plan 2015).

In 2015, Ageas recorded EUR 3.4 million with respect to these commitments as staff expenses (2014: EUR 3.0 million).

The grant of the restricted shares for 2011 was confirmed early 2014 and amounted to 200% of the shares conditionally granted, totalling 146,000 Ageas shares. These shares were granted in April 2014.

The grant of the restricted shares for 2012 was confirmed early 2015 and amounts to 200% of the shares conditionally granted, totalling 111,600 Ageas shares. These shares were vested in April 2015.

In addition to these plans, 100,997 shares have been committed to be granted to the members of the Management Committee as a long-term incentive.

The conditions of the commitments to grant and sell restricted shares are described in note 7 section 7.3 Remuneration of Board of Directors Members and Executive Committee Members.

The table below shows the changes in commitments of restricted shares for senior management during the year.

(number of shares in '000)	2015	2014
Number of restricted shares committed to be granted as at 1 January	409	411
Restricted shares committed to grant	155	140
Restricted shares granted	(110)	(112)
Restricted shares cancelled	(13)	(30)
Number of restricted shares committed to be granted as at 31 December	441	409

The table below shows the changes in commitments of restricted shares during the year for ExCo and MCO Members.

(number of shares in '000)	2015	2014
Number of restricted shares committed to be granted as at 1 January	154	101
Restricted shares committed to grant and granted		53
Number of restricted shares committed to be granted as at 31 December	154	154

7.3 Remuneration of Board of Directors and Executive Committee members

This note describes the Ageas Remuneration Policy as applied in 2015. It contains detailed information on the remuneration of individual Board Members and Executive Committee members who held office during 2015.

The remuneration of the Board of Directors Members and Group Executive Committee members has been determined in accordance with the Remuneration Policy, which was approved by the General Meetings of Shareholders of ageas SA/NV and ageas N.V. on, respectively 28 and 29 April 2010. The Remuneration Policy is attached to the Ageas Corporate Governance Charter and can be found at:
https://www.ageas.com/en/about-us/corporate-governance.

7.3.1 Remuneration of the Board of Directors

Changes in the Board of Directors in 2015 – Remuneration 2015

The General Meeting of April 2015 approved the nomination of two new Executive Board Members, Filip Coremans (CRO) and Christophe Boizard (CFO), both members of the Executive Committee.

The Board of Directors currently consists of thirteen members, namely: Jozef De Mey (Chairman), Bart De Smet (CEO), Guy de Selliers de Moranville (Vice-Chairman), Lionel Perl, Jan Zegering Hadders, Roel Nieuwdorp, Steve Broughton, Jane Murphy, Richard Jackson, Lucrezia Reichlin, Davina Bruckner, Filip Coremans and Christophe Boizard.

Regarding Board membership of Non-Executive Board Members at Ageas subsidiaries, Guy de Selliers de Moranville is Chairman of the Board of Directors of AG Insurance SA/NV and Jan Zegering Hadders is a member of this Board. Lionel Perl, Steve Broughton and Jane Murphy are members of the Board of Directors of Ageas UK Ltd. and Jozef De Mey is Chairman of this Board. Jozef De Mey is also Chairman of the Board of Ageas Asia Holdings Ltd. (HK), of Ageas Insurance Company (Asia) Ltd. (HK), of Credimo Holding N.V. (BE) and of Credimo N.V. (BE). He is Vice-Chairman of Muang Thai Group Holding Company Ltd. (Thailand) and of Muang Thai Life Assurance Public Company Ltd. (Thailand).

Roel Nieuwdorp is member of the Board of Directors of Ageas France S.A.. Richard Jackson is member of the Board of Directors of Ageas Portugal Holdings SGSP (PT), of Médis (Companhia Portuguesa de Seguros de Saude S.A.) and Ocidental (Companhia Portuguesa de Seguros S.A.). To the extent that these positions are remunerated, the amounts paid out are disclosed in the tables below.

Total remuneration of Non-Executive Board Members amounted to EUR 1.34 million in the 2015 financial year (2014: EUR 1.26 million). This remuneration includes the basic remuneration for Board Membership and the attendance fees for Board Meetings and Board Committee meetings both at the level of Ageas and at its subsidiaries.

Implementation of the Remuneration Policy

In April 2010, the General Meetings of Shareholders of ageas SA/NV and ageas N.V. approved the Remuneration Policy applicable to Ageas's Non-Executive Board Members as of 1 January 2010.

The Ageas Remuneration Policy is in line with the Corporate Governance Act of 6 April 2010.

The remuneration levels for the Non-Executive Board Members were approved by the General Meeting of Shareholders in April 2013 and did not change in 2015. These remuneration levels consist of a fixed annual remuneration and an attendance fee. The fixed annual remuneration amounts to EUR 90,000 for the Chairman and EUR 45,000 for the other Non-Executive Board Members. Non-Executive Board Members receive an attendance fee of EUR 2,000 per Board Meeting and EUR 1,500 per Board Committee Meeting. For the Chairman of the Board of Directors and the Board Committees, the respective attendance fees are set at EUR 2,500 per Board Meeting and EUR 2,000 per Board Committee Meeting.

In accordance with policy, Non-Executive Board Members do not receive annual incentives or stock options and are not entitled to pension rights. The remuneration of the executive Board members (the members of the Executive Committee) is related exclusively to their position as Executive Committee members and is therefore determined in line with the Remuneration Policy for Executive Committee members (see paragraph 7.3.2).

Remuneration of the Board of Directors

The remuneration received by Board of Directors Members in 2015 is mentioned in the table below. The number of Ageas shares held by Board Members at 31 December 2015 is reported in the same table.

	Function	From	Till	Remuneration in 2015 (in EUR) as Board Member of Ageas [1) 3)]		Ageas shares directly held at 31 December 2015 by current Board Members	
Jozef De Mey	Chairman	1 January 2015	31 December 2015	125,000		9,427	
Guy de Selliers de Moranville	Vice-chairman	1 January 2015	31 December 2015	88,500			
Roel Nieuwdorp	Non-executive Board member	1 January 2015	31 December 2015	76,500		260	
Lionel Perl	Non-executive Board member	1 January 2015	31 December 2015	86,000			
Jan Zegering Hadders	Non-executive Board member	1 January 2015	31 December 2015	86,500			
Steve Broughton	Non-executive Board member	1 January 2015	31 December 2015	86,000			
Jane Murphy	Non-executive Board member	1 January 2015	31 December 2015	84,500			
Richard Jackson	Non-executive Board member	1 January 2015	31 December 2015	75,500			
Lucrezia Reichlin	Non-executive Board member	1 January 2015	31 December 2015	68,000			
Davina Bruckner	Non-executive Board member	1 January 2015	31 December 2015	69,500		853,011	
Bart De Smet	Chief Executive Officer (CEO)	1 January 2015	31 December 2015	See infra	2)	6,590	4)
Christophe Boizard	Chief Financial Officer (CFO)	29 April 2015	31 December 2015	See infra	2)	1,689	4)
Filip Coremans	Chief Risk Officer (CRO)	29 April 2015	31 December 2015	See infra	2)	3,610	4)
Total				846,000		874,587	

1) *Board Members also receive an attendance fee for committee meetings they attend as invitee.*
2) *The Executive Board members are not remunerated as Board Members, but as Executive Committee members (see note 7.3.2 for details of their remuneration).*
3) *Excluding reimbursement of expenses.*
4) *Not including the shares committed to be granted as LTI.*

The remuneration received by Board of Directors Members in 2015 for their mandates at subsidiaries of Ageas is mentioned in the table below.

	From	Till	Total Remuneration in 2015 (in EUR) as member of the Board of Directors of Ageas subsidiaries [2)]	
Jozef De Mey	1 January 2015	31 December 2015	184,388	
Guy de Selliers de Moranville	1 January 2015	31 December 2015	55,416	
Roel Nieuwdorp	1 January 2015	31 December 2015	60,000	
Lionel Perl	1 January 2015	31 December 2015	46,268	
Jan Zegering Hadders	1 January 2015	31 December 2015	53,648	
Steve Broughton	1 January 2015	31 December 2015	50,847	
Jane Murphy	29 April 2015	31 December 2015	23,935	
Richard Jackson	29 April 2015	31 December 2015	16,667	
Lucrezia Reichlin	1 January 2015	31 December 2015		
Davina Bruckner	1 January 2015	31 December 2015		
Bart De Smet	1 January 2015	31 December 2015	See infra	1)
Christophe Boizard	29 April 2015	31 December 2015	See infra	1)
Filip Coremans	29 April 2015	31 December 2015	See infra	1)
Total			491,169	

1) *The Executive Board members are not remunerated as Board Members, but as Executive Committee members (see note 7.3.2 for details of their remuneration).*
2) *Excluding reimbursement of expenses.*

7.3.2 Remuneration of Ageas Executive Committee Members

At 31 December 2015, the Executive Committee of Ageas was composed of Bart De Smet (CEO), Christophe Boizard (CFO) and Filip Coremans (CRO). All members of the Executive Committee are executive members of the Board of Directors.

In 2015, the total remuneration of the Executive Committee amounted to EUR 4,237,912 compared to EUR 2,997,708 in 2014. This comprised:

- a base remuneration of EUR 1,450,000 (compared to EUR 1,425,000 in 2014);
- a short-term incentive (STI) of EUR 732,759 in 2015 compared to EUR 801,151 in 2014. In line with the approved Remuneration Policy, only 50% of the short-term incentive for 2013 was paid in 2014, 25% was adjusted and paid in 2015, the remainder is to be adjusted and paid in 2016. Additionally, only 50% of the short-term incentive for 2014 was paid in 2015, the remainder is to be adjusted and paid in 2016 and 2017. The STI for the 2015 financial year will be paid partly in 2016, 2017 and 2018;
- a long-term incentive (LTI) of 38,038 shares for an amount of EUR 1,305,000, taking into account the relative total shareholder return (TSR) of Ageas shares over the year 2015 (compared to 2014 when there was no granting of an LTI);
- pension costs of EUR 518,365 (excluding taxes) (compared to EUR 551,351 in 2014);
- an amount of EUR 231,788 (compared to EUR 220,206 in 2014) representing other usual benefits, such as health, death, disability cover and company car;
- no termination compensation was paid in 2015.

The remuneration of each Executive Committee member is further detailed below.

Remuneration Policy

The Remuneration Policy for the members of the Executive Management was determined by the Board of Directors, upon proposals by the Remuneration Committee, approved in April 2010 and amended in April 2011 by the General Meetings of Shareholders of ageas SA/NV and ageas N.V.. For more detailed information on the remuneration applicable to the Ageas Executive Committee members, please refer to the Report of the Remuneration Committee.

The remuneration package is part of a contract specifying terms and conditions: a description of the components of the package, termination clauses and various other clauses such as confidentiality and exclusivity. With effect from 1 December 2009, the contracts have included a termination indemnity in accordance with the regulations laid down by the Belgian government.

The members of the Executive Committee are self-employed.

Remuneration of the ExCo Members in 2015

CEO

The remuneration of the CEO, who is also a member of the Board of Directors, relates solely to his position as CEO.

The remuneration of Bart De Smet has been determined after consultation with an external firm specialising in executive compensation and benefits, upon the recommendation of the Remuneration Committee and in accordance with the Remuneration Policy.

Bart De Smet's remuneration in 2015 was comprised of:

- a base remuneration of EUR 575,000, well within the range approved by the shareholders in 2013. Based on the assessment of the competitive positioning of the remuneration of the Executive Management in the second half of 2015, the Remuneration Committee recommended and the Board accepted the following recommendation, applicable as of 1 January 2016: to increase the base compensation of the CEO from EUR 575,000 yearly to EUR 650,000 yearly, well within the salary range of EUR 550,000 to EUR 750,000 approved by the General Meeting of Shareholders in 2013. This recommendation takes into account the objective to position the base compensation according to the median position of the selected peer group, the time lapse since the last adjustment and the evolution of the company over that period;
- a short-term incentive of EUR 345,000. In line with the Remuneration Policy, he will be paid EUR 340,664 during 2016 of which:
  - EUR 172,500, corresponding to 50% of the STI of EUR 345,000 is related to the 2015 financial year. The rest will be paid in the next two years, subject to – upward or downward – revision as foreseen in the Remuneration Policy;
  - EUR 83,446, corresponding to 25% of the STI for the 2014 financial year, after upward revision of the initial amount of EUR 81,938 taking into account the 2015 result. The rest will be paid next year, subject to – upward or downward – revision, and;

- EUR 84,718, corresponding to 25% of the STI for the 2013 financial year, after downwards revision of the initial amount of EUR 86,394, taking into account the 2014 and 2015 results.

- a LTI of 15,084 shares (corresponding to an amount of EUR 517,500 over the year 2015 based on the VWAP (volume weighted average price) of February 2016). There was no granting of an LTI for the financial year 2014. In line with the Remuneration Policy, and except for those that would be sold at vesting in 2019 (up to 50%) in order to allow financing of the related income tax, these shares are blocked until end 2020, and are further adjusted taking into account the evolution over the years 2016, 2017 and 2018;
- an amount of EUR 226,443 (excluding taxes) representing the costs of the defined contribution pension plan;
- an amount of EUR 80,448 representing other usual benefits such as health, death, disability cover and company car.

Other members of the Executive Committee

The composition of the Executive Committee remained unchanged during 2015.

In 2015, the remuneration of Christophe Boizard, CFO comprised:

- a base remuneration of EUR 450,000. The base compensation was increased from EUR 425,000 yearly to EUR 450,000 yearly as of 1 January 2015 taking into account the fact that the base pay was unchanged since his nomination in 2011, the competitive positioning and the fulfilment of the CFO role;
- a short-term incentive of EUR 248,400. In line with the Remuneration Policy, he will be paid EUR 238,775 during 2016 of which:
  - EUR 124,200, corresponding to 50% of the STI of EUR 248,400 is related to the 2015 financial year. The rest will be paid in the next two years, subject to – upward or downward – revision as foreseen in the Remuneration Policy;
  - EUR 56,740, corresponding to 25% of the STI for the 2014 financial year, after upwards revision of the initial amount of EUR 55,622, taking into account the 2015 result. The rest will be paid next year subject to – upward or downward – revision;
  - EUR 57,835, corresponding to 25% of the STI for the 2013 financial year, after downwards revision of the initial amount of EUR 59,075, taking into account the 2014 and 2015 results.
- a LTI of 11,805 shares (corresponding to an amount of EUR 405,000 over the year 2015 based on the VWAP (volume weighted average price) of February 2016). There was no granting of an LTI for the financial year 2014. In line with the Remuneration Policy, and except for those that would be sold at vesting in 2019 (up to 50%) in order to allow financing of the related income tax, these shares are blocked until end 2020, and are further adjusted taking into account the evolution over the years 2016, 2017 and 2018;
- an amount of EUR 171,288 (excluding taxes) representing the costs of the defined contribution pension plan;
- an amount of EUR 91,434 representing other usual benefits such as health, death, disability cover and company car.

In 2015, the remuneration of Filip Coremans, CRO comprised:

- a base remuneration of EUR 425,000. Based on the decision to increase the base compensation of the ExCo members to a yearly salary of EUR 450,000 on 1 January following the date of one year's service in the appointed ExCo role within Ageas, the Remuneration Committee recommended and the Board accepted an increase in the base compensation to EUR 450,000 as of 1 January 2016;
- a short-term incentive of EUR 247,988. In line with the Remuneration Policy, he will be paid EUR 153,320 during 2016 of which:
  - EUR 123,994, corresponding to 50% of the STI of EUR 247,988 is related to the 2015 financial year. The rest will be paid in the next two years, subject to – upward or downward – revision as foreseen in the Remuneration Policy;
  - EUR 29,326, corresponding to 25% of the STI for the 2014 financial year, after upwards revision of the initial amount of EUR 28,768, taking into account the 2015 result. The rest will be paid next year subject to – upward or downward – revision.

- a LTI of 11,149 shares (corresponding to an amount of EUR 382,500 over the year 2015 based on the VWAP (volume weighted average price) of February 2016). There was no granting of an LTI for the financial year 2014. In line with the Remuneration Policy, and except for those that would be sold at vesting in 2019 (up to 50%) in order to allow financing of the related income tax, these shares are blocked until end 2020, and are further adjusted taking into account the evolution over the years 2016, 2017 and 2018;
- an amount of EUR 120,634 (excluding taxes) representing the costs of the defined contribution pension plan;
- an amount of EUR 59,906 representing other usual benefits such as health, death, disability cover and company car.

Long-term incentive

As mentioned above, in 2015, 38,038 shares were committed to be granted to the ExCo. Except for those that would be sold at vesting in 2019 (up to 50%) in order to allow financing of the related income tax, these shares are blocked until end 2020, and are further adjusted taking into account the evolution over the years 2016, 2017 and 2018. There was no granting of a long-term incentive over the year 2014.

The table below gives an overview of the number of shares granted in previous years. These shares vest only at 30 June of N+4 and are adjusted taking into account performance over the intermediate period.

	Number of shares committed to be granted for 2012	Number of shares committed to be granted for 2013	Number of shares committed to be granted for 2014	Number of shares committed to be granted for 2015
Bart De Smet	16,576	10,101		15,084
Christophe Boizard	14,090	7,466		11,805
Filip Coremans				11,149
Total	30,666	17,567		38,038

The shares committed to be granted for the LTI plan 2011 vested at 30 June 2015. The number of shares was adjusted taking into account the evolution over the years 2012, 2013 and 2014. The table below gives an overview of the LTI plan 2011.

	Number of shares committed to be granted for 2011	Adjusted number vested on 30 June 2015	Number of shares sold to finance Income tax	Number of shares blocked till 1 January 2017
Bart De Smet	3,365	5,740	2,810	2,930
Christophe Boizard	932	1,689		1,689
Filip Coremans				
Total	4,297	7,429	2,810	4,619

There are no restricted shares outstanding from previous years.

Before appointment

Details of the share options (granted) awarded to the ExCo members in relation to their previous positions with the Group are as follows.

	Year	Number of options granted	Exercise price	Expiry date	Exercised before 2015	Options exercised in 2015	Outstanding at 31 December 2015
Filip Coremans	2006	5,973	24.68	03-04-2016			5,973
	2007	4,778	28.62	02-04-2017			4,778
	2008	4,000	16.46	05-03-2018			4,000

In the table above, the number of options granted and the exercise price relate to the share units prior to the reverse stock split in August 2012. To express them as current shares and at current share prices, the number of options has to be divided by ten and the exercise price multiplied by ten.

Details of the restricted shares (granted), relating to the Restricted Stock Unit plans awarded to the ExCo Members in relation to their previous positions with the Group are as follows.

	Year	Number of RSU granted	Vesting date	Vested in 2015	Sold in 2015	RSU committed to be granted at 31 December 2015
Filip Coremans	2012	800	1-04-2015	1,600	1,600	
	2013	1,000	1-04-2016			1,000
	2014	800	1-04-2017			800

8 Related parties

Parties related to Ageas include associates, pension funds, Board Members (i.e. Non-Executive and Executive Members of the Ageas Board of Directors), executive managers, close family members of any individual referred to above, entities controlled or significantly influenced by any individual referred to above and other related entities. Ageas frequently enters into transactions with related parties in the course of its business operations. Such transactions mainly concern loans, deposits and reinsurance contracts and are entered into under the same commercial and market terms that apply to non-related parties.

Ageas companies may grant credits, loans or guarantees in the normal course of business to Board Members and executive managers or to close family members of the Board Members or close family members of executive managers.

As at 31 December 2015, no outstanding loans, credits or bank guarantees had been granted to Board Members and executive managers or to close family members of the Board members and close family members of executive managers.

Transactions entered into with the following related parties during the year ended 31 December are summarised below:

- associates;
- other related parties such as pension funds;
- Board Members.

In April 2013, Ageas closed a transaction comprising the acquisition of a 33% stake in DTH Partners LLC. Davina Bruckner, who succeeded her father, Ronny Bruckner, and became a Board Member of ageas SA/NV in April 2014 is affiliated with DTH Partners LLC. The Board of DTH Partners LLC is chaired by Mr Jozef De Mey (also the chairman of the Board of Ageas). Under IFRS rules, transactions and commitments like this are regarded as a related party transaction and need as such to be disclosed.

Details of the transaction

In December 2011, AG Insurance issued to DTH Partners LLC and NB 70 Pine LLC (joint and several borrowers), both real estate investment companies in the U.S., a convertible bridge loan of USD 70 million (EUR 53 million) to help finance the acquisition of a landmark building in New York City, at 70 Pine Street in Manhattan. The loan matured on 26 April 2013 and consequently the following agreements were finalised and closed:

- a DTH operating agreement (i.e. a joint-venture agreement) between Westbridge SARL and AG Real Estate Westinvest SA resulting in a capital contribution of USD 103 million (EUR 84.8 million) representing a 33% equity stake in DTH Partners LLC. This equity stake is included in the statement of financial position under the caption 'Investments in associates'. At year-end 2013 the purchase accounting was completed, resulting in the recognition of neither goodwill nor badwill;
- a Mezzanine Loan Agreement between DTH Partners LLC and AG Insurance for a nominal amount of USD 117.5 million (EUR 96.8 million) at initial interest rates between 10.5% and 12%;
- a bridge loan agreement between EBNB 70 Pine Development and AG Real Estate (North Star NV) for USD 23 million (EUR 18.9 million). This amount is part of a total bridge facility of USD 46 million by the shareholders of DTH to pre-finance a tax-credit structure, which has been delayed by the US Internal Revenue Service approval process.

The Mezzanine loan benefits from a security package that features (i) a pledge of all the issued shares of DTH Partners LLC and (ii) various usual guarantee agreements.

In 2015 the bridge loan granted by AG Real Estate Westloan SA to EBNB 70 Pine Development was on the one hand partially reimbursed for an amount of USD 23.2 million (EUR 19.7 million), while on the other hand two additional tranches under the same bridge loan were granted:

- one in May 2015 amounting to USD 11 million (EUR 9.8 million), and
- another in November 2015 of USD 50 million (EUR 46 million), of which USD 21.5 million (EUR 20.4 million) had been drawn at 31 December 2015.

Finally, several shareholder notes were made at the end of 2015 to DTH Partners LLC by Westbridge SARL and AG Real Estate Westloan SA in the equity proportion (67%-33%), as a consequence of which AG Real Estate Westloan SA has an outstanding amount of USD 1 million (EUR 0.9 million).

In 2013, a transaction took place between ageas SA/NV and one of its independent Board members, Mr Guy de Selliers de Moranville. The transaction relates to the renting by ageas SA/NV of a property belonging to Mr Guy de Selliers de Moranville. This property is regarded an appropriate venue to host VIP-guests of the Board and Executive Management and is rented at an annual rent of EUR 50,000 (see the Report of the Board of Directors). Although these are unique circumstances, management considers the transactions with DTH Partners and Mr Guy de Selliers de Moranville to be concluded at arm's length.

There were no other changes in the related party transactions compared to year-end 2014.

The tables below show the items in the income statement and statement of financial position in which amounts for related parties are included.

	Associates	Other	2015 Total	Associates	Other	2014 Total
Income statement - related parties						
Interest income	9.5	16.0	25.5	7.2	15.9	23.1
Fee and commission income	15.1		15.1	11.3		11.3
Other income	0.5		0.5	0.7		0.7
Fee and commission expenses	(19.3)		(19.3)	(18.2)		(18.2)
Operating, administrative and other expenses	(0.1)		(0.1)	(0.2)		(0.2)

	Associates	Other	2015 Total	Associates	Other	2014 Total
Statement of financial position - related parties						
Financial Investments	87.0		87.0	220.3		220.3
Due from customers	247.2	177.7	424.9	133.6	120.8	254.4
Other assets	5.9	3.5	9.4	9.0	18.9	27.9
Debt certificates, subordinated liabilities and other borrowings	8.4		8.4	7.2		7.2
Other liabilities	5.0		5.0	5.1		5.1

The changes in loans to related parties during the year ended 31 December are as follows.

	2015	Loans 2014
Related party loans as at 1 January	254.4	239.8
Additions or advances	169.5	17.1
Repayments		(2.5)
Other	1.0	
Related party loans as at 31 December	424.9	254.4

9 Information on operating segments

9.1 General information

Ageas has an organisational structure based on an Executive Committee and a Management Committee consisting of the ExCo, the Chief Operating Officer, the Chief Executive Officers of the four geographical regions and the Group Risk Officer.

Operating segments

Ageas is organised in five operating segments (for details see below):

- Belgium;
- United Kingdom (UK);
- Continental Europe;
- Asia;
- General Account.

Ageas has decided that the most appropriate way of reporting operating segments under IFRS is per region in which Ageas operates, i.e. Belgium, United Kingdom, Continental Europe and Asia. In addition, Ageas reports activities that are not related to the core insurance business, such as Group financing and other holding activities, in the General Account, which is treated as a separate operating segment.

Ageas's segment reporting based on IFRS reflects the full economic contribution of the businesses of Ageas. The aim is direct allocation to the businesses of all statements of financial positions and income statement items for which the businesses have full managerial responsibility.

Transactions between the different businesses are executed under standard commercial terms and conditions.

Allocation rules

In accordance with Ageas's business model, insurance companies report support activities directly in the business.

When allocating items from the statement of financial position to operating segments, a bottom-up approach is used based on the products sold to external customers.

For the items in the statement of financial position not related to products sold to customers, a tailor-made methodology adapted to the specific business model of each reportable segment is applied.

9.2 Belgium

The Belgian insurance activities, operating under the name of AG Insurance, have a longstanding history. The company serves approximately 3.5 million customers and its premium income amounted EUR 5.2 billion in 2015. Some 67% of this income came from Life insurance; the remainder from Non-life insurance. AG Insurance is also the 100% owner of AG Real Estate, which manages its real estate activities and has grown into the largest real estate group in Belgium.

AG Insurance targets private individuals as well as small, medium-sized and large companies. It offers its customers a comprehensive range of Life and Non-life insurance through various channels such as independent brokers and via the bank channels of BNP Paribas Fortis SA/NV and its subsidiaries. AG Employee Benefits is the dedicated business unit offering group pension and health care solutions, mainly to larger enterprises. Since May 2009, BNP Paribas Fortis SA/NV has owned 25% of AG Insurance.

9.3 United Kingdom (UK)

Ageas's business in the UK is a leading national provider of Non-life insurance solutions. The UK business has a strong presence in the personal lines market and is continuing to expand its commercial lines proposition. The UK business is the affinity partner of a number of very strong brands including Tesco Bank, John Lewis Partnership, Age UK and Toyota (GB) Limited. The UK business adopts a multi-channel distribution strategy across brokers, affinity partners and own distribution. Its 100% owned subsidiaries include Ageas 50 (former RIAS and Castle Cover) which have over a million customers in the growing 50-plus market segment and Ageas Insurance Solutions, which provides white label solutions to affinity partners, outsourcing services as well as direct internet promotion of its own brands.

In order to provide transparency in respect of the contributions from its various business segments, Ageas took the decision to break down the UK results into three sub-segments – Life, Non-life and Other Insurance. Other Insurance includes the results of its retail operations and UK head offices costs.

As a result of the sale of the Life activities in the UK (Ageas Protect) at year-end 2014 (see also note 3 Acquisitions and disposals), the UK does not report anymore on the Life segment as from 2015.

9.4 Continental Europe

Continental Europe consists of the insurance activities of Ageas in Europe, excluding Belgium and the United Kingdom. Ageas is active in five markets: Portugal, France, Italy and Luxembourg and since 2011 Turkey, the product range includes Life (in Portugal, France and Luxembourg) and Non-life (in Portugal, Italy and Turkey). Access to markets is facilitated by a number of key partnerships with companies enjoying a sizeable position in their respective markets.

In 2015, about 80% of total inflows were Life related and the remainder was Non-life related.

9.5 Asia

Ageas is active in a number of countries in Asia with its regional office and the fully owned subsidiary both based in Hong Kong. The other activities are organised in the form of joint ventures with leading local partners and financial institutions in China (20-24.9% owned by Ageas), Malaysia (30.95% owned by Ageas), Thailand (15-31% owned by Ageas), India (26% owned by Ageas) and the Philippines (25% owned by Ageas). In terms of reporting, Ageas reports the Hong Kong subsidiary on a consolidated basis, while the other stakes are accounted for as equity associates.

9.6 General Account

The General Account comprises activities not related to the core insurance business, such as Group financing and other holding activities. In addition, the General Account also includes the investment in Royal Park Investments, Ageas's internal Non-life reinsurer Intreas, the liabilities related to CASHES/RPN(I) and the written put option on AG Insurance.

9.7 Statement of financial position by operating segment

31 December 2015	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Assets							
Cash and cash equivalents	934.6	209.6	219.4	194.5	836.2		2,394.3
Financial investments	52,600.3	2,582.9	8,567.4	2,436.4	370.9	(10.7)	66,547.2
Investment property	2,781.2	46.9	19.0				2,847.1
Loans	6,561.6	78.0	30.3	248.6	1,534.9	(1,167.1)	7,286.3
Investments related to unit-linked contracts	6,991.2		7,225.5	931.4		(22.1)	15,126.0
Investments in associates	434.1	96.8	262.8	1,991.6	48.9	7.2	2,841.4
Reinsurance and other receivables	766.3	869.9	250.1	124.4	8.6	(5.4)	2,013.9
Current tax assets	2.7	9.4	27.0				39.1
Deferred tax assets	40.4	37.4	53.4				131.2
Accrued interest and other assets	1,418.6	314.6	226.5	571.8	165.8	(129.3)	2,568.0
Property, plant and equipment	1,079.6	58.7	7.1	5.9	0.8		1,152.1
Goodwill and other intangible assets	394.9	294.3	415.0	435.0			1,539.2
Total assets	74,005.5	4,598.5	17,303.5	6,939.6	2,966.1	(1,327.4)	104,485.8
Liabilities							
Liabilities arising from Life insurance contracts	23,673.8		3,161.4	2,243.3		(4.8)	29,073.7
Liabilities arising from Life investment contracts	25,671.1		4,231.1	0.7			29,902.9
Liabilities related to unit-linked contracts	6,991.2		7,219.2	931.4			15,141.8
Liabilities arising from Non-life insurance contracts	3,779.1	2,908.9	771.8		3.7		7,463.5
Debt certificates							
Subordinated liabilities	1,440.6	183.4	178.0		1,345.1	(766.7)	2,380.4
Borrowings	2,255.3	141.9	26.8	584.1	201.9	(422.5)	2,787.5
Current tax liabilities	61.0	2.6	17.3	1.9			82.8
Deferred tax liabilities	1,517.2	0.4	44.4		3.0		1,565.0
RPN(I)					402.0		402.0
Accrued interest and other liabilities	1,683.4	226.9	320.8	168.8	96.3	(123.1)	2,373.1
Provisions	23.5	5.8	7.7		138.0		175.0
Liabilities related to written put options on NCI	99.1				1,064.0		1,163.1
Total liabilities	67,195.3	3,469.9	15,978.5	3,930.2	3,254.0	(1,317.1)	92,510.8
Shareholders' equity	4,932.0	1,128.6	976.5	3,009.4	1,339.9	(10.3)	11,376.1
Non-controlling interests	1,878.2		348.5		(1,627.8)		598.9
Total equity	6,810.2	1,128.6	1,325.0	3,009.4	(287.9)	(10.3)	11,975.0
Total liabilities and equity	74,005.5	4,598.5	17,303.5	6,939.6	2,966.1	(1,327.4)	104,485.8
Number of employees	6,163	4,289	879	462	126		11,919

31 December 2014	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Assets							
Cash and cash equivalents	798.7	215.7	397.8	134.5	969.6		2,516.3
Financial investments	54,840.3	2,507.3	8,404.6	2,089.9	343.8	(11.1)	68,174.8
Investment property	2,607.6	14.2	19.5				2,641.3
Loans	5,269.3	52.5	37.5	221.7	1,814.9	(1,327.6)	6,068.3
Investments related to unit-linked contracts	6,713.3		7,246.0	871.9		(72.3)	14,758.9
Investments in associates	342.2	98.4	266.8	1,458.6	48.3	7.0	2,221.3
Reinsurance and other receivables	789.1	849.1	271.1	85.7	3.7	(7.0)	1,991.7
Current tax assets	8.9	1.4	1.5				11.8
Deferred tax assets	24.6	37.7	44.1				106.4
Accrued interest and other assets	1,445.2	287.3	229.2	483.9	150.8	(136.2)	2,460.2
Property, plant and equipment	1,040.4	65.9	6.3	6.0	0.8		1,119.4
Goodwill and other intangible assets	382.3	270.0	431.5	404.8			1,488.6
Total assets	74,261.9	4,399.5	17,355.9	5,757.0	3,331.9	(1,547.2)	103,559.0
Liabilities							
Liabilities arising from Life insurance contracts	24,422.7		3,114.7	1,887.1		(4.8)	29,419.7
Liabilities arising from Life investment contracts	26,448.9		4,120.0	0.8			30,569.7
Liabilities related to unit-linked contracts	6,713.3		7,243.7	872.0			14,829.0
Liabilities arising from Non-life insurance contracts	3,710.1	2,691.4	746.1				7,147.6
Debt certificates					2.2		2.2
Subordinated liabilities	1,233.1	127.8	178.0		1,549.1	(1,001.7)	2,086.3
Borrowings	1,978.1	201.4	23.1	506.1	172.9	(398.1)	2,483.5
Current tax liabilities	37.3	7.7	28.8	10.7	0.3		84.8
Deferred tax liabilities	1,418.0	0.4	43.5		1.7		1,463.6
RPN(I)					467.0		467.0
Accrued interest and other liabilities	1,697.2	242.5	366.5	154.9	107.4	(131.6)	2,436.9
Provisions	20.2	1.4	10.3		139.5		171.4
Liabilities related to written put options on NCI	94.8				1,391.0		1,485.8
Total liabilities	67,773.7	3,272.6	15,874.7	3,431.6	3,831.1	(1,536.2)	92,647.5
Shareholders' equity	4,688.1	1,126.9	1,046.6	2,325.4	1,047.3	(11.0)	10,223.3
Non-controlling interests	1,800.1		434.6		(1,546.5)		688.2
Total equity	6,488.2	1,126.9	1,481.2	2,325.4	(499.2)	(11.0)	10,911.5
Total liabilities and equity	74,261.9	4,399.5	17,355.9	5,757.0	3,331.9	(1,547.2)	103,559.0
Number of employees	6,117	4,626	905	437	119		12,204

9.8 Income statement by operating segment

2015	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Income							
- *Gross premium income*	*5,186.5*	*1,904.8*	*1,851.7*	*415.8*	*3.4*	*(3.6)*	*9,358.6*
- *Change in unearned premiums*	*8.0*	*(29.0)*	*(10.0)*				*(31.0)*
- *Ceded earned premiums*	*(60.6)*	*(124.8)*	*(75.1)*	*(34.4)*	*(0.2)*	*3.4*	*(291.7)*
Net earned premiums	5,133.9	1,751.0	1,766.6	381.4	3.2	(0.2)	9,035.9
Interest, dividend and other investment income	2,557.7	74.4	243.0	136.8	51.4	(54.8)	3,008.5
Unrealised gain (loss) on RPN(I)					65.0		65.0
Result on sales and revaluations	167.7	7.2	15.2	2.5	(0.6)		192.0
Income related to investments for unit-linked contracts	250.2		276.1	(61.6)			464.7
Share of result of associates	3.3	(0.2)	13.1	248.1	21.8		286.1
Fee and commission income	150.7	92.1	101.9	90.5			435.2
Other income	135.2	101.8	2.2	0.9	8.4	(18.7)	229.8
Total income	8,398.7	2,026.3	2,418.1	798.6	149.2	(73.7)	13,717.2
Expenses							
- *Insurance claims and benefits, gross*	*(5,402.4)*	*(1,255.0)*	*(1,610.2)*	*(338.9)*	*(3.7)*	*0.2*	*(8,610.0)*
- *Insurance claims and benefits, ceded*	*22.1*	*40.8*	*24.2*	*15.4*			*102.5*
Insurance claims and benefits, net	(5,380.3)	(1,214.2)	(1,586.0)	(323.5)	(3.7)	0.2	(8,507.5)
Charges related to unit-linked contracts	(284.6)		(330.9)	53.3			(562.2)
Financing costs	(110.0)	(8.7)	(10.8)	(46.8)	(45.5)	54.8	(167.0)
Change in impairments	(41.7)		(28.0)	(1.6)	(8.3)		(79.6)
Change in provisions	0.9	(1.9)	1.3		0.1		0.4
Fee and commission expenses	(648.7)	(364.2)	(149.5)	(110.7)	(0.3)		(1,273.4)
Staff expenses	(498.8)	(214.0)	(62.4)	(51.7)	(22.8)	3.0	(846.7)
Other expenses	(724.2)	(188.0)	(128.8)	(41.3)	(49.0)	15.7	(1,115.6)
Total expenses	(7,687.4)	(1,991.0)	(2,295.1)	(522.3)	(129.5)	73.7	(12,551.6)
Result before taxation	711.3	35.3	123.0	276.3	19.7		1,165.6
Tax income (expenses)	(181.8)	(5.8)	(29.4)	(4.4)	(4.6)		(226.0)
Net result for the period	529.5	29.5	93.6	271.9	15.1		939.6
Attributable to non-controlling interests	145.8		23.6				169.4
Net result attributable to shareholders	383.7	29.5	70.0	271.9	15.1		770.2
Total income from external customers	8,387.2	1,978.2	2,418.6	790.5	142.7		13,717.2
Total income internal	11.5	48.1	(0.5)	8.1	6.5	(73.7)	
Total income	8,398.7	2,026.3	2,418.1	798.6	149.2	(73.7)	13,717.2
Non-cash expenses (excl. depreciation & amortisation)	(98.3)		(11.5)	(62.8)			(172.6)

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be calculated as follows.

2015	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Gross premium income	5,186.5	1,904.8	1,851.7	415.8	3.4	(3.6)	9,358.6
Inflow deposit accounting	492.6		673.9	141.4			1,307.9
Gross inflow	5,679.1	1,904.8	2,525.6	557.2	3.4	(3.6)	10,666.5

2014	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Income							
- *Gross premium income*	*5,444.1*	*1,865.8*	*1,630.8*	*317.9*		*(0.3)*	*9,258.3*
- *Change in unearned premiums*	*(5.7)*	*3.3*	*(9.6)*				*(12.0)*
- *Ceded earned premiums*	*(77.1)*	*(167.6)*	*(81.1)*	*(28.6)*			*(354.4)*
Net earned premiums	5,361.3	1,701.5	1,540.1	289.3		(0.3)	8,891.9
Interest, dividend and other investment income	2,550.8	69.9	265.5	108.3	59.7	(60.1)	2,994.1
Unrealised gain (loss) on RPN(I)					(96.9)		(96.9)
Result on sales and revaluations	264.1	23.5	47.4	10.8	12.5	(9.3)	349.0
Income related to investments for unit-linked contracts	541.8		710.7	20.2			1,272.7
Share of result of associates	(1.0)	(2.3)	6.1	153.1	7.6		163.5
Fee and commission income	134.3	108.2	105.9	71.9			420.3
Other income	112.2	115.8	3.3	4.3	6.8	(18.5)	223.9
Total income	8,963.5	2,016.6	2,679.0	657.9	(10.3)	(88.2)	14,218.5
Expenses							
- *Insurance claims and benefits, gross*	*(5,955.3)*	*(1,147.6)*	*(1,461.8)*	*(270.9)*		*0.9*	*(8,834.7)*
- *Insurance claims and benefits, ceded*	*127.9*	*73.8*	*35.8*	*13.7*			*251.2*
Insurance claims and benefits, net	(5,827.4)	(1,073.8)	(1,426.0)	(257.2)		0.9	(8,583.5)
Charges related to unit-linked contracts	(577.1)		(731.9)	(28.1)			(1,337.1)
Financing costs	(120.3)	(13.4)	(1.8)	(41.1)	(50.6)	59.4	(167.8)
Change in impairments	(20.9)	(0.2)	(37.4)	(3.3)			(61.8)
Change in provisions	(3.3)	(2.1)	(1.1)		(131.0)		(137.5)
Fee and commission expenses	(630.3)	(414.8)	(154.4)	(100.8)			(1,300.3)
Staff expenses	(491.2)	(219.0)	(65.7)	(37.2)	(19.3)	1.6	(830.8)
Other expenses	(662.4)	(179.3)	(128.5)	(14.6)	(38.8)	16.9	(1,006.7)
Total expenses	(8,332.9)	(1,902.6)	(2,546.8)	(482.3)	(239.7)	78.8	(13,425.5)
Result before taxation	630.6	114.0	132.2	175.6	(250.0)	(9.4)	793.0
Tax income (expenses)	(101.0)	3.4	(34.1)	(3.7)	(1.8)		(137.2)
Net result for the period	529.6	117.4	98.1	171.9	(251.8)	(9.4)	655.8
Attributable to non-controlling interests	138.1		42.1				180.2
Net result attributable to shareholders	391.5	117.4	56.0	171.9	(251.8)	(9.4)	475.6
Total income from external customers	8,950.9	1,954.1	2,679.0	649.9	(15.4)		14,218.5
Total income internal	12.6	62.5		8.0	5.1	(88.2)	
Total income	8,963.5	2,016.6	2,679.0	657.9	(10.3)	(88.2)	14,218.5
Non-cash expenses (excl. depreciation & amortisation)	(27.1)		(109.2)	(2.5)			(138.8)

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be calculated as follows.

2014	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total
Gross premium income	5,444.1	1,865.8	1,630.8	317.9		(0.3)	9,258.3
Inflow deposit accounting	412.0		565.7	163.1			1,140.8
Gross inflow	5,856.1	1,865.8	2,196.5	481.0		(0.3)	10,399.1

9.9 Statement of financial position split into Life, Non-life and Other Insurance

31 December 2015	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Assets						
Cash and cash equivalents	1,173.5	331.2	53.4	836.2		2,394.3
Financial investments	58,887.4	7,299.4	0.2	370.9	(10.7)	66,547.2
Investment property	2,562.8	284.3				2,847.1
Loans	6,136.3	734.2	48.0	1,534.9	(1,167.1)	7,286.3
Investments related to unit-linked contracts	15,148.1				(22.1)	15,126.0
Investments in associates	2,400.5	384.8		48.9	7.2	2,841.4
Reinsurance and other receivables	576.7	1,245.9	209.5	9.1	(27.3)	2,013.9
Current tax assets	28.9	7.7	2.5			39.1
Deferred tax assets	61.9	63.1	6.2			131.2
Accrued interest and other assets	2,101.4	424.3	25.2	165.8	(148.7)	2,568.0
Property, plant and equipment	964.0	175.3	12.0	0.8		1,152.1
Goodwill and other intangible assets	1,080.5	164.4	294.3			1,539.2
Total assets	91,122.0	11,114.6	651.3	2,966.6	(1,368.7)	104,485.8
Liabilities						
Liabilities arising from Life insurance contracts	29,078.5				(4.8)	29,073.7
Liabilities arising from Life investment contracts	29,902.9					29,902.9
Liabilities related to unit-linked contracts	15,141.8					15,141.8
Liabilities arising from Non-life insurance contracts		7,459.8		3.7		7,463.5
Debt certificates						
Subordinated liabilities	1,363.1	391.8	47.1	1,345.1	(766.7)	2,380.4
Borrowings	2,651.3	216.4	140.4	201.9	(422.5)	2,787.5
Current tax liabilities	48.1	32.2	2.5			82.8
Deferred tax liabilities	1,315.2	246.8		3.0		1,565.0
RPN(I)				402.0		402.0
Accrued interest and other liabilities	1,630.0	708.5	102.2	96.8	(164.4)	2,373.1
Provisions	21.7	15.3		138.0		175.0
Liabilities related to written put options on NCI	81.7	17.4		1,064.0		1,163.1
Total liabilities	81,234.3	9,088.2	292.2	3,254.5	(1,358.4)	92,510.8
Shareholders' equity	8,040.1	1,647.3	359.1	1,339.9	(10.3)	11,376.1
Non-controlling interests	1,847.6	379.1		(1,627.8)		598.9
Total equity	9,887.7	2,026.4	359.1	(287.9)	(10.3)	11,975.0
Total liabilities and equity	91,122.0	11,114.6	651.3	2,966.6	(1,368.7)	104,485.8
Number of employees	4,184	5,437	2,172	126		11,919

31 December 2014	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Assets						
Cash and cash equivalents	1,024.5	393.2	129.0	969.6		2,516.3
Financial investments	60,724.9	7,116.9	0.3	343.8	(11.1)	68,174.8
Investment property	2,395.7	245.6				2,641.3
Loans	5,057.3	479.8	95.3	1,814.9	(1,379.0)	6,068.3
Investments related to unit-linked contracts	14,831.2				(72.3)	14,758.9
Investments in associates	1,771.6	394.4		48.3	7.0	2,221.3
Reinsurance and other receivables	532.1	1,235.6	248.6	3.7	(28.3)	1,991.7
Current tax assets	8.3	2.2	1.3			11.8
Deferred tax assets	37.6	63.2	5.6			106.4
Accrued interest and other assets	1,959.4	482.8	112.7	150.8	(245.5)	2,460.2
Property, plant and equipment	963.5	138.3	16.8	0.8		1,119.4
Goodwill and other intangible assets	1,070.2	148.4	270.0			1,488.6
Total assets	90,376.3	10,700.4	879.6	3,331.9	(1,729.2)	103,559.0
Liabilities						
Liabilities arising from Life insurance contracts	29,424.5				(4.8)	29,419.7
Liabilities arising from Life investment contracts	30,569.7					30,569.7
Liabilities related to unit-linked contracts	14,829.0					14,829.0
Liabilities arising from Non-life insurance contracts		7,147.6				7,147.6
Debt certificates				2.2		2.2
Subordinated liabilities	1,249.4	213.1	127.8	1,549.1	(1,053.1)	2,086.3
Borrowings	2,348.9	159.1	200.7	172.9	(398.1)	2,483.5
Current tax liabilities	59.2	23.4	1.9	0.3		84.8
Deferred tax liabilities	1,206.8	255.1		1.7		1,463.6
RPN(I)				467.0		467.0
Accrued interest and other liabilities	1,661.9	704.1	225.7	107.4	(262.2)	2,436.9
Provisions	19.4	12.5		139.5		171.4
Liabilities related to written put options on NCI	82.6	12.2		1,391.0		1,485.8
Total liabilities	81,451.4	8,527.1	556.1	3,831.1	(1,718.2)	92,647.5
Shareholders' equity	7,135.1	1,728.4	323.5	1,047.3	(11.0)	10,223.3
Non-controlling interests	1,789.8	444.9		(1,546.5)		688.2
Total equity	8,924.9	2,173.3	323.5	(499.2)	(11.0)	10,911.5
Total liabilities and equity	90,376.3	10,700.4	879.6	3,331.9	(1,729.2)	103,559.0
Number of employees	4,192	5,431	2,462	119		12,204

9.10 Income statement split into Life, Non-life and Other Insurance

2015	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Income						
- *Gross premium income*	*5,061.3*	*4,297.5*		*3.4*	*(3.6)*	*9,358.6*
- *Change in unearned premiums*		*(31.0)*				*(31.0)*
- *Ceded earned premiums*	*(66.0)*	*(228.9)*		*(0.2)*	*3.4*	*(291.7)*
Net earned premiums	4,995.3	4,037.6		3.2	(0.2)	9,035.9
Interest, dividend and other investment income	2,711.2	313.0	(10.5)	51.4	(56.6)	3,008.5
Unrealised gain (loss) on RPN(I)				65.0		65.0
Result on sales and revaluations	184.1	8.7	(0.2)	(0.6)		192.0
Income related to investments for unit-linked contracts	464.7					464.7
Share of result of associates	253.4	10.9		21.8		286.1
Fee and commission income	325.9	21.8	154.5		(67.0)	435.2
Other income	94.8	59.6	105.0	8.9	(38.5)	229.8
Total income	9,029.4	4,451.6	248.8	149.7	(162.3)	13,717.2
Expenses						
- *Insurance claims and benefits, gross*	*(5,985.7)*	*(2,620.8)*		*(3.7)*	*0.2*	*(8,610.0)*
- *Insurance claims and benefits, ceded*	*33.2*	*69.3*				*102.5*
Insurance claims and benefits, net	(5,952.5)	(2,551.5)		(3.7)	0.2	(8,507.5)
Charges related to unit-linked contracts	(562.2)					(562.2)
Financing costs	(153.1)	(17.5)	(7.6)	(45.5)	56.7	(167.0)
Change in impairments	(69.1)	(2.2)		(8.3)		(79.6)
Change in provisions	0.7	(0.4)		0.1		0.4
Fee and commission expenses	(476.2)	(829.0)	(34.9)	(0.3)	67.0	(1,273.4)
Staff expenses	(394.7)	(323.2)	(109.0)	(22.8)	3.0	(846.7)
Other expenses	(607.8)	(390.4)	(103.3)	(49.5)	35.4	(1,115.6)
Total expenses	(8,214.9)	(4,114.2)	(254.8)	(130.0)	162.3	(12,551.6)
Result before taxation	814.5	337.4	(6.0)	19.7		1,165.6
Tax income (expenses)	(124.2)	(98.4)	1.2	(4.6)		(226.0)
Net result for the period	690.3	239.0	(4.8)	15.1		939.6
Attributable to non-controlling interests	117.6	51.8				169.4
Net result attributable to shareholders	572.7	187.2	(4.8)	15.1		770.2
Total income from external customers	8,994.5	4,449.0	180.2	93.5		13,717.2
Total income internal	34.9	2.6	68.6	56.2	(162.3)	
Total income	9,029.4	4,451.6	248.8	149.7	(162.3)	13,717.2
Non-cash expenses (excl. depreciation & amortisation)	(170.6)	(2.0)				(172.6)

Gross inflow (sum of gross written premiums and premium inflow of investment contracts without Discretionary Participation Features) can be calculated as follows.

2015	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Gross premium income	5,061.3	4,297.5		3.4	(3.6)	9,358.6
Inflow deposit accounting	1,307.9					1,307.9
Gross inflow	6,369.2	4,297.5		3.4	(3.6)	10,666.5

2014	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Income						
- *Gross premium income*	*5,155.3*	*4,103.3*			*(0.3)*	*9,258.3*
- *Change in unearned premiums*		*(12.0)*				*(12.0)*
- *Ceded earned premiums*	*(106.3)*	*(248.1)*				*(354.4)*
Net earned premiums	5,049.0	3,843.2			(0.3)	8,891.9
Interest, dividend and other investment income	2,722.3	286.3	(10.4)	59.7	(63.8)	2,994.1
Unrealised gain (loss) on RPN(I)				(96.9)		(96.9)
Result on sales and revaluations	300.6	25.9	19.3	12.5	(9.3)	349.0
Income related to investments for unit-linked contracts	1,272.7					1,272.7
Share of result of associates	148.2	7.7		7.6		163.5
Fee and commission income	293.6	22.9	145.9		(42.1)	420.3
Other income	78.1	64.3	125.6	6.8	(50.9)	223.9
Total income	9,864.5	4,250.3	280.4	(10.3)	(166.4)	14,218.5
Expenses						
- *Insurance claims and benefits, gross*	*(6,144.6)*	*(2,691.0)*			*0.9*	*(8,834.7)*
- *Insurance claims and benefits, ceded*	*75.1*	*176.1*				*251.2*
Insurance claims and benefits, net	(6,069.5)	(2,514.9)			0.9	(8,583.5)
Charges related to unit-linked contracts	(1,337.1)					(1,337.1)
Financing costs	(155.5)	(14.2)	(10.6)	(50.6)	63.1	(167.8)
Change in impairments	(61.6)		(0.2)			(61.8)
Change in provisions	(3.2)	(3.3)		(131.0)		(137.5)
Fee and commission expenses	(517.6)	(807.7)	(17.1)		42.1	(1,300.3)
Staff expenses	(396.1)	(314.7)	(102.3)	(19.3)	1.6	(830.8)
Other expenses	(558.1)	(359.1)	(100.0)	(38.8)	49.3	(1,006.7)
Total expenses	(9,098.7)	(4,013.9)	(230.2)	(239.7)	157.0	(13,425.5)
Result before taxation	765.8	236.4	50.2	(250.0)	(9.4)	793.0
Tax income (expenses)	(90.3)	(44.3)	(0.8)	(1.8)		(137.2)
Net result for the period	675.5	192.1	49.4	(251.8)	(9.4)	655.8
Attributable to non-controlling interests	142.4	37.8				180.2
Net result attributable to shareholders	533.1	154.3	49.4	(251.8)	(9.4)	475.6
Total income from external customers	9,827.8	4,246.2	222.3	(77.8)		14,218.5
Total income internal	36.7	4.1	58.1	67.5	(166.4)	
Total income	9,864.5	4,250.3	280.4	(10.3)	(166.4)	14,218.5
Non-cash expenses (excl. depreciation & amortisation)	(135.1)	(3.7)				(138.8)

Gross inflow (sum of gross written premiums and premium inflow of investment contracts without Discretionary Participation Features) can be calculated as follows.

2014	Life	Non-life	Other Insurance	General Account	Eliminations	Total
Gross premium income	5,155.3	4,103.3			(0.3)	9,258.3
Inflow deposit accounting	1,140.8					1,140.8
Gross inflow	6,296.1	4,103.3			(0.3)	10,399.1

9.11 Operating result insurance

To analyse the insurance results, Ageas uses the concept of operating result.

Operating result includes premiums, fees and allocated financial income minus claims and benefits and operating expenses. Realised gains and losses on investments backing certain insurance liabilities, including separated funds, are part of the allocated financial income and are thus included. Financial income, net of the related investment costs, is allocated to the various Life and Non-life classes based on the investment portfolios backing the insurance liabilities of these classes.

The reconciliation of the operating margin and profit before taxation, includes all income and costs not allocated to the insurance or investment contracts and thus not reported in the operating margin.

Within its insurance operating segments, Ageas manages its Life and Non-life businesses separately. Life business includes insurance contracts covering risks related to the life and death of individuals. Life business also includes investment contracts with and without discretionary participation features (DPF). Non-life comprises four lines of business: Accident & Health, Motor, Fire and Other damage to property (covering the risk of property losses or claims liabilities), and Other.

The operating margin for the different segments and lines of business and the reconciliation to profit before taxation are shown below.

2015	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total Ageas
Gross inflow Life	3,798.6		2,013.4	557.2			6,369.2
Gross inflow Non-life	1,880.5	1,904.8	512.2		3.4	(3.6)	4,297.3
Operating costs	(525.5)	(177.7)	(141.7)	(64.1)			(909.0)
- *Guaranteed products*	*413.1*		*70.1*	*35.5*			*518.7*
- *Unit linked products*	*18.8*		*4.2*	*24.0*			*47.0*
Life operating result	431.9		74.3	59.5			565.7
- *Accident & Health*	*34.6*	*1.4*	*47.6*				*83.6*
- *Motor*	*76.4*	*41.2*	*1.7*				*119.3*
- *Fire and other damage to property*	*79.2*	*(14.0)*	*21.0*				*86.2*
- *Other*	*(0.6)*	*3.9*	*12.9*				*16.2*
Non-life operating result	189.6	32.5	83.2				305.3
Operating result	621.5	32.5	157.5	59.5			871.0
Share of result of associates non allocated		(0.2)	13.1	248.1	21.8		282.8
Other result, including brokerage	89.8	3.0	(47.6)	(31.3)	(2.1)		11.8
Result before taxation	711.3	35.3	123.0	276.3	19.7		1,165.6
Key performance indicators Life							
Net underwriting margin	0.02%		0.19%	2.28%			0.14%
Investment margin	0.78%		0.34%	(0.16%)			0.66%
Operating margin	0.80%		0.53%	2.12%			0.80%
- Operating margin Guaranteed products	*0.86%*		*0.88%*	*1.89%*			*0.90%*
- Operating margin Unit linked products	*0.32%*		*0.07%*	*2.57%*			*0.36%*
Life cost ratio in % of Life technical liabilities (annualised)	0.37%		0.40%	2.28%			0.45%
Key performance indicators Non-life							
Expense ratio	37.8%	32.7%	29.5%				34.6%
Claims ratio	56.9%	69.3%	55.9%				62.2%
Combined ratio	94.7%	102.0%	85.4%				96.8%
Operating margin	10.3%	1.9%	18.3%				7.6%
Technical Insurance liabilities	60,115.2	2,908.9	15,383.5	3,175.4	3.7	(4.8)	81,581.9

2014	Belgium	UK	Continental Europe	Asia	General Account	Eliminations	Total Ageas
Gross inflow Life	3,962.7	137.6	1,714.8	481.0		(0.3)	6,295.8
Gross inflow Non-life	1,893.4	1,728.2	481.7				4,103.3
Operating costs	(520.6)	(196.3)	(148.6)	(50.9)			(916.4)
- *Guaranteed products*	*414.6*	*(4.1)*	*53.8*	*39.6*			*503.9*
- *Unit linked products*	*16.7*		*6.4*	*1.6*			*24.7*
Life operating result	431.3	(4.1)	60.2	41.2			528.6
- *Accident & Health*	*58.2*	*(2.4)*	*34.0*				*89.8*
- *Motor*	*38.7*	*47.2*	*13.5*				*99.4*
- *Fire and other damage to property*	*31.5*	*30.0*	*4.0*				*65.5*
- *Other*	*(39.8)*	*(8.3)*	*(2.2)*				*(50.3)*
Non-life operating result	88.6	66.5	49.3				204.4
Operating result	519.9	62.4	109.5	41.2			733.0
Share of result of associates non allocated		(2.2)	6.1	153.0	7.6	0.1	164.6
Other result, including brokerage	110.7	53.8	16.6	(18.6)	(257.6)	(9.5)	(104.6)
Result before taxation	630.6	114.0	132.2	175.6	(250.0)	(9.4)	793.0
Key performance indicators Life							
Net underwriting margin	(0.04%)	(1.52%)		1.75%			0.02%
Investment margin	0.85%		0.43%	0.15%			0.74%
Operating margin	0.81%	(1.52%)	0.43%	1.90%			0.76%
- Operating margin Guaranteed products	*0.87%*	*(1.52%)*	*0.70%*	*2.77%*			*0.89%*
- Operating margin Unit linked products	*0.30%*		*0.10%*	*0.21%*			*0.20%*
Life cost ratio in % of Life technical liabilities (annualised)	0.38%	11.44%	0.46%	2.35%			0.50%
Key performance indicators Non-life							
Expense ratio	37.7%	33.5%	30.8%				35.2%
Claims ratio	63.5%	66.3%	61.3%				64.4%
Combined ratio	101.2%	99.8%	92.1%				99.6%
Operating margin	4.9%	4.1%	11.9%				5.3%
Technical Insurance liabilities	61,295.0	2,691.4	15,224.5	2,759.9		(4.8)	81,966.0

Claims ratio : the cost of claims, net of reinsurance, as a percentage of net earned premiums, excluding the internal costs of handling claims.

Expense ratio : expenses as a percentage of net earned premiums, net of reinsurance. Expenses include internal costs of handling claims, plus net commissions charged to the year, less internal investment costs.

Combined ratio : the sum of the claims ratio and the expense ratio.

Notes to the Consolidated statement of financial position

10 Cash and cash equivalents

Cash includes cash on hand, current accounts and other financial instruments with a term of less than three months from the date on which they were acquired.

The composition of cash and cash equivalents as at 31 December is as follows.

	31 December 2015	31 December 2014
Cash on hand	2.7	2.4
Due from banks	2,167.1	2,295.2
Other	224.5	218.7
Total cash and cash equivalents	2,394.3	2,516.3

11 Financial investments

The composition of financial investments is as follows.

	31 December 2015	31 December 2014
Financial investments		
- Held to maturity	4,802.1	4,887.0
- Available for sale	61,745.8	63,294.2
- Held at fair value through profit or loss	170.9	139.8
- Derivatives held for trading	28.5	18.1
Total, gross	66,747.3	68,339.1
Impairments:		
- of investments available for sale	(200.1)	(164.3)
Total impairments	(200.1)	(164.3)
Total	66,547.2	68,174.8

11.1 Investments held to maturity

	Government bonds	Corporate debt securities	Total
Investments held to maturity at 1 January 2014	4,836.9	137.5	4,974.4
Maturities	(52.6)	(40.0)	(92.6)
Sales		(26.6)	(26.6)
Amortisation	17.0	3.0	20.0
Reversal of impairments		11.8	11.8
Investments held to maturity at 31 December 2014	4,801.3	85.7	4,887.0
Maturities	(91.5)	(9.9)	(101.4)
Sales		(1.2)	(1.2)
Amortisation	15.2	2.5	17.7
Investments held to maturity at 31 December 2015	4,725.0	77.1	4,802.1
Fair value at 31 December 2014	7,028.6	92.7	7,121.3
Fair value at 31 December 2015	6,747.1	81.0	6,828.1

The fair value of government bonds classified as investments held to maturity is based on quoted prices in active markets (level 1) and the fair value of corporate debt securities classified as investments held to maturity with unobservable prices which are based on counterparty quotes or models (level 3).

In the following table the government bonds classified as held to maturity as at 31 December are detailed by country of origin.

31 December 2015	Historical/ amortised cost	Fair value
Belgian national government	4,349.3	6,257.9
Portuguese national government	375.7	489.2
Total	4,725.0	6,747.1

31 December 2014	Historical/ amortised cost	Fair value
Belgian national government	4,355.7	6,443.5
Portuguese national government	445.6	585.1
Total	4,801.3	7,028.6

11.2 Investments available for sale

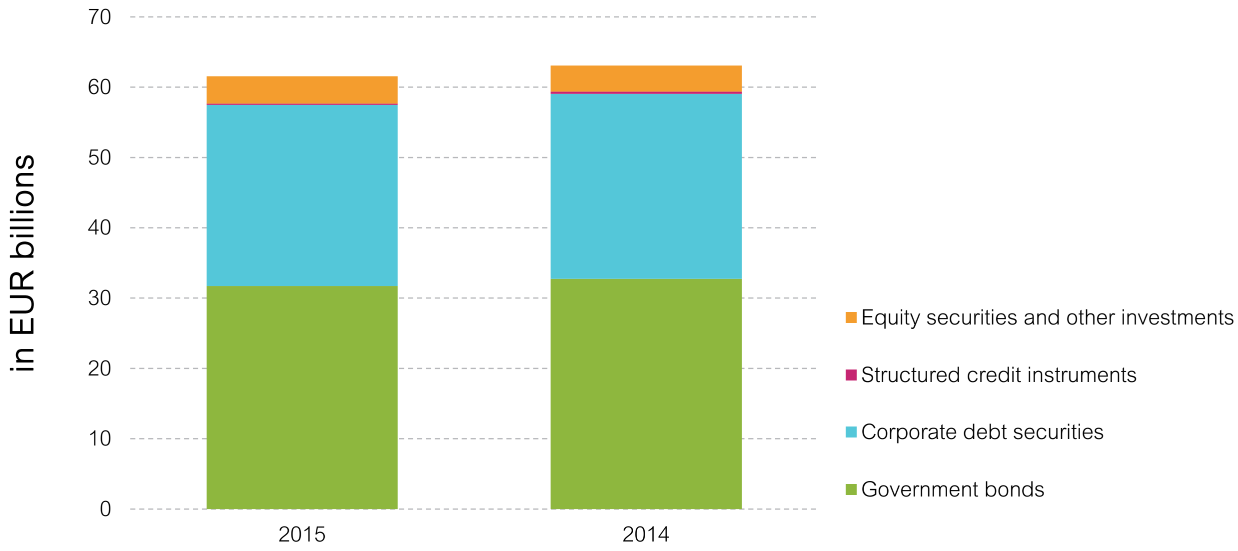
The fair value and amortised cost of investments available for sale including gross unrealised gains, gross unrealised losses, and impairments are as follows.

31 December 2015	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	Adjustments from hedge accounting	Impairments	Fair value
Treasury bills							
Government bonds	26,244.6	5,489.5	(28.8)	31,705.3			31,705.3
Corporate debt securities	24,196.7	1,740.4	(144.7)	25,792.4		(24.4)	25,768.0
Structured credit instruments	182.4	11.8	(2.7)	191.5		(0.1)	191.4
Available for sale investments in debt securities	50,623.7	7,241.7	(176.2)	57,689.2		(24.5)	57,664.7
Private equities and venture capital	79.0	7.5	(0.6)	85.9		(0.1)	85.8
Equity securities	3,445.6	574.3	(51.0)	3,968.9		(175.5)	3,793.4
Other investments	1.8			1.8			1.8
Available for sale investments in equity securities and other investments	3,526.4	581.8	(51.6)	4,056.6		(175.6)	3,881.0
Total investments available for sale	54,150.1	7,823.5	(227.8)	61,745.8		(200.1)	61,545.7

31 December 2014	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total gross	adjustments from hedge accounting	Impairments	Fair value
Treasury bills	50.0			50.0			50.0
Government bonds	26,595.9	6,137.3	(0.2)	32,733.0	15.9		32,748.9
Corporate debt securities	23,966.7	2,403.8	(39.7)	26,330.8		(22.1)	26,308.7
Structured credit instruments	288.1	14.9	(1.7)	301.3		(0.1)	301.2
Available for sale investments in debt securities	50,900.7	8,556.0	(41.6)	59,415.1	15.9	(22.2)	59,408.8
Private equities and venture capital	62.0	3.0	(0.5)	64.5		(0.2)	64.3
Equity securities	3,292.0	538.5	(34.5)	3,796.0		(141.9)	3,654.1
Other investments	2.7			2.7			2.7
Available for sale investments in equity securities and other investments	3,356.7	541.5	(35.0)	3,863.2		(142.1)	3,721.1
Total investments available for sale	54,257.4	9,097.5	(76.6)	63,278.3	15.9	(164.3)	63,129.9

An amount of EUR 1,189.6 million of the investments available for sale has been pledged as collateral (2014: EUR 1,082.3 million) (see also note 23 Borrowings).

The portfolio of investments available for sale at year-end can be shown graphically as follows.



The valuation of investments available for sale is based on:
- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: unobservable inputs (counterparty quotes).

The valuation at year-end is as follows.

2015	Level 1	Level 2	Level 3	Total
Treasury bills				
Government bonds	31,678.8	26.5		31,705.3
Corporate debt securities	24,831.7	936.3		25,768.0
Structured credit instruments	85.7	66.9	38.8	191.4
Equity securities, private equities and other investments	2,891.5	808.4	181.1	3,881.0
Total Investments AFS	59,487.7	1,838.1	219.9	61,545.7

2014	Level 1	Level 2	Level 3	Total
Treasury bills	50.0			50.0
Government bonds	32,748.9			32,748.9
Corporate debt securities	25,049.0	1,257.2	2.5	26,308.7
Structured credit instruments	125.3	101.7	74.2	301.2
Equity securities, private equities and other investments	2,688.6	883.8	148.7	3,721.1
Total Investments AFS	60,661.8	2,242.7	225.4	63,129.9

The changes in level 3 valuation are as follows.

	2015	2014
Balance as at 1 January	225.4	237.2
Maturity/redemption or repayment	(13.6)	(22.6)
Acquired	24.4	15.5
Proceeds from sales	(53.5)	(6.4)
Realised gains (losses)	(1.5)	(0.8)
Reversal of impairments		2.3
Impairments	(0.9)	(0.3)
Unrealised gains (losses)	5.1	0.5
Transfers between valuation categories	34.5	
Balance as at 31 December	219.9	225.4

Level 3 valuations for private equities and venture capital use fair values disclosed in the audited financial statements of the relevant participations. Level 3 valuations for equities and asset-backed securities use a discounted cash flow methodology. Expected cash flows take into account original underwriting criteria, borrower attributes (such as age and credit scores), loan-to-value ratios, expected house price movements and expected prepayment rates etc. Expected cash flows are discounted at risk-adjusted rates. Market participants often use such discounted cash flow techniques to price private equities and venture capital. We rely also on these quotes to a certain extent when valuing these instruments. These techniques are subject to inherent limitations, such as estimation of the appropriate risk-adjusted discount rate, and different assumptions and inputs would yield different results.

The level 3 positions are mainly sensitive to a change in the level of expected future cash flows and, accordingly, their fair values vary in proportion to changes of these cash flows. The changes in value of the level 3 instruments are accounted for in other comprehensive income.

Government bonds detailed by country of origin

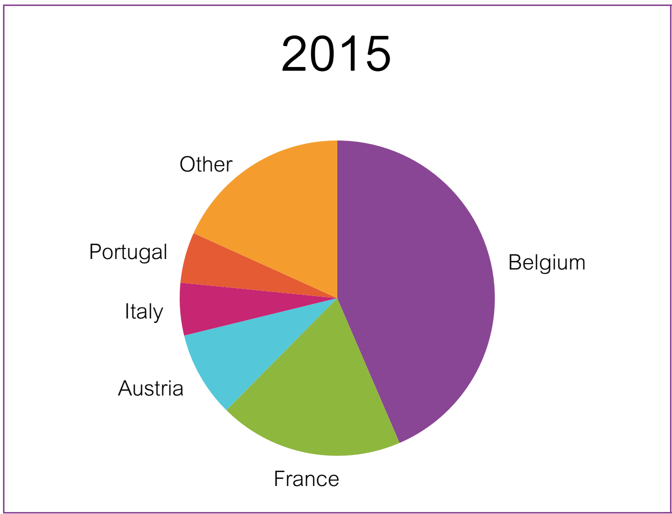
Government bonds as at 31 December detailed by country of origin are as follows.

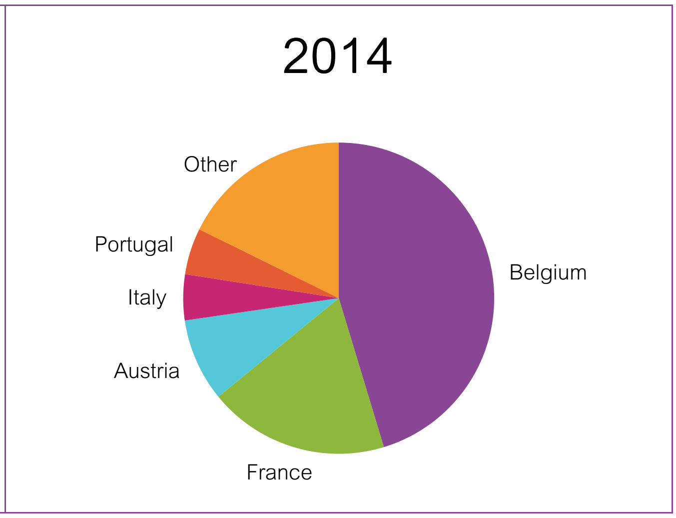
31 December 2015	Historical/ amortised cost	Gross unrealised gains (losses)	Adjustments from hedge accounting	Fair value
Belgian national government	11,367.0	2,435.8		13,802.8
French national government	4,879.3	1,111.6		5,990.9
Austrian national government	2,307.6	467.3		2,774.9
Portuguese national government	1,520.5	186.7		1,707.2
Italian national government	1,268.9	375.7		1,644.6
German national government	950.5	306.7		1,257.2
Spanish national government	703.7	88.6		792.3
Irish national government	659.9	83.1		743.0
Dutch national government	581.6	73.0		654.6
US national government	341.5	83.3		424.8
Slovakian national government	304.1	49.3		353.4
Polish national government	247.1	67.3		314.4
British national government	297.7	14.2		311.9
Czech Republic national government	197.9	29.5		227.4
Finnish national government	133.0	29.2		162.2
Other national governments	484.3	59.4		543.7
Total	26,244.6	5,460.7		31,705.3

31 December 2014	Historical/ amortised cost	Gross unrealised gains (losses)	Adjustments from hedge accounting	Fair value
Belgian national government	12,011.7	2,810.9	15.9	14,838.5
French national government	4,900.4	1,250.5		6,150.9
Austrian national government	2,253.1	569.3		2,822.4
Portuguese national government	1,371.6	187.4		1,559.0
Italian national government	1,263.0	318.3		1,581.3
German national government	936.3	339.9		1,276.2
Spanish national government	566.7	91.1		657.8
Irish national government	553.1	94.1		647.2
Dutch national government	465.7	96.5		562.2
US national government	306.7	91.3		398.0
Slovakian national government	300.2	51.6		351.8
Polish national government	247.5	72.3		319.8
British national government	513.8	22.1		535.9
Czech Republic national government	198.1	36.5		234.6
Finnish national government	202.9	35.3		238.2
Other national governments	505.1	70.0		575.1
Total	26,595.9	6,137.1	15.9	32,748.9

There were no impairments on government bonds in 2015 and 2014.

The share per country in the investment portfolio of government bonds, based on fair value at year-end can be shown graphically as follows.





The table below shows net unrealised gains and losses on investments available for sale included in equity (which includes debt securities, equity securities and other investments). Equity securities and other investments also include private equities and venture capital.

	31 December 2015	31 December 2014
Available for sale investments in debt securities:		
Carrying amount	57,664.7	59,408.8
Gross unrealised gains and losses	7,065.5	8,514.4
- Related tax	(2,337.3)	(2,695.7)
Shadow accounting	(2,573.3)	(4,144.3)
- Related tax	823.3	1,222.0
Net unrealised gains and losses	2,978.2	2,896.4

	31 December 2015	31 December 2014
Available for sale investments in equity securities and other investments:		
Carrying amount	3,881.0	3,721.1
Gross unrealised gains and losses	530.2	506.5
- Related tax	(50.4)	(54.9)
Shadow accounting	(183.9)	(237.4)
- Related tax	64.1	78.3
Net unrealised gains and losses	360.0	292.5

Impairments of investments available for sale

The following table shows the breakdown of impairments of investments available for sale.

	31 December 2015	31 December 2014
Impairments of investments available for sale:		
- debt securities	(24.5)	(22.2)
- equity securities and other investments	(175.6)	(142.1)
Total impairments of investments available for sale	(200.1)	(164.3)

The changes in impairments of investments available for sale are as follows.

	2015	2014
Balance as at 1 January	(164.3)	(182.3)
Increase in impairments	(69.9)	(40.1)
Reversal on sale/disposal	33.7	58.0
Foreign exchange differences and other adjustments	0.4	0.1
Balance as at 31 December	(200.1)	(164.3)

11.3 Investments held at fair value through profit or loss

The following table provides information as at 31 December about investments held at fair value, for which unrealised gains or losses are recorded through profit or loss.

	31 December 2015	31 December 2014
Corporate debt securities	75.7	81.2
Debt securities	75.7	81.2
Equity securities	49.3	58.6
Other investments	45.9	
Equity securities and other investments	95.2	58.6
Total investments held at fair value through profit or loss	170.9	139.8

Investments held at fair value through profit or loss include primarily investments related to insurance liabilities where cash flows are linked to the performance of these assets, either contractually or on the basis of discretionary participation and whose measurement incorporates current information. This measurement significantly reduces an accounting mismatch that would otherwise arise from measuring assets and liabilities and the related gains and losses on different bases.

The nominal value of the debt securities held at fair value through profit or loss as at 31 December 2015 is EUR 76.3 million (31 December 2014: EUR 81.3 million).

The valuation of investments held at fair value through profit or loss is based on:

- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: unobservable inputs (counterparty quotes).

The valuation at year-end is as follows.

2015	Level 1	Level 2	Level 3	Total
Corporate debt securities	50.9	24.8		75.7
Equity securities		49.3		49.3
Other investments		45.9		45.9
Total Investments held at fair value through profit or loss	50.9	120.0		170.9

2014	Level 1	Level 2	Level 3	Total
Corporate debt securities	5.0	76.2		81.2
Equity securities		58.6		58.6
Total Investments held at fair value through profit or loss	5.0	134.8		139.8

The changes in level 3 valuation are as follows.

	2015	2014
Balance as at 1 January		50.3
Maturity/redemption or repayment of the period		(50.0)
Realised gains (losses)		(0.3)
Unrealised gains (losses)		
Balance as at 31 December		

11.4 Derivatives held for trading (assets)

The following table provides a break down of derivatives held for trading (assets).

	31 December 2015	31 December 2014
Over the counter (OTC)	28.4	17.6
Exchange traded	0.1	0.5
Total derivatives held for trading (assets)	28.5	18.1

Derivatives held for trading mainly relate to interest rate and equity options and interest rate swaps. Derivatives held for trading in 2015 and 2014 are based on a level 2 valuation (observable inputs from active markets) (see also note 30 Derivatives for further details).

12 Investment property

Investment property mainly comprises office buildings and retail space.

	31 December 2015	31 December 2014
Investment property	2,897.9	2,688.4
Impairments of investment property	(50.8)	(47.1)
Total investment property	2,847.1	2,641.3

The following table shows the changes in investment property in the year ended 31 December.

	2015	2014
Acquisition cost as at 1 January	3,476.1	3,137.0
Acquisitions/divestments of subsidiaries	312.9	122.3
Additions/purchases	56.3	87.9
Capital improvements	15.6	19.7
Disposals	(90.4)	(35.8)
Transfer from (to) property, plant and equipment	3.6	15.4
Foreign exchange differences	0.6	0.5
Other	(61.1)	129.1
Acquisition cost as at 31 December	3,713.6	3,476.1
Accumulated depreciation as at 1 January	(787.7)	(733.8)
Acquisitions/divestments of subsidiaries		16.8
Depreciation expense	(88.0)	(82.8)
Reversal of depreciation due to disposals	31.1	11.2
Transfer from (to) property, plant and equipment	(0.3)	(1.5)
Foreign exchange differences	(0.1)	
Other	29.3	2.4
Accumulated depreciation as at 31 December	(815.7)	(787.7)
Impairments as at 1 January	(47.1)	(48.7)
Increase in impairments charged to income statement	(9.6)	(3.2)
Reversal of impairments credited to income statement	5.7	3.4
Reversal of impairments due to disposals	0.2	1.4
Impairments as at 31 December	(50.8)	(47.1)
Net investment property as at 31 December	2,847.1	2,641.3
Cost of investment property under construction	25.1	15.9

The amounts in 2015 reported in the 'Other' line item under acquisition cost and accumulated depreciation relates to the reclass of investment property to property for own use in Belgium.

An amount of EUR 129.1 million reported for 2014 in the 'Other' line item under acquisition cost relates to the reclassification of property intended for sale as investment property (see also note 16 Accrued interest and other assets).

An amount of EUR 229.3 million of investment property was pledged as collateral as at 31 December 2015 (31 December 2014: EUR 248.8 million) (see also note 23 Borrowings).

Annual appraisals, whereby the independent appraisers are rotated every three years, cover almost all of the investment properties. Fair values (level 3) are based on non-observable market data and/or discounted cash flows. Expected property cash flows take into account expected rental income growth rates, void periods, occupancy rates, lease incentive costs, such as rent-free periods, and other costs not paid by tenants. Expected net cash flows are then discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary, tenant credit quality and lease terms). For development property (i.e. under construction), the fair value is set to cost until the property is operational.

The fair value of investment property is set out below.

	31 December 2015	31 December 2014
Fair values supported by market evidence	354.3	2,075.7
Fair value subject to an independent valuation	3,607.0	1,542.5
Total fair value of investment property	3,961.3	3,618.2
Total carrying amount	2,847.1	2,641.3
Gross unrealised gain/loss	1,114.2	976.9
Taxation	(368.8)	(322.1)
Net unrealised gain/loss (not recognised in equity)	745.4	654.8

The depreciation of buildings is calculated using the linear method to write down the cost of such assets to their residual values over their estimated useful lives. Real estate is split into the following components: structure, closing, techniques and equipment, heavy finishing and light finishing.

The maximum useful life of the components is as follows:

- Structure ....50 years for offices and retail; 70 years for residential;
- Closing...30 years for offices and retail; 40 years for residential;
- Techniques and equipment..20 years for offices; 25 years for retail and 40 years for residential;
- Heavy finishing...20 years for offices; 25 years for retail and 40 years for residential;
- Light finishing...10 years for offices, retail and residential.

Land has an unlimited useful life and is therefore not depreciated. IT, office and equipment are depreciated over their respective useful lives, which are determined individually. As a general rule, residual values are considered to be zero.

Property rented out under operating lease

Ageas rents certain assets – mainly property held for investment purposes – to external parties based on operating lease agreements. As at 31 December the minimum payments to be received from irrevocable lease agreements amounted to:

	2015	2014
Less than 3 months	58.5	62.0
3 months to 1 year	173.2	176.9
1 year to 5 years	722.1	720.0
More than 5 years	777.4	867.8
Total	1,731.2	1,826.7

An amount of EUR 33.1 million in 2015 of the total minimum payments to be received from irrevocable lease agreements relates to property, plant and equipment (2014: EUR 56.9 million). The remainder relates to investment property.

13 Loans

The composition of loans is as follows.

	31 December 2015	31 December 2014
Government and official institutions	2,922.4	2,443.4
Residential mortgages	1,336.6	1,485.4
Commercial loans	1,604.9	757.5
Interest bearing deposits	542.2	647.1
Loans to banks	536.3	471.1
Policyholder loans	284.1	249.2
Corporate loans	83.8	39.9
Total	7,310.3	6,093.6
Less impairments	(24.0)	(25.3)
Total Loans	7,286.3	6,068.3

13.1 Commercial loans

The composition of commercial loans is as follows.

	31 December 2015	31 December 2014
Consumer Loans	16.6	14.9
Real Estate	359.2	234.8
Infrastructure	305.6	173.5
Other	923.5	334.3
Total Commercial Loans	1,604.9	757.5

The ‘Real Estate’ line item under commercial loans includes the Mezzanine loan of USD 117.5 million to DTH partners LLC (see also note 8 Related parties and note 14 Investments in associates) whereas the bridge loans (USD 41 million, including accrued interests) between EBNB 70 Pine Development and AG Real Estate (AG Westloan) is included in the ‘Other’ line item under commercial loans.

Ageas has granted credit lines for a total amount of EUR 709 million (31 December 2014: EUR 412 million).

13.2 Loans to banks

Loans to banks consist of the following.

	31 December 2015	31 December 2014
Loans and advances	504.6	467.9
Other	31.7	3.2
Loans to Banks	536.3	471.1

13.3 Collateral on loans

The following table provides details of collateral and guarantees received as security for loans.

Total credit exposure loans	2015	2014
Carrying amount	7,286.3	6,068.3
Collateral received		
Financial instruments	680.7	451.6
Property, plant & equipment	2,223.6	2,380.6
Other collateral and guarantees	53.4	43.7
Collateral amounts in excess of credit exposure 1)	1,438.5	1,142.8
Unsecured exposure	5,767.1	4,335.2

1) *Collateral amounts in excess of credit exposure relate to loans for which the collateral is higher than the underlying individual loan. As this additional collateral cannot be off-set against loans for which the collateral is lower than the underlying individual loan, an excess position is added to the unsecured exposure.*

13.4 Impairments on loans

Changes in the impairments of loans are as follows.

	2015		2014	
	Specific credit risk	IBNR	Specific credit risk	IBNR
Balance as at 1 January	24.4	0.9	18.9	0.8
Increase in impairments	3.0		6.7	0.1
Release of impairments	(0.6)	(0.4)	(2.2)	
Write-offs of uncollectible loans	(4.8)			
Foreign exchange differences and other adjustments	1.1	0.3	1.0	
Balance as at 31 December	23.1	0.8	24.4	0.9

The following table provides details of collateral and guarantees received as security for impaired loans.

Total impaired credit exposure on loans	2015	2014
Impaired outstanding	72.7	97.3
Collateral received		
Financial instruments	0.1	0.8
Property, plant & equipment	108.1	132.6
Collateral and guarantees in excess of impaired credit exposure 1)	46.9	48.3
Unsecured exposure	11.4	12.2

1) *Collateral amounts in excess of credit exposure relate to loans for which the collateral is higher than the underlying individual loan. As this additional collateral cannot be off-set against loans for which the collateral is lower than the underlying individual loan, an excess position is added to the unsecured exposure.*

14 Investments in associates

The following table provides an overview of the most significant investments in associates as at 31 December. The percentage of interest may include more than one percentage if interests are held in more than one entity of the associate group and these percentages are not the same.

		% interest	2015 Carrying amount	2014 Carrying amount
Associates				
Mayban Ageas Holding Berhad	Malaysia	31.0%	292.1	315.1
Muang Thai Group Holding	Thailand	7.8% - 30.9%	474.8	394.8
Taiping Holdings	China	20.0% - 24.9%	1,173.1	729.8
Royal Park Investments	Belgium	44.7%	41.1	38.1
IDBI Federal Life Insurance	India	26.0%	22.7	18.8
East West Ageas Life	Philippines	25.0%	28.8	
Tesco Insurance Ltd	UK	50.1%	96.9	98.4
Aksigorta	Turkey	36.0%	126.2	145.7
Cardif Lux Vie	Luxembourg	33.3%	136.6	121.2
DTHP	Belgium	33.0%	79.0	75.9
Evergreen	Belgium	35.7%	56.8	
Predirec	Belgium	29.5%	55.7	56.8
Aviabel	Belgium	24.7%	27.3	26.5
Frey SA	Belgium	20.0%	26.3	17.4
Sapphire	Belgium	35.7%	25.5	
North Light	Belgium	40.0%	22.6	22.6
Pole Star	Belgium	40.0%	22.5	22.3
Louvresse Development I	Belgium	20.0%	22.5	23.9
Credimo	Belgium	34.5%	20.2	20.2
BITM	Belgium	50.0%	19.9	20.4
Other			70.8	73.4
Total			2,841.4	2,221.3

New associates compared to last year are EastWest Ageas Life, Evergreen and Sapphire.

The carrying value of Taiping Holdings increased strongly in 2015 due to an exceptional positive investment result of around EUR 100 million, higher unrealised gains and a favourable exchange rate evolution.

Louvresse development I is a former 100% subsidiary. Ageas decreased its interest in this entity in 2014 to 20% and it has therefore been consolidated from year-end 2014 onwards as an equity associate (see also note 3 Acquisitions and disposals).

The details of the associates are as follows.

2015	Total assets	Total liabilities	Equity	Ageas part	Total income	Total expenses	Net Result	Ageas part	Dividend received
Mayban Ageas Holding Berhad	5,762.1	4,818.2	943.9	292.1	1,182.8	(1,110.3)	72.5	22.4	17.8
Muang Thai Group Holding	8,506.8	6,976.5	1,530.3	442.6	2,721.3	(2,520.5)	200.8	58.9	13.0
Taiping Holdings	44,666.0	39,952.4	4,713.6	1,169.3	14,143.6	(13,479.4)	664.2	165.3	13.0
Royal Park Investments	92.1	0.2	91.9	41.1	56.7	(16.1)	40.6	18.2	14.7
IDBI Federal Life Insurance	683.6	593.5	90.1	23.4	221.3	(212.7)	8.6	2.2	
East West Ageas Life	41.9	5.6	36.3	9.1		(3.1)	(3.1)	(0.8)	
Tesco Insurance Ltd	1,230.2	1,036.9	193.3	96.8	573.4	(573.7)	(0.3)	(0.2)	
Aksigorta	548.2	437.9	110.3	39.7	387.9	(394.1)	(6.2)	(2.2)	2.7
Cardif Lux Vie	19,289.7	18,880.0	409.7	136.6	3,038.5	(2,992.5)	46.0	15.3	
DTHP	1,284.4	1,044.9	239.5	79.0	60.7	(80.9)	(20.2)	(6.7)	
Evergreen	262.1	111.6	150.5	53.7	17.3	(11.4)	5.9	2.1	
Predirec	190.1	1.1	189.0	55.7	3.1	(0.9)	2.2	0.6	
Aviabel	239.2	128.6	110.6	27.3	41.6	(40.5)	1.1	0.3	
Frey SA	406.8	275.2	131.6	26.3	5.8		5.8	1.2	
Sapphire	114.5	46.9	67.6	24.1	6.9	(4.3)	2.6	0.9	
North Light	151.2	94.7	56.5	22.6	7.1	(7.0)	0.1		
Pole Star	168.6	112.4	56.2	22.5	8.1	(7.7)	0.4	0.2	
Louvresse Development I	317.9	205.6	112.3	22.5	24.4	(20.9)	3.5	0.7	
Credimo	1,129.5	1,070.8	58.7	20.2	91.8	(90.4)	1.4	0.5	
BITM	86.2	46.3	39.9	19.9	12.9	(11.8)	1.1	0.6	
Related Goodwill				148.0					
Other				68.9				6.5	20.8
Total				2,841.4				286.1	82.0

2014	Total assets	Total liabilities	Equity	Ageas part	Total income	Total expenses	Net Result	Ageas part	Dividend received
Mayban Ageas Holding Berhad	6,792.7	5,774.8	1,017.9	315.0	1,296.7	(1,171.9)	124.8	38.6	40.7
Muang Thai Group Holding	6,807.3	5,552.8	1,254.5	363.2	2,043.3	(1,869.0)	174.3	50.7	11.2
Taiping Holdings	38,294.2	35,361.0	2,933.2	726.3	9,142.8	(8,906.8)	236.0	59.1	3.3
Royal Park Investments	85.3	0.1	85.2	38.1	31.2	(9.8)	21.4	9.6	8.9
IDBI Federal Life Insurance	515.4	443.2	72.2	18.8	150.5	(132.9)	17.6	4.6	
Tesco Insurance Ltd	1,179.0	982.5	196.5	98.4	548.2	(552.6)	(4.4)	(2.2)	8.8
Aksigorta	585.0	446.9	138.1	49.7	435.1	(452.7)	(17.6)	(6.3)	7.8
Cardif Lux Vie	17,934.4	17,570.9	363.5	121.2	5,513.3	(5,475.8)	37.5	12.5	4.0
DTHP	1,056.4	739.7	316.7	104.5	39.4	(73.5)	(34.1)	(11.3)	
Predirec	192.9	0.2	192.7	56.7	3.3	(0.2)	3.1	0.9	
Aviabel	229.3	116.3	113.0	27.9	44.8	(35.7)	9.1	2.2	
Frey SA	320.4	222.3	98.1	19.6	18.3	(23.7)	(5.4)	(1.1)	
North Light	149.2	92.8	56.4	22.6	7.1	(7.0)	0.1		
Pole Star	167.7	111.8	55.9	22.4	7.8	(7.7)	0.1		
Louvresse Development I	329.8	210.0	119.8	24.0	11.0	(9.5)	1.5	0.3	
Credimo	1,089.2	1,025.8	63.4	21.8	131.4	(129.4)	2.0	0.7	
BITM	87.1	46.4	40.7	20.4	16.7	(16.7)			
Related goodwill				131.2					
Other				39.7				5.1	14.1
Total				2,221.3				163.5	98.8

Equity associates are subject to dividend restrictions arising from minimum capital and solvency requirements imposed by regulators in the countries in which those equity associates operate. Dividend payments of associates are sometimes subject to shareholder agreements with the partners in the company. In certain situations, consensus is required before dividend is declared.

In addition, shareholder agreements (related to parties having an interest in a company in which Ageas has a non-controlling interest) may include:

- specific articles on voting rights or dividend distribution;
- lock-up periods during which all parties having shares are not allowed to sell shares before a certain period or without prior approval of the other parties involved;
- options to sell or resell shares to the other party/parties involved in the shareholder agreement, including the underlying calculation methodology to value the shares;
- earn-out mechanisms which allow the party originally selling the shares additional revenues when certain objectives are realised;
- exclusivity clauses or non-compete clauses related to the sales of insurance products.

Asia

The improvement in the results from associates comes for the main part from TaiPing Life in Asia. The improvement was driven by an exceptional result of EUR 100 million in the second quarter offset to a certain extent by impairments in the third quarter.

The favourable development of exchange rate movements also had an impact on the result of the Asian equity associates.

Royal Park Investments

After the disposal of the assets and settlement of the liabilities, the remaining activity of RPI is essentially limited to the management of litigation initiated against a number of US assets.

15 Reinsurance and other receivables

The table below shows the components of reinsurance and other receivables as at 31 December.

	31 December 2015	31 December 2014
Reinsurers' share of liabilities arising from insurance and investment contracts	596.6	604.2
Receivables from policyholders	579.9	503.1
Fees and commissions receivable	66.4	57.8
Receivables from intermediaries	483.1	408.5
Reinsurance receivables	19.1	60.1
Factoring receivables		88.6
Other	285.5	284.2
Total gross	2,030.6	2,006.5
Impairments	(16.7)	(14.8)
Net total	2,013.9	1,991.7

The 'Other' line item includes receivables related to VAT and other indirect taxes.

Changes in impairments of reinsurance and other receivables

The following table shows the changes in the impairments of reinsurance and other receivables.

	2015	2014
Balance as at 1 January	14.8	18.1
Acquisitions/divestments of subsidiaries		(3.8)
Increase in impairments	1.9	2.8
Release of impairments	(1.9)	(2.1)
Write-offs of uncollectible amounts	(0.9)	(1.0)
Foreign exchange differences and other adjustments	2.8	0.8
Balance as at 31 December	16.7	14.8

Changes in the reinsurer's share of liabilities arising from insurance and investment contracts

Changes in the reinsurer's share of liabilities arising from insurance and investment contracts are shown below.

	2015	2014
Balance as at 1 January	604.2	713.2
Acquisitions/divestments of subsidiaries		(423.8)
Change in liabilities current year	46.8	141.9
Change in liabilities prior years	(100.6)	(54.8)
Claims paid current year	8.6	(57.6)
Claims paid prior years	18.0	14.9
Other net additions through income statement	1.4	230.9
Foreign exchange differences and other adjustments	18.2	39.5
Balance as at 31 December	596.6	604.2

16 Accrued interest and other assets

The table below shows the components of accrued interest and other assets as at 31 December.

	31 December 2015	31 December 2014
Deferred acquisition cost	872.2	787.0
Deferred other charges	121.9	116.8
Accrued income	1,307.1	1,356.1
Derivatives held for hedging purposes	133.9	82.7
Property intended for sale	82.6	60.0
Defined benefit assets	15.8	
Other	37.8	62.5
Total gross	2,571.3	2,465.1
Impairments	(3.3)	(4.9)
Accrued interest and other assets	2,568.0	2,460.2

Accrued income consists mainly of accrued interest income on government bonds (2015: EUR 739 million; 2014: EUR 759 million), corporate bonds (2015: EUR 436 million; 2014: EUR 468 million) and structured credit instruments (2015: EUR 2 million; 2014: EUR 2 million).

Deferred acquisition costs

Changes in deferred acquisition costs related to insurance and investment contracts are shown below.

	2015	2014
Balance as at 1 January	787.0	836.7
Acquisitions/divestments of subsidiaries		(152.3)
Capitalised deferred acquisition costs	410.5	565.9
Depreciation expense	(389.0)	(527.5)
Other adjustments including exchange rate differences	63.7	64.2
Balance as at 31 December	872.2	787.0

The line item, acquisitions/divestments of subsidiaries, for 2014 consists of the deferred acquisition costs of Ageas Protect (see also note 3 Acquisitions and disposals).

17 Property, plant and equipment

Property, plant and equipment include owner-occupied office buildings and owner-managed public car parks.

The table below shows the carrying amount for each category of property, plant and equipment as at 31 December.

	31 December 2015	31 December 2014
Land and buildings held for own use	1,010.5	971.7
Leasehold improvements	37.1	31.9
Equipment	104.5	115.8
Total	1,152.1	1,119.4

Changes in property, plant and equipment

Changes in property, plant and equipment are shown below.

2014	Land and buildings held for own use	Leasehold improve-ments	Equipment	Total
Acquisition cost as at 1 January	1,438.9	61.3	292.4	1,792.6
Acquisitions/divestments of subsidiaries		(0.6)	2.3	1.7
Additions	51.1	13.5	51.9	116.5
Reversal of cost due to disposals	(2.6)	(4.4)	(24.3)	(31.3)
Transfer from (to) investment property	(15.4)			(15.4)
Foreign exchange differences	2.6	1.7	9.4	13.7
Other	(6.3)	(3.7)	22.1	12.1
Acquisition cost as at 31 December	1,468.3	67.8	353.8	1,889.9
Accumulated depreciation as at 1 January	(463.4)	(37.4)	(194.8)	(695.6)
Acquisitions/divestments of subsidiaries		0.5	0.7	1.2
Depreciation expense	(33.0)	(5.6)	(37.8)	(76.4)
Reversal of depreciation due to disposals		3.9	20.1	24.0
Transfer from (to) investment property	1.5			1.5
Foreign exchange differences		(1.1)	(7.0)	(8.1)
Other	5.9	3.8	(19.2)	(9.5)
Accumulated depreciation as at 31 December	(489.0)	(35.9)	(238.0)	(762.9)
Impairments as at 1 January	(8.1)			(8.1)
Reversal of impairments credited to the income statement	0.5			0.5
Impairments as at 31 December	(7.6)			(7.6)
Property, plant and equipment as at 31 December	971.7	31.9	115.8	1,119.4

2015	Land and buildings held for own use	Leasehold improve-ments	Equipment	Total
Acquisition cost as at 1 January	1,468.3	67.8	353.8	1,889.9
Acquisitions/divestments of subsidiaries	10.7			10.7
Additions	33.1	10.2	31.2	74.5
Reversal of cost due to disposals		(0.2)	(71.4)	(71.6)
Transfer from (to) investment property	(3.6)			(3.6)
Foreign exchange differences	2.0	1.5	10.3	13.8
Other	61.4		(13.8)	47.6
Acquisition cost as at 31 December	1,571.9	79.3	310.1	1,961.3
Accumulated depreciation as at 1 January	(489.0)	(35.9)	(238.0)	(762.9)
Depreciation expense	(34.5)	(6.0)	(38.9)	(79.4)
Reversal of depreciation due to disposals		0.2	70.7	70.9
Transfer from (to) investment property	0.3			0.3
Foreign exchange differences		(1.0)	(7.9)	(8.9)
Other	(29.6)	0.5	8.5	(20.6)
Accumulated depreciation as at 31 December	(552.8)	(42.2)	(205.6)	(800.6)
Impairments as at 1 January	(7.6)			(7.6)
Increase in impairments charged to the income statement	(0.5)			(0.5)
Other	(0.5)			(0.5)
Impairments as at 31 December	(8.6)			(8.6)
Property, plant and equipment as at 31 December	1,010.5	37.1	104.5	1,152.1

An amount of EUR 202.7 million of property, plant and equipment has been pledged as collateral (31 December 2014: EUR 208.6 million).

Property, other than car parks, is externally appraised each year, whereby the independent appraisers are rotated every three years. Fair values reflect level 3.

Ageas determines car park fair values using in-house models that also use unobservable market data (level 3). The resulting fair values are calibrated based on available market data and/or transactions. Level 3 valuation techniques are used for measuring car parks primarily using discounted cash flows. Expected car park cash flows take into account expected inflation, and economic growth in individual car park areas, among other factors. The expected net cash flows are discounted using risk-adjusted discount rates. The discount rate estimation considers the quality of the car park and its location, among other factors.

Fair value of land and buildings held for own use

The fair value of owner-occupied property is set out below.

	31 December 2015	31 December 2014
Total fair value of Land and buildings held for own use	1,441.3	1,355.1
Total carrying amount	1,010.5	971.7
Gross unrealised gain/loss	430.8	383.4
Taxation	(146.4)	(130.3)
Net unrealised gain/loss (not recognised in equity)	284.4	253.1

The depreciation methods for property, plant and equipment are the same as set out in note 12 Investment property.

18 Goodwill and other intangible assets

Goodwill and other intangible assets as at 31 December are as follows.

	31 December 2015	31 December 2014
Goodwill	822.7	779.8
VOBA	312.6	327.1
Purchased software	28.7	17.8
Internally developed software	6.4	5.8
Other intangible assets	368.8	358.1
Total	1,539.2	1,488.6

Value of business acquired (VOBA) is the difference between the fair value at acquisition date and the subsequent book value of a portfolio of contracts acquired separately or in a business combination. VOBA is recognised as an intangible asset and amortised over the income recognition period of the portfolio of contracts. The main contributors to VOBA are Ageas Insurance Company Asia and Millenniumbcp Ageas. The decrease in VOBA is due to amortisation and for a significant part is offset by exchange differences.

Other intangible assets include intangible assets with a finite useful life, such as concessions, patents, licences, trademarks and other similar rights. This mainly relates to AG Real Estate. In general, software is amortised over a maximum of five years and other intangible assets have an expected useful life of 10 years at most. Other intangible assets are amortised in accordance with their expected lives.

With the exception of goodwill, Ageas does not have any intangible assets with indefinite useful lives.

Changes in goodwill and other intangible assets

Changes in goodwill and other intangible assets for the years 2014 and 2015 are shown below.

2014	Goodwill	VOBA	Purchased software	Internally developed software	Other intangible assets	Total
Acquisition cost as at 1 January	856.9	790.2	41.0	62.9	578.8	2,329.8
Acquisitions/divestments of subsidiaries	9.9		(1.5)	(13.8)	36.3	30.9
Additions		1.1	9.3	3.1	24.3	37.8
Adjustments arising from subsequent changes in value of assets and liabilities					(6.5)	(6.5)
Reversal of cost due to disposals	(0.1)		(4.0)	(37.1)	(11.1)	(52.3)
Foreign exchange differences	59.2	35.5	2.2	0.9	1.1	98.9
Other			0.3		(38.8)	(38.5)
Acquisition cost as at 31 December	925.9	826.8	47.3	16.0	584.1	2,400.1
Accumulated amortisation as at 1 January		(451.7)	(26.8)	(56.7)	(235.8)	(771.0)
Acquisitions/divestments of subsidiaries			1.6	13.6	0.4	15.6
Amortisation expense		(34.9)	(6.7)	(2.2)	(22.6)	(66.4)
Reversal of amortisation due to disposals			2.0	22.5	10.3	34.8
Foreign exchange differences		(13.1)	(1.6)	(0.9)	(1.1)	(16.7)
Other			2.0	13.5	38.9	54.4
Accumulated amortisation as at 31 December		(499.7)	(29.5)	(10.2)	(209.9)	(749.3)
Impairments as at 1 January	(130.4)				(15.8)	(146.2)
Increase in impairments charged to the income statement	(0.2)				(0.7)	(0.9)
Foreign exchange differences	(15.7)					(15.7)
Other	0.2				0.4	0.6
Impairments as at 31 December	(146.1)				(16.1)	(162.2)
Goodwill and other intangible assets as at 31 December	779.8	327.1	17.8	5.8	358.1	1,488.6

2015	Goodwill	VOBA	Purchased software	Internally developed software	Other intangible assets	Total
Acquisition cost as at 1 January	925.9	826.8	47.3	16.0	584.1	2,400.1
Acquisitions/divestments of subsidiaries	4.2				18.8	23.0
Additions			16.1	2.4	15.8	34.3
Reversal of cost due to disposals			(1.7)		(23.7)	(25.4)
Foreign exchange differences	56.7	34.6	1.9		0.2	93.4
Other		(0.1)	15.0		1.7	16.6
Acquisition cost as at 31 December	986.8	861.3	78.6	18.4	596.9	2,542.0
Accumulated amortisation as at 1 January		(499.7)	(29.5)	(10.2)	(209.9)	(749.3)
Amortisation expense		(35.5)	(12.1)	(1.8)	(23.4)	(72.8)
Reversal of amortisation due to disposals			1.7		22.3	24.0
Foreign exchange differences		(13.5)	(1.4)		(0.2)	(15.1)
Other			(8.6)		(1.3)	(9.9)
Accumulated amortisation as at 31 December		(548.7)	(49.9)	(12.0)	(212.5)	(823.1)
Impairments as at 1 January	(146.1)				(16.1)	(162.2)
Increase in impairments charged to the income statement	(2.8)				(0.7)	(3.5)
Reversal of impairments credited to the income statement					0.7	0.7
Foreign exchange differences	(15.2)					(15.2)
Other					0.5	0.5
Impairments as at 31 December	(164.1)				(15.6)	(179.7)
Goodwill and other intangible assets as at 31 December	822.7	312.6	28.7	6.4	368.8	1,539.2

The ‘Other’ line item in the purchased software column relates to a transfer from equipment (see note 17).

Impairment of goodwill

Impairment testing of goodwill is performed annually at the end of the year by comparing the recoverable amount of cash-generating units (CGU) with their carrying amount. The recoverable amount is the higher of the value in use and fair value less costs to sell. The type of acquired entity determines the definition of the CGU. Currently all CGUs, except for the UK, have been defined at (legal) entity level. The UK entities operating in the brokerage business in the sub segment 'Other Insurance' are, based on the level of operational integration and common management, considered one CGU.

The recoverable amount of a CGU is assessed by means of a discounted cash-flow model of the anticipated future cash flows of the CGU. The key assumptions used in the cash flow model depend on input reflecting various financial and economic variables, including the risk-free rate in a given country and a premium to reflect the inherent risk of the entity being evaluated.

These variables are determined on the basis of management's judgement. If the entity is listed on a stock market, the market price will also be considered an element in the evaluation.

The breakdown of goodwill and impairments for the main cash-generating units as at 31 December 2015 is as follows.

	Goodwill amount	Impairments	Net amount	Segment	Method used for recoverable amount
Cash-generating unit (CGU)					
Ageas (UK)	320.7	34.2	286.5	United Kingdom (UK)	Value in use
Portugal Life (Millenniumbcp Ageas)	146.5		146.5	Continental Europe (CEU)	Value in use
Portugal Non-Life (Ocidental Seguros & Médis)	21.9		21.9	Continental Europe (CEU)	Value in use
Ageas France (Sicavonline)	9.9		9.9	Continental Europe (CEU)	Value in use
Ageas Insurance Company Asia	368.0	127.1	240.9	Asia	Fair value less cost to sell
Cargeas Assicurazioni	92.2		92.2	Continental Europe (CEU)	Value in use
Other	27.6	2.8	24.8	CEU / Belgium	Value in use
Total	986.8	164.1	822.7		

Ageas Insurance Company Asia

The goodwill for Ageas Insurance Company Asia amounts to EUR 368.0 million (2014: EUR 329.7 million). The net goodwill after impairment amounts to EUR 240.9 million (2014: EUR 215.9 million). The change in amount between 2015 and 2014 is caused by exchange rate differences between the euro and Hong Kong dollar.

Ageas has agreed to sell its Life insurance business in Hong Kong to JD Capital (Beijing Tongchuangjiuding Investment Management Co.) for a cash consideration of HKD 10,688 million (EUR 1,267 million at 31 December 2015). The transaction is expected to be completed within the first half of 2016 and is subject to regulatory approvals and customary closing conditions (see note 3.1)

The recoverable amount is the higher of value in use (ViU) and fair value less cost to sell (FVLCS). This is in line with the Ageas accounting principles .

The fair value less cost to sell of AICA is equal to the agreed selling price of HKD 10,688 million. This recoverable amount exceeds the book value on the reporting date. Based on this test, the amount of goodwill is not impaired.

Millenniumbcp Ageas

The reported goodwill for Millenniumbcp Ageas (51% held by Ageas) amounts to EUR 146.5 million (2014: EUR 146.5 million). Until 2013, the Portuguese Life and Non-life activities were considered one cash generating unit (CGU). Since Ageas took full ownership of the Non-life activities in June 2014 (see note 3.3), the activities have been treated as separate CGUs.

The value in use calculation uses expected dividends, based on business plans approved by local and Ageas's management over a period of five years. The business plans take into consideration the difficult economic situation in Portugal, which has resulted in less emphasis on Life products and more emphasis on Non-life products.

Estimates for after this period have been extrapolated using a growth rate of 2.0 percent, which represents an approach of expected inflation in Portugal. The discount rate used is based on the risk-free interest rate, country risk, market risk premium and the beta coefficient of 1.05, and amounts to 10.9 percent. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Consequently, goodwill for Millenniumbcp Ageas was not impaired.

Based on the sensitivity analysis with regard to the assumptions, goodwill for Millenniumbcp Ageas would not be impaired if the growth rate dropped by 0.3 percentage points or the discount rate increased by 0.2 percentage points.

Ocidental Seguros and Médis

In June 2014, Ageas took full ownership of the Non-life activities (see note 3.3). As from 2014, the Non-life activities in Portugal have been treated as separate CGUs. The reported goodwill for Ocidental Seguros and Médis amounts to EUR 21.9 million (2014: EUR 21.9 million).

The value in use calculation uses expected dividends based on business plans approved by local and Ageas's management over a period of five years. Estimates for after this period have been extrapolated using a growth rate of 2.0 percent which represents an approach of expected inflation in Portugal. The discount rate used is based on the risk-free interest rate, country risk, market risk premium and the beta coefficient of 1.05, and amounts to 10.9 percent. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Consequently, goodwill for the Portuguese Non-life activities was not impaired.

Based on the sensitivity analysis with regard to the assumptions, goodwill for the Portuguese Non-life activities would still not be impaired if the growth rate was negative or the discount rate increased to a level higher than 45 percentage points.

Cargeas Assicurazioni

The reported goodwill for Cargeas Assicurazioni amounts to EUR 92.2 million (2014: EUR 92.2 million). The value in use calculation uses expected dividends based on business plans approved by local and Ageas's management over a period of five years. Because the business plans are based on improved penetration in the distribution channel of UBI Banca and new products, the five-year planning horizon is considered appropriate.

Estimates for after this period have been extrapolated using a growth rate of 2.5 percent, which represents an approach of expected inflation and local market developments for the banking channel. The discount rate used is based on the risk-free interest rate, country risk, market risk premium and the beta coefficient of 1.1 and amounts to 9.7 percent. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Consequently, goodwill for Cargeas Assicurazioni was not impaired.

Based on the sensitivity analysis with regard to the assumptions, goodwill for Cargeas Assicurazioni would not be impaired if the long-term growth rate dropped by 2.6 percentage points and the discount rate increased by 1.8 percentage points.

UK brokerage business

Goodwill for the UK brokerage business (including Kwik-Fit Insurance Services and Castle Cover Limited) amounts to EUR 320.7 million (2014: EUR 302.2 million). The net goodwill after impairment amounts to EUR 286.5 million (2014: EUR 270.0 million). The change in amount between 2015 and 2014 is caused by exchange rate differences between the euro and pound sterling. The value in use calculation uses expected dividends based on business plans approved by local and Ageas's management over a period of five years. Estimates for after this period have been extrapolated using a growth rate of 2.0 percent, which represents an approach of expected inflation.

The discount rate used, including a beta coefficient of 1.0, amounts to 8.3 percent. The outcome of the impairment test was that the recoverable amount exceeded the carrying value of the CGU including goodwill. Because of the positive outcome, goodwill was not impaired.

Based on the sensitivity analysis with regard to the assumptions, goodwill for the UK brokerage business would not be impaired if the long-term growth rate dropped by 0.5 percentage points and the discount rate increased by 0.5 percentage points.

Other

Due to the loss of a property management contract at a Belgium subsidiary, an impairment of goodwill of EUR 2.6 million is recognised.

Amortisation of VOBA

The expected amortisation expenses for VOBA from 2016 onwards are as follows.

	Estimated amortisation of VOBA
2016	34.8
2017	33.8
2018	32.6
2019	31.3
2020	29.7
Later	150.4

19 Shareholders' equity

The following table shows the composition of shareholders' equity as at 31 December.

Share capital	
Ordinary shares: 223,778,320 shares issued and paid with a fraction value of EUR 7.40	1,656.0
Share premium reserve	2,644.8
Other reserves	2,838.1
Currency translation reserve	511.9
Net result attributable to shareholders	770.2
Unrealised gains and losses	2,955.1
Shareholders' equity	11,376.1

19.1 Ordinary shares

Shares issued and potential number of shares

In accordance with the provisions regulating ageas SA/NV, to the extent law permits, and in the interest of the Company the Board of Ageas was authorised for a period of three years (2015-2017) by the General Shareholders' Meeting of 29 April 2015 to increase the share capital by a maximum amount of EUR 162,800,000 for general purposes.

Applied to a fraction value of EUR 7.40, this enables the issuance of up to 22,000,000 shares, representing approximately 10% of the total current share capital of the Company. This authorisation also enables the Company to meet its obligations entered into in the context of the issue of the financial instruments. Shares can also be issued due to the so-called alternative coupon settlement method (ACSM), included in certain hybrid financial instruments (for details see note 47 Contingent liabilities).

Ageas has issued options or instruments containing option features that could, upon exercise, lead to an increase in the number of outstanding shares.

The number of shares issued includes shares that relate to the FRESH convertible instrument (4.0 million). The FRESH is a financial instrument that was issued in 2002 by Ageasfinlux SA. One of the features of this instrument is that it can only be redeemed through conversion into 4.0 million Ageas shares. Ageasfinlux SA has acquired all necessary Ageas shares to redeem the FRESH (consequently they are included in the number of Ageas shares outstanding). However, Ageasfinlux SA and Ageas have agreed that these shares will not receive dividend nor will they have voting rights as long as these shares are pledged to the FRESH. As Ageasfinlux SA is part of Ageas Group, the shares related to the FRESH are treated as treasury shares (see below) and eliminated against shareholders' equity (see note 4 Earnings per share and note 22 Subordinated liabilities).

Treasury shares

Treasury shares are issued ordinary shares that have been bought back by Ageas. The shares are deducted from shareholders' equity and reported in other reserves.

The total number of treasury shares (11.5 million) consists of shares held for the FRESH (4.0 million), the restricted share programme (0.3 million) and the remaining shares resulting from the share buy-back programme (7.2 million, see below). Details of the FRESH securities are provided in note 22 Subordinated liabilities.

Share buy-back programme 2015

Ageas announced on 5 August 2015 a new share buy-back programme from 17 August 2015 to 5 August 2016 for an amount of EUR 250 million.

Between 17 August 2015 and 31 December 2015, Ageas bought back 2,226,350 shares corresponding to 0.99% of the total shares outstanding and totalling EUR 85.6 million.

Share buy-back programme 2014

Ageas announced on 6 August 2014 a new share buy-back programme from 11 August 2014 to 31 July 2015 for an amount of EUR 250 million.

Ageas completed on Friday 31 July 2015 the share buy-back programme announced on 6 August 2014. Between 11 August 2014 and 31 July 2015, Ageas bought back 8,176,085 shares corresponding to 3.65% of the total shares outstanding and totalling EUR 250 million.

The General Shareholders' Meeting of 29 April 2015 approved the cancellation of 3,194,473 own shares that had been bought back until 31 December 2014.

Share buy-back programme 2013

Ageas announced on 2 Augustus 2013 that, based on the shareholder authorisation granted at the end of April 2013, the Board of Directors decided to initiate a share buy-back programme of outstanding common stock for an amount of EUR 200 million.

Ageas completed on Friday 1 August 2014 the share buy-back programme announced on 2 August 2013. Between 12 August 2013 and 1 August 2014, Ageas bought back 6,513,207 shares corresponding to 2.82% of the total shares outstanding and totalling EUR 200 million.

The General Shareholders' Meeting of 30 April 2014 approved the cancellation of 2,489,921 own shares. On 29 April 2015, the General Shareholders' Meeting approved the cancellation of the remaining 4,023,286 own shares.

Restricted share programme

In 2011, 2012, 2013, 2014 and 2015, Ageas created restricted share programmes for its senior management (see also note 7 section 7.2 Employee share option and share purchase plans).

19.2 Shares entitled to dividend and voting rights

The table below gives an overview of the shares entitled to dividend and voting rights as at 31 December 2015.

in thousands	
Number of shares issued as at 31 December 2015	223,778
Shares not entitled to dividend and voting rights:	
Shares held by ageas SA/NV	7,474
Shares related to the FRESH (see Note 22)	3,968
Shares related to CASHES (see Note 47)	4,644
Shares entitled to voting rights and dividend	207,692

CASHES and settlement with BNP Paribas Fortis SA/NV and BNP Paribas

BNP Paribas Fortis SA/NV (the former Fortis Bank) issued a financial instrument called CASHES in 2007. One of the features of this instrument is that it can only be redeemed through conversion into 12.5 million Ageas shares.

BNP Paribas Fortis SA/NV acquired all necessary Ageas shares to redeem the CASHES (consequently they are included in the number of Ageas shares outstanding). The shares held by BNP Paribas Fortis SA/NV related to the CASHES are not entitled to dividend nor do these have voting rights (see note 22 Subordinated liabilities and note 47.2 Contingent liabilities).

In 2012, BNP made a (partially successful) cash tender for the CASHES. On 6 February 2012, BNP Paribas Fortis SA/NV converted 7,553 of the tendered CASHES securities out of 12,000 CASHES securities outstanding (62.9%) into 7.9 million Ageas shares. At this moment, 4.6 million Ageas shares related to the CASHES are still held by BNP Paribas Fortis SA/NV.

Outstanding shares

The following table shows the number of outstanding shares.

in thousands	Shares issued	Treasury shares	Shares outstanding
Number of shares as at 1 January 2014	233,486	(7,052)	226,434
Cancelled shares	(2,490)	2,490	
Balance (acquired)/sold		(7,071)	(7,071)
Number of shares as at 31 December 2014	230,996	(11,633)	219,363
Cancelled shares	(7,218)	7,218	
Balance (acquired)/sold		(7,075)	(7,075)
Number of shares as at 31 December 2015	223,778	(11,490)	212,288

The table below gives an overview of the shares issued and the potential number of shares as at 31 December.

in thousands	
Number of shares as at 31 December 2015	223,778
Shares that may be issued per Shareholders' Meeting of 29 April 2015	22,000
In connection with option plans (see Note 7)	1,394
Total potential number of shares as at 31 December 2015	247,173

19.3 Other reserves

Treasury shares, i.e. ordinary shares bought back by Ageas, are deducted from shareholders' equity and reported in other reserves. Other reserves also include the adjustment for the written put options on non-controlling interests. Each year the balance of profits for the year and the dividends related to the year are added to or deducted from the other reserves.

19.4 Currency translation reserve

The currency translation reserve is a separate component of shareholders' equity in which are reported the exchange differences arising from translation of the results and financial positions of foreign operations that are included in the Ageas Consolidated Financial Statements.

Ageas does not hedge net investments in operations that do not have euro as their functional currency unless the impact of potential foreign exchange movements is considered beyond Ageas's Risk Appetite. However, loans not provided for permanent funding purposes and known payments or dividends in a foreign currency are hedged. Exchange differences arising on loans and other currency instruments designated as hedging instruments of such investments are recorded in equity (under the heading 'Currency translation reserve') until the disposal of the net investment, except for any hedge ineffectiveness, which will be immediately recognised in the income statement. On disposal of an entity, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

19.5 Unrealised gains and losses included in shareholders' equity

The table below shows the unrealised gains and losses included in shareholders' equity.

31 December 2015	Available for sale investments	Held to maturity investments	Revaluation of associates	Cash flow hedges	DPF component	Total
Gross	7,540.7	(88.2)	501.3	81.5		8,035.3
Related tax	(2,386.7)	23.5		1.6		(2,361.6)
Shadow accounting	(2,715.9)			(100.1)		(2,816.0)
Related tax	887.4					887.4
Non-controlling interests	(829.3)	29.2	2.3	7.8		(790.0)
Discretionary participation feature (DPF)	12.9				(12.9)	
Total	2,509.1	(35.5)	503.6	(9.2)	(12.9)	2,955.1

31 December 2014	Available for sale investments	Held to maturity investments	Revaluation of associates	Cash flow hedges	DPF component	Total
Gross	9,020.9	(112.2)	263.1	56.5		9,228.3
Related tax	(2,750.6)	29.5		1.1		(2,720.0)
Shadow accounting	(4,381.7)			(36.7)		(4,418.4)
Related tax	1,300.3					1,300.3
Non-controlling interests	(796.8)	37.9	3.0	10.8		(745.1)
Discretionary participation feature (DPF)	12.3				(12.3)	
Total (including foreign exchange differences)	2,404.4	(44.8)	266.1	31.7	(12.3)	2,645.1
Transfer to currency translation reserve (cumulative)	(10.0)		(35.5)	(3.3)		(48.8)
Total	2,394.4	(44.8)	230.6	28.4	(12.3)	2,596.3

Unrealised gains and losses on available for sale investments are discussed in detail in note 11 Financial investments. Unrealised gains and losses on held to maturity investments represents unrealised gains and losses to be amortised.

Changes in the fair value of derivatives that are designated and qualify as a cash-flow hedge are recognised as an unrealised gain or loss in shareholders' equity. Any hedge ineffectiveness is immediately recognised in the income statement. Exchange differences arising on instruments designated as hedges of a net investment in a foreign entity are recorded in shareholders' equity until the disposal of the net investment, except for any hedge ineffectiveness, which is immediately recognised in the income statement.

Ageas enters into insurance contracts that feature not only a guaranteed part but also other benefits, of which the amounts and the timing of declaration and payment are solely at the discretion of Ageas. Depending on the contractual and statutory terms and conditions, unrealised changes in the fair value of the asset mix related to such contracts are, after the application of shadow accounting, reported in shareholders' equity under separate discretionary participation features (DPF) and in unrealised gains and losses related to available for sale investments.

The table below shows changes in gross unrealised gains and losses included in shareholders' equity for 2014 and 2015.

	Available for sale investments	Held to maturity investments	Revaluation of associates	Cash flow hedges	Total
Gross unrealised gains (losses) as at 1 January 2014	3,967.6	(138.1)	(185.4)	(37.1)	3,607.0
Changes in unrealised gains (losses) during the year	5,170.3		432.9	87.2	5,690.4
Reversal unrealised (gains) losses because of sales	(136.5)				(136.5)
Reversal unrealised losses because of impairments	0.6				0.6
Foreign exchange differences	23.6		15.6	5.9	45.1
Acquisition and divestments of associates	(3.2)				(3.2)
Amortisation		25.5		0.1	25.6
Other	(1.5)	0.4		0.4	(0.7)
Gross unrealised gains (losses) as at 31 December 2014	9,020.9	(112.2)	263.1	56.5	9,228.3
Changes in unrealised gains (losses) during the year	(1,206.8)		279.5	30.9	(896.4)
Reversal unrealised (gains) losses because of sales	(254.4)		(3.6)		(258.0)
Reversal unrealised losses because of impairments	(2.7)				(2.7)
Amortisation		23.6		(0.1)	23.5
Other	(16.3)	0.4	(37.7)	(5.8)	(59.4)
Gross unrealised gains (losses) as at 31 December 2015	7,540.7	(88.2)	501.3	81.5	8,035.3

19.6 Dividend capacity

The companies comprising Ageas are subject to legal restrictions regarding the amount of dividend they may pay to their shareholders. The Dutch Civil Code stipulates that a Dutch company may pay dividends only if the net equity of that company exceeds the total of the paid-up and called-up capital and the reserves required by law or by the company's Articles of Association.

Under the Belgian Company Code, 5% of a company's annual net profit must be placed in a legal reserve fund until this fund reaches 10% of the share capital. No dividends may be paid if the value of the company's net assets falls below, or following payment of a dividend would fall below, the sum of its paid-up capital and non-distributable reserves.

Subsidiaries and associates are also subject to dividend restrictions arising from minimum capital and solvency requirements imposed by regulators in the countries in which those subsidiaries operate and from shareholder agreements with the partners in the company. In certain situations consensus between the shareholders is required before dividend is declared.

In addition, shareholder agreements (related to parties having a non-controlling interest in Ageas subsidiaries) may include:

- specific articles on voting rights or dividend distribution;
- lock-up periods during which all parties having shares are not allowed to sell shares before a certain period or without the prior approval of the other parties involved;
- options to sell or resell shares to the other party (parties) involved in the shareholders agreement including the underlying calculation methodology to value the shares;
- earn-out mechanisms which allow the party originally selling the shares to additional revenues when certain objectives are realised;
- exclusivity clauses or non-competition clauses related to the sales of insurance products.

Proposed dividend for 2015

Ageas's Board has decided to propose for approval by the Annual General Meeting of Shareholders a gross cash dividend of EUR 1.65 per share for 2015.

19.7 Return on equity

Ageas calculates return on equity by dividing the net result for the period by the net average equity at the beginning and the end of the period.

Return on equity for 2015 and 2014 is as follows.

	2015	2014
Return on equity Ageas Group	7.1%	5.1%
Return on equity Insurance	7.9%	8.8%

20 Insurance liabilities

Life liabilities

Life liabilities are established when a policy is sold in order to ensure that sufficient funds are set aside to meet the future claims relating to that policy. Life insurance liabilities can be split into:

- liabilities arising from Life insurance contracts (see 20.1)
- liabilities arising from Life investment contracts (see 20.2)
- liabilities related to unit-linked contracts (see 20.3)

Non-life Liabilities

- liabilities arising from Non-life insurance contracts (see 20.4).

The details of these insurance liabilities are provided hereafter. For more detailed information on sensitivities and risk exposures for the insurance liabilities, please refer to note 5.4 Details of various risk exposures.

20.1 Liabilities arising from Life insurance contracts

The following table provides an overview of the liabilities arising from Life insurance contracts as at 31 December.

	31 December 2015	31 December 2014
Liability for future policyholder benefits	27,047.1	26,449.5
Reserve for policyholder profit sharing	385.9	328.7
Shadow accounting	1,645.5	2,646.3
Before eliminations	29,078.5	29,424.5
Eliminations	(4.8)	(4.8)
Gross	29,073.7	29,419.7
Reinsurance	(51.8)	(41.5)
Net	29,021.9	29,378.2

Changes in the liabilities arising from Life insurance contracts (gross of reinsurance and before eliminations) are shown below.

	2015	2014
Balance as at 1 January	29,424.5	26,266.6
Acquisitions/divestments of subsidiaries		(393.8)
Gross inflow	2,343.8	2,337.4
Time value	949.7	973.8
Payments due to surrenders, maturities and other	(2,116.2)	(2,043.2)
Transfer of liabilities	(34.2)	335.9
Foreign exchange differences	220.2	230.9
Shadow accounting adjustment	(1,029.3)	2,182.8
Net changes in group contracts	12.6	29.0
Other changes, including risk coverage	(692.6)	(494.9)
Balance as at 31 December	29,078.5	29,424.5

The sale of Ageas Protect in 2014 (see note 3 Acquisitions and disposals) has impacted the balance of liabilities and related reinsurance. The shadow accounting adjustment is a reflection of the unrealised gains and losses on the investment portfolio, related to the evolution of market yield and spreads. The transfer of liabilities mainly relates in 2015 to internal movements to unit-linked contracts and the transfer in 2014 reflects the acquisition of the Fidea portfolio in Belgium. Foreign exchange differences are mainly related to a higher Hong Kong Dollar exchange rate. The line item 'Net changes in Group contracts' offsets the same line item regarding unit-linked contracts (see section 20.3). The line item 'Other changes, including risk coverage', mainly relates to insurance and actuarial risk consumption regarding guarantees included in the contracts, and therefore vary together with the volumes. In 2014, the line item 'Other changes, including risk coverage' also reflects the decrease in the yield curve, that increased the present value of future claim payments in the UK.

The effect of changes in assumptions used to measure the liabilities related to Life insurance contracts was immaterial in 2015 and 2014.

20.2 Liabilities arising from Life investment contracts

The following table provides an overview of the liabilities arising from Life investment contracts as at 31 December.

	31 December 2015	31 December 2014
Liability for future policyholder benefits	28,513.2	28,638.1
Reserve for policyholder profit sharing	169.0	159.4
Shadow accounting	1,220.7	1,772.2
Gross	29,902.9	30,569.7
Reinsurance		
Net	29,902.9	30,569.7

Changes in the liabilities arising from Life investment contracts are shown below.

	2015	2014
Balance as at 1 January	30,569.7	28,792.8
Gross inflow	2,485.1	2,630.2
Time value	612.3	637.9
Payments due to surrenders, maturities and other	(2,941.1)	(3,036.9)
Transfer of liabilities	(153.7)	210.5
Shadow accounting adjustment	(551.5)	1,368.4
Other changes, including risk coverage	(117.9)	(33.2)
Balance as at 31 December	29,902.9	30,569.7

The shadow accounting adjustment is a reflection of the unrealised gains and losses in the investment portfolio, related to the evolution of market yield and spreads. In 2015 the transfer of liabilities mainly reflected internal movements to unit-linked and other types of contracts and in 2014 it mainly reflected the acquisition of the Fidea portfolio in Belgium. The line item 'Other changes, including risk coverage', mainly relates to insurance and actuarial risk consumption regarding guarantees included in the contracts, and therefore vary together with the volumes.

The effect of changes in assumptions used to measure the liabilities related to Life investment contracts was immaterial in 2015 and 2014.

20.3 Liabilities related to unit-linked contracts

Liabilities related to unit-linked contracts are broken down into insurance and investment contracts as follows.

	31 December 2015	31 December 2014
Insurance contracts	2,155.0	1,969.1
Investment contracts	12,986.8	12,859.9
Total	15,141.8	14,829.0

The following table shows the changes in liabilities related to unit-linked insurance contracts.

	2015	2014
Balance as at 1 January	1,969.1	1,795.4
Gross inflow	234.8	190.6
Changes in fair value / time value	27.1	35.2
Payments due to surrenders, maturities and other	(85.5)	(70.3)
Transfer of liabilities	14.8	38.7
Foreign exchange differences	5.2	5.5
Net changes in group contracts	(12.6)	(29.0)
Other changes, including risk coverage	2.1	3.0
Balance as at 31 December	2,155.0	1,969.1

The following table shows the changes in liabilities related to unit-linked investment contracts.

	2015	2014
Balance as at 1 January	12,859.9	12,374.6
Gross inflow	1,305.6	1,138.0
Changes in fair value / time value	358.8	1,110.2
Payments due to surrenders, maturities and other	(1,731.8)	(1,814.4)
Transfer of liabilities	166.4	33.8
Foreign exchange differences	94.5	86.3
Other changes, including risk coverage	(66.6)	(68.6)
Balance as at 31 December	12,986.8	12,859.9

The transfer of liabilities mainly reflects internal movements between different product contracts. Foreign exchange differences relate to a higher Hong Kong Dollar exchange rate. The line item 'Net changes in Group contracts' offsets the same line item regarding non unit-linked contracts (see section 20.1). The line item 'Other changes, including risk coverage', mainly relates to insurance and actuarial risk consumption, for complementary guarantees included in the contracts.

20.4 Liabilities arising from Non-life insurance contracts

The following table provides an overview of the liabilities arising from Non-life insurance contracts as at 31 December.

	31 December 2015	31 December 2014
Claims reserves	5,837.6	5,619.8
Unearned premiums	1,609.6	1,512.2
Reserve for policyholder profit sharing	16.3	15.6
Gross	7,463.5	7,147.6
Reinsurance	(544.8)	(562.7)
Net	6,918.7	6,584.9

Non-life claims liabilities are recognised for claims that have occurred but have not yet been settled, quantifying the outstanding loss liability. In general, Ageas insurance companies define claims liabilities by product category, cover and year, and take into account (un)discounted prudent forecasts of payouts on reported claims and estimates of unreported claims. Allowances for claims expenses and inflation are also included. The payouts are typically undiscounted. However, some accident and health claims (in particular Workers' Compensation) have a long-term nature and their liabilities are calculated with similar to life techniques, including thus also discounted cash flows.

Unearned premiums relate to the unexpired portion of the risk, for which the premium has been received but has not yet been earned by the insurer.

Changes in the liabilities arising from insurance contracts for Non-life insurance contracts (gross of reinsurance and before eliminations) are shown below.

		2015		2014
Balance as at 1 January		7,147.6		6,797.2
Addition to liabilities current year	2,843.1		2,824.7	
Claims paid current year	(1,376.0)		(1,403.3)	
Change in liabilities current year	1,467.1		1,421.4	
Addition to liabilities prior years	(222.3)		(133.6)	
Claims paid prior years	(1,152.7)		(1,065.7)	
Change in liabilities prior years	(1,375.0)		(1,199.3)	
		92.1		222.1
Change in unearned premiums		31.0		12.0
Transfer of liabilities		(2.2)		4.8
Foreign exchange differences		168.0		182.2
Shadow accounting adjustment				(63.7)
Other changes		27.0		(7.0)
Balance as at 31 December		7,463.5		7,147.6

Foreign exchange differences reflect an increasing British pound exchange rate. Improved combined ratio also explains the change in liabilities.

The effect of changes in assumptions used to measure the liabilities related to Non-life insurance contracts was immaterial in 2015 and 2014.

20.5 Insurance Liabilities Adequacy Testing

Each insurance company establishes liabilities for future claims on policies and sets aside assets to support these liabilities. This involves making estimates and assumptions that can affect the reported amounts of assets, liabilities, shareholders' equity and the result in the next year. These estimates are evaluated at each reporting date using statistical analysis based on internal and external historical data.

The adequacy of insurance liabilities is reviewed at each reporting date and requires increases in liabilities or impairments of deferred acquisition costs (DAC) or VOBA to be immediately recorded and recognised in the income statement. Ageas's liability adequacy testing (LAT) policy and process fulfils IFRS requirements.

This LAT test is applied by each company at each reporting date.

Life

The tests are performed at legal fungible level (asset pool level) for Life. Ageas considers current best estimates of all contractual cash flows, including related cash flows, such as (re)investment returns and expenses. The assumptions are internally consistent with those used for projecting best estimate liability cash flows. The tests include cash flows resulting from deterministic projections. The present value of these cash flows is determined by using a risk-free discount rate with volatility adjustment. Any shortfall is recognised immediately in the income statement.

Non-life

The tests are performed at a level of homogeneous product groups for Non-life. Any shortfall is recognised immediately in the income statement.

The tests carried out at 2015 year-end have confirmed that the reported liabilities are adequate.

The risk that the actual outcome will exceed liabilities arising from insurance and investment contracts cannot be eliminated completely, given the uncertainties inherent in the techniques, assumptions and data used in the statistical analysis. Ageas holds additional solvency capital to ensure that the risk of being unable to meet (policyholder) obligations is reduced to extremely low levels.

The relative variability of the expected outcomes is lower for larger and more diversified portfolios. Factors that would increase insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location, type of industry as well as negative changes in the public domain (such as legislative changes, etc.) and extreme events such as hurricanes.

Insurance risk can be reduced by risk mitigating factors, such as reinsurance. This includes, but is not limited to, European weather events.

Overview of insurance liabilities by operating segment

The table below provides an overview of the liabilities by operating segment.

		Non-life gross liability split:			Life gross liability split:	
31 December 2015	Total Non-life	Unearned premium	Claims outstanding	Total Life	Unit-linked	Life Guaranteed
Belgium	3,779.1	356.8	3,422.3	56,336.1	6,991.2	49,344.9
UK	2,908.9	970.3	1,938.6			
Continental Europe	771.8	282.5	489.3	14,611.7	7,219.2	7,392.5
Asia				3,175.4	931.4	2,244.0
General Account	3.7		3.7			
Eliminations				(4.8)		(4.8)
Insurance total	7,463.5	1,609.6	5,853.9	74,118.4	15,141.8	58,976.6

		Non-life gross liability split:			Life gross liability split:	
31 December 2014	Total Non-life	Unearned premium	Claims outstanding	Total Life	Unit-linked	Life Guaranteed
Belgium	3,710.1	364.8	3,345.3	57,584.9	6,713.3	50,871.6
UK	2,691.4	887.3	1,804.1			
Continental Europe	746.1	260.1	486.0	14,478.4	7,243.7	7,234.7
Asia				2,759.9	872.0	1,887.9
Eliminations				(4.8)		(4.8)
Insurance total	7,147.6	1,512.2	5,635.4	74,818.4	14,829.0	59,989.4

21 Debt certificates

The following table shows the types of debt certificates (EMTN) issued by Ageas and the amounts outstanding as at 31 December.

	31 December 2015	31 December 2014
Held at fair value through profit or loss		2.2
Total debt certificates		2.2

Due to the changes in the composition of the former Fortis Group in October 2008 there is no curable breach of a debt covenant and as a result, all debt securities are in default and directly callable by the security holder at nominal value (there are no other breaches of debt covenants). Therefore, the debt securities held at fair value through profit or loss are valued at the minimum of the nominal value. The nominal value of debt securities held at fair value through profit or loss was nil as at 31 December 2015 (2014: EUR 1.8 million). The valuation of debt securities held at fair value through profit or loss is based on level 2. Ageas has not pledged any assets against outstanding debt certificates.

The maturity of the balance of debt certificates outstanding as at 31 December is shown below.

	2015	2014
2015		2.2
Total debt certificates		2.2

As all debt certificates have been redeemed, there were no longer any debt certificates on 31 December 2015.

22 Subordinated liabilities

The following table provides a specification of subordinated liabilities as at 31 December.

	31 December 2015	31 December 2014
FRESH	1,250.0	1,250.0
Hybrone	73.0	226.8
Fixed Rate Reset Perpetual Subordinated Notes	500.7	448.1
Fixed to Floating Rate Callable Subordinated Notes	99.6	99.6
Fixed to floating Rate Callable Subordinated Loan BCP Investments	58.8	58.8
Dated Fixed Rate Subordinated Notes	395.3	
Other subordinated liabilities	3.0	3.0
Total subordinated liabilities	2,380.4	2,086.3

22.1 FRESH

On 7 May 2002, Ageasfinlux SA issued undated Floating Rate Equity-linked Subordinated Hybrid capital securities (FRESH) for a total principal amount of EUR 1,250 million and with a denomination of EUR 250,000 each. Coupons on the securities are payable quarterly in arrears, at a variable rate of 3 month Euribor + 135 basis points.

The FRESH was issued by Ageasfinlux SA, with ageas SA/NV acting as co-obligor. The principal amount of the securities will not be repaid in cash. The sole recourse of the holders of the FRESH against the co-obligor with respect to the principal amount are the 4.0 million Ageas shares that Ageasfinlux SA pledged in favour of such holders. Pending the exchange of the FRESH for Ageas shares, these Ageas shares do not have any dividend rights or voting rights (the reported number of outstanding Ageas shares as at 31 December 2015 already includes the 4.0 million Ageas shares issued for the purpose of such exchange).

In the event that dividends are not paid on the Ageas shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%) and in certain other exceptional circumstances, payment of coupons will be made in accordance with the so-called alternative coupon settlement method (ACSM). The ACSM implies that new Ageas shares will be issued and delivered to the holders of the FRESH.

To date all coupons have been paid in cash. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored. Because of these characteristics the FRESH is treated as part of Ageas's qualifying regulatory capital.

The FRESH have no maturity date, but may be exchanged for Ageas shares at a price of EUR 315 per share at the discretion of the holder. The FRESH will automatically be converted into Ageas shares if the price of the Ageas share is equal to or higher than EUR 472.50 on twenty consecutive stock exchange business days. The securities qualify as available solvency margin under the prevailing European regulatory capital regime for insurers (Solvency I) and as Grandfathered Tier 1 capital under European regulatory requirements for insurers (Solvency II).

22.2 Hybrone

In 2006, Ageas incorporated a special purpose company named Ageas Hybrid Financing SA (hereafter AHF), which issued perpetual deeply subordinated and pari passu ranking securities, and invested the proceeds thereof in instruments issued by (former) Ageas operating companies, which qualified as solvency for those entities. The securities issued by AHF have the benefit of a support agreement and a subordinated guarantee entered into by ageas SA/NV.

Under the support agreement, ageas SA/NV is obliged to contribute to AHF such funds as necessary to allow it to pay the coupon in any year that Ageas declares a dividend or, alternatively, to pay the coupon through the ACSM if the entities that received the proceeds fail to pay the coupons on their on-loans in cash due to a breach of the applicable regulatory minimum solvency levels. In the event that Ageas fails to achieve the regulatory minimum solvency level or if consolidated assets are less than the sum of liabilities, excluding liabilities not considered senior debt, or if AHF so elects, the cash coupon will be replaced by settlement through the ACSM.

At year-end 2014 EUR 226.8 million of Hybrone securities were outstanding, carrying an interest rate of 5.125%. As result of a successful tender launched in March 2015, the outstanding amount has dropped, being EUR 73 million as at 31 December 2015. The securities have a first call date on 20 June 2016; if not called, the interest rate thereafter will change to 3 month Euribor + 200 basis points. The securities qualify as available solvency margin under the prevailing European regulatory capital regime for insurers (Solvency I) and as Grandfathered Tier 1 capital under European regulatory requirements for insurers (Solvency II).

22.3 Fixed Rate Reset Perpetual Subordinated Notes

On 21 March 2013, AG Insurance issued USD 550 million Fixed Rate Reset Perpetual Subordinated Notes at an interest rate of 6.75%. The Notes constitute direct, unsecured and subordinated obligations of AG Insurance. The Notes are listed on the Luxembourg Stock Exchange. The Notes may be redeemed at the option of AG Insurance, in whole but not in part, on the first call date (March 2019) or on any interest payment date thereafter. The Notes qualify as available solvency margin under the prevailing European regulatory capital regime for insurers (Solvency I) and as Grandfathered Tier 1 capital under European regulatory requirements for insurers (Solvency II).

22.4 Fixed-to-Floating Callable Subordinated Notes

On 18 December 2013, AG Insurance issued EUR 450 million Fixed-to-Floating Callable Subordinated Notes due 2044.

The Notes have an interest rate of 5.25%, payable annually, up to their June 2024 first call date and will from such first call date bear interest at a floating rate of 3 month Euribor plus 4.136% per annum, payable quarterly.

The Notes provide for a quarterly optional call by AG Insurance as from June 2024 and for the optional or mandatory deferral of interest under certain circumstances. The Notes qualify as available solvency margin under the prevailing European regulatory capital regime for insurers (Solvency I) and as Tier 2 capital under European regulatory requirements for insurers (Solvency II).

The Notes are subscribed by ageas SA/NV (EUR 350 million) and BNP Paribas Fortis SA/NV (EUR 100 million) and are listed on the Luxembourg Stock Exchange. The part underwritten by ageas SA/NV is eliminated because it is an inter company transaction.

22.5 Fixed-to-Floating Callable Subordinated Loan BCP Investments

On 5 December 2014, Ageas Insurance International N.V. (51%) (AII) and BCP Investments B.V. (49%) granted a subordinated loan of EUR 120 million to Millenniumbcp Ageas at 4.75% per annum up to the first call date in December 2019 and 6 month Euribor + 475 basis points per annum thereafter. The part underwritten by AII is eliminated because it is an inter company transaction.

The Notes qualify as available solvency margin under the prevailing European regulatory regime for insurers (Solvency I) and as Grandfathered Tier 1 capital under European regulatory requirements for insurers (Solvency II).

22.6 Dated Fixed Rate Subordinated Notes

On 31 March 2015, AG Insurance issued EUR 400 million Fixed Rate Subordinated Securities at an interest rate of 3.5% and with a maturity of 32 years. The Securities constitute direct, unsecured and subordinated obligations of AG Insurance. The Notes are listed on the Luxembourg Stock Exchange. The securities may be redeemed at the option of AG Insurance, in whole but not in part, on the first call date at 30 June 2027 or at any interest payment date thereafter. If not called on the first call date and on each fifth anniversary of the first call date the interest rate will be reset equal to the sum of the five-year euro mid swap rate plus 3.875%. The Notes qualify as available solvency margin under the prevailing European regulatory capital regime for insurers (Solvency I) and as Tier 2 capital under European regulatory requirements for insurers (Solvency II).

23 Borrowings

The table below shows the components of borrowings as at 31 December.

	31 December 2015	31 December 2014
Repurchase agreements	1,200.7	1,069.8
Loans	1,204.0	1,043.9
Due to banks	2,404.7	2,113.7
Funds held under reinsurance agreements	83.8	82.0
Finance lease agreements	20.9	21.3
Other borrowings	278.1	266.5
Total borrowings	2,787.5	2,483.5

Ageas has pledged debt securities with a carrying amount of EUR 1,189.6 million (2014: EUR 1,082.3 million) as collateral for repurchase agreements. In addition, property has been pledged as collateral for loans and other with a carrying amount of EUR 391.5 million (2014: EUR 391.5 million).

The carrying value of the borrowings is a reasonable approximation of their fair value as contract maturities are less than one year (repurchase agreements) and/or contracts carry a floating rate (loans from banks). Accordingly, the fair value is based upon observable market data (level 2).

Contractual terms of deposits held by banks

Deposits held by banks by year of contractual maturity as at 31 December.

	2015	2014
2015		78.3
2016	111.3	
2019		29.8
Total deposits	111.3	108.1

Finance lease obligations

Ageas's obligations under finance lease agreements are detailed in the table below.

	2015 Minimum lease payments	2015 Present value of the minimum lease payments receivable	2014 Minimum lease payments	2014 Present value of the minimum lease payments receivable
Less than 3 months	0.5	0.3	0.5	0.3
3 months to 1 year	1.7	1.0	1.6	0.9
1 year to 5 years	8.8	5.3	8.3	4.9
More than 5 years	55.5	14.3	55.6	15.2
Total	66.5	20.9	66.0	21.3
Future finance charges	45.6		44.8	

Other

Other borrowings, excluding other borrowings to customers, are classified by remaining maturity in the table below.

	2015	2014
Less than 3 months	13.5	5.5
3 months to 1 year	12.1	16.9
1 year to 5 years	11.2	30.7
More than 5 years	232.8	203.6
Total	269.6	256.7

24 Current and deferred tax assets and liabilities

Deferred taxes are recognised for temporary differences between the IFRS book value and the tax book values as well as for tax losses carried forward to the extent that it is probable there will be sufficient future taxable profit against which the deferred tax asset can be utilised.

The components of deferred tax assets and deferred tax liabilities as at 31 December are shown below.

	Statement of financial position		Income statement	
	2015	2014	2015	2014
Deferred tax assets related to:				
Financial investments (available for sale)			6.2	-
Investment property	33.0	20.3	12.8	0.8
Property, plant and equipment	39.5	36.8	2.6	0.3
Intangible assets (excluding goodwill)	10.2	4.7	(1.3)	(0.7)
Insurance policy and claim reserves	919.4	1,440.8	(5.0)	21.5
Provisions for pensions and post-retirement benefits	170.4	171.9	3.2	5.0
Other provisions	7.9	12.3	(4.7)	(0.5)
Accrued expenses and deferred income	1.5	0.2	1.3	
Unused tax losses	153.3	131.8	11.5	15.4
Other	69.3	65.7	0.5	(0.1)
Gross deferred tax assets	1,404.5	1,884.5	27.1	41.7
Unrecognised deferred tax assets	(59.1)	(57.9)	8.4	5.9
Net deferred tax assets	1,345.4	1,826.6	35.5	47.6
Deferred tax liabilities related to:				
Derivatives held for trading (assets)	2.3	0.1	(0.8)	(0.1)
Financial investments (available for sale)	2,185.2	2,623.5	15.7	(3.6)
Unit-linked investments	(3.7)	(3.4)	0.3	5.3
Investment property	152.9	123.4	5.4	(1.8)
Loans to customers	2.9	1.2	(0.3)	0.3
Property, plant and equipment	184.9	179.8	(5.2)	4.4
Intangible assets (excluding goodwill)	103.1	109.4	6.3	9.6
Other provisions	14.4	13.4	(0.7)	(4.8)
Deferred policy acquisition costs	34.7	31.3	(0.2)	9.8
Deferred expense and accrued income	1.3	1.4	0.1	0.1
Tax exempt realised reserves	51.3	61.2	10.0	3.0
Other	49.9	42.5	(3.7)	41.2
Total deferred tax liabilities	2,779.2	3,183.8	26.9	63.4
Deferred tax income (expense)			62.4	111.0
Net deferred tax	(1,433.8)	(1,357.2)		

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The amounts in the statement of financial position after such offsetting are as follows.

	2015	2014
Deferred tax asset	131.2	106.4
Deferred tax liability	1,565.0	1,463.6
Net deferred tax	(1,433.8)	(1,357.2)

As at 31 December 2015, EUR 1,417.6 million was charged to equity related to deferred tax and EUR 56.7 million was charged to equity related to current tax (2014: EUR 1,329.2 million and EUR 90.4 million respectively, both charged to equity).

Deferred tax assets are recognised to the extent that it is probable that there will be sufficient future taxable profit against which the deferred tax asset can be utilised. Deferred tax assets have been recognised on unused (claimed) tax losses and unused tax credits at an estimated tax value of EUR 94.2 million (2014: EUR 73.8 million), whereas such have not been recognised for an amount of EUR 4,468 million (2014: EUR 4,616 million). From the total tax losses an estimated tax value of EUR 4,045 million can be carried forward indefinitely whereas an estimated amount of EUR 414 million will expire over a period of eight years, each year's expiration depending on year of origin. Most of the (claimed) tax loss carry forward position originates from the liquidation of Brussels Liquidation Holding (the former Fortis Brussels, the company that held the Fortis banking operations). Tax-wise, the loss on the sale of the Fortis Bank only materialised at the moment of liquidation.

Deferred tax assets depending on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences amount to EUR 94.2 million (2014: EUR 71.2 million) and have been recognised based on the expectation that sufficient taxable income will be generated in future years to utilise these deferred tax assets.

25 RPN (I)

The RPN(I) is a financial instrument that results in quarterly payments being made to, or received from, BNP Paribas Fortis SA/NV.

BNP Paribas Fortis SA/NV issued CASHES securities in 2007 with Ageas SA/NV as co-obligor. CASHES are convertible securities that convert into Ageas shares at a pre-set price of EUR 239.40 per share. BNP Paribas Fortis SA/NV and Ageas SA/NV, at that point in time both parts of the Fortis Group, introduced a Relative Performance Note, designed to avoid accounting volatility on the Ageas shares and on the at fair value valued CASHES in the books of BNP Paribas Fortis SA/NV. Upon the break-up of Fortis in 2009, BNP Paribas Fortis SA/NV and Ageas agreed to pay interest on a reference amount stated in this Relative Performance Note. The quarterly interest payment is valued as a financial instrument and referred to as RPN(I).

The RPN(I) exists to the extent that CASHES securities remain outstanding in the market. Originally, 12,000 CASHES securities were issued in 2007. Ageas reached an agreement with BNP Paribas in February 2012, whereby Ageas paid a EUR 287 million indemnity to BNP Paribas when BNP Paribas tendered CASHES at a price of 47.5% and converted the 7,553 CASHES securities tendered into its underlying Ageas shares, triggering the pro rata cancellation of the RPN(I) liability. After this conversion 4,447 CASHES remain outstanding.

Ageas and BNP Paribas have agreed that BNP Paribas can purchase CASHES under the condition that they are converted into Ageas shares; at such conversion the pro rata part of the RPN(I) liability will be paid to BNP Paribas, while Ageas will receive a break-up fee which is subject to the price at which BNP Paribas succeeds to purchase CASHES. The agreement between Ageas and BNP Paribas will expire year-end 2016.

Reference amount and interest paid

The reference amount is calculated as follows:

- the difference between EUR 2,350 million and the market value of 12.53 million Ageas shares in which the instrument converts, less
- the difference between EUR 3,000 million par issuance and the market value of the CASHES as quoted by the Luxembourg Stock Exchange, multiplied by
- the number of CASHES securities that remain outstanding (4,447/12,000 = 37.06%).

Ageas pays interest to BNP Paribas Fortis SA/NV on the average reference amount in the quarter (if the above outcome becomes negative BNP Paribas Fortis SA/NV will pay Ageas); the interest amounted to 3 month Euribor plus 20 basis points up to 31 March 2014 and 3 month Euribor plus 90 basis points thereafter (see next paragraph).

State guarantee and cancellation of this guarantee

Up to 31 March 2014 the Belgian State guaranteed Ageas´s interest payment to BNP Paribas Fortis SA/NV. Ageas paid the Belgian State a fee for this guarantee, amounting to 70 basis points per annum over the reference amount, while the Belgian State held a pledge on 14% of the shares of AG Insurance as recourse in case Ageas defaulted on its interest payment.

With the objective to cancel the State guarantee, the involved parties amended the agreement on 1 April 2014. The pledge in favour of the Belgian State was replaced by a pledge of AG Insurance shares directly in favour of BNP Paribas Fortis SA/NV, whereby the number of pledged shares was reduced from 14% to 7.4% of the total AG Insurance shares outstanding; to reflect the higher credit risk the interest rate applicable over the reference amount changed from 3-month Euribor plus 20 basis points into 3-month Euribor plus 90 basis points; on the same date the fee obligation of Ageas to the Belgian State ceased to exist.

Ageas paid EUR 4.0 million interest linked to the RPN(I) in 2015 versus EUR 4.5 million interest and fee in 2014.

Valuation

Ageas applies a transfer notion to arrive at the fair value of the RPN(I) liability. Fair value is defined in IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The definition is explicitly described as an exit price, linked with the price 'paid to transfer a liability'. When such pricing is not available and the liability is held by another entity as an asset, the liability needs to be valued from the perspective of the market participant that holds the asset. Ageas values its liability at the reference amount.

The RPN reference amount is subject to the CASHES price and Ageas share price: each 1% increase in the CASHES price, expressed as a percentage of its par value, leads to an increase of EUR 11 million in the reference amount, while each EUR 1.00 increase in the Ageas share price decreases the reference amount by EUR 5 million.

The decrease in the reference amount from EUR 467 million at year-end 2014 to EUR 402 million on 31 December 2015 is mainly due to the increase in the Ageas share price from EUR 29.51 to EUR 42.80 over the same period. The price of the CASHES stood at 75.70% at year-end 2015, remaining fairly stable versus 76.04% at year-end 2014.

26 Accrued interest and other liabilities

The composition of accrued interest and other liabilities as at 31 December is as follows.

	31 December 2015	31 December 2014
Deferred revenues	110.1	90.4
Accrued finance costs	44.2	41.6
Accrued other expenses	164.8	150.9
Derivatives held for hedging purposes	22.2	43.4
Defined benefit pension liabilities	448.4	455.7
Defined benefit liabilities other than pension	111.9	116.3
Termination benefits	10.4	8.5
Other long-term employee benefit liabilities	13.0	13.2
Short-term employee benefit liabilities	88.7	96.4
Accounts payable	160.9	205.3
Due to agents, policyholders and intermediaries	545.5	501.4
VAT and other taxes payable	145.7	133.9
Dividends payable	21.6	24.3
Due to reinsurers	53.7	52.3
Derivatives held for trading	32.0	61.4
Other liabilities	400.0	441.9
Total	2,373.1	2,436.9

Details of employee benefit liabilities can be found in note 7 section 7.1 Employee benefits.

Derivatives held for trading are valued based on level 2 (observable market data in active markets). All purchases and sales of financial assets requiring delivery within the time-frame established by regulation or market convention are recognised on the trade date, i.e. the date on which Ageas becomes a party to the contractual provisions of the instrument.

The line item ´Other liabilities´ includes payables related to the clearing of securities transactions, cash received awaiting allocation to investments and small expenses to be paid.

27 Provisions

The provisions mainly relate to legal disputes and reorganisations and are based on best estimates available at period-end based on management judgement, in most cases supported by the opinion of legal advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations/disputes. We refer to note 47 Contingent liabilities, which describes the various ongoing litigation proceedings.

On 29 July 2014, the Amsterdam Court of Appeal decided to leave the sale of the Dutch Fortis entities in 2008 unaffected in response to the appeal by StichtingFortisEffect against the judgement of the Amsterdam District Court. However, the Court also ruled that Fortis provided misleading and incomplete information regarding the sale of the Dutch Fortis entities during the period of 29 September to 1 October 2008, and decided that Ageas should indemnify the shareholders concerned for the damages suffered as a result.

Ageas decided to appeal this decision to the Dutch Supreme Court, but concluded that based on IAS 37 requirements a provision had to be recognised.

Although no damages have been set to date in the current proceedings, Ageas has recognised a provision of EUR 130 million, based on its assessment of the terms of the Court's decision and on methods and assumptions commonly used in the market. We note that the final amount and timing of outflows is uncertain and is mainly dependent on (a) the actual number of claimants, (b) the methods that will be used by the court to determine the eligibility of these claimants and the amount of damages that may be awarded for the alleged wrongdoing and (c) the date of finalisation of the further legal proceedings.

The amounts are presented under the line item ´Provisions´ in the statement of financial position and the line item ´Change in provisions´ in the income statement.

Changes in provisions during the year are as follows.

	2015	2014
Balance as at 1 January	171.4	45.0
Acquisition and divestment of subsidiaries	2.7	0.4
Increase (Decrease) in provisions	(0.2)	137.5
Utilised during the year	(1.5)	(11.7)
Accretion of interest	2.6	
Foreign exchange differences		0.2
Balance as at 31 December	175.0	171.4

28 Liabilities related to written put options NCI

28.1 Liability related to written put option on AG Insurance shares held by BNP Paribas Fortis SA/NV

Ageas concluded on 12 March 2009 an agreement on the sale of 25% + 1 share of AG Insurance to Fortis Bank (now named BNP Paribas Fortis SA/NV) for an amount of EUR 1,375 million. This agreement was approved by the Shareholder's Meetings of Ageas in April 2009. As part of this transaction, Ageas granted to Fortis Bank a put option to resell the acquired stake in AG Insurance to Ageas in the six-month period starting 1 January 2018.

Ageas has concluded that the exercise of the put option is unconditional. In accordance with IAS 32, Ageas is therefore obliged to recognise a financial liability amounting to the present value of the estimated exercise price of the put option in 2018. This financial liability is shown as a separate line item (Liability related to written put option) in the statement of financial position. In addition, the liability is included in the General Account, as the liability relates to Ageas Insurance International N.V. (the parent company of AG Insurance). Ageas values the liability at the amount expected to be paid on settlement, discounted back to the reporting date.

The counterpart of this liability is a write down of the value of the non-controlling interest underlying the option. The difference between the value of the non-controlling interest and the fair value of the liability is added to the other reserves which are included in shareholders' equity. Subsequent changes in the fair value of the liability related to the put option are recorded in other reserves.

If the option is exercised in 2018, the liability will be settled by a cash payment by Ageas to BNP Paribas Fortis SA/NV resulting in Ageas reacquiring 25% + 1 share of AG Insurance. However, if the option matures without being exercised, then the liability will be written off against non-controlling interest and other reserves.

Calculation of the liability

Ageas uses the embedded value of the Life business of AG Insurance and a discounted cash flow model for Non-life as a basis for the calculation of the liability. For determining the expected settlement amount, the applied valuation method is based on:

- current embedded value multiples for life insurance companies. As from 2015, the peer group is more fine-tuned by selecting only pure Life companies and excluding the composite entities;
- a growth in value based on an expected rate of return of 9% (2014: 11%) on embedded value and 75% dividend payout ratio for 2014, 2015 and 2016 and a payout ratio of 100% for 2017 and 2018;
- a discount rate of 7.6% (2014: 10%).

Treatment of the option in the income statement

As long as the option is not exercised, the results in the consolidated income statement linked to non-controlling interest (the 25% + 1 share part of BNP) will be recorded as non-controlling interest.

Based on these assumptions, the net present value of the liability as at 31 December 2015 is EUR 1,064 million (31 December 2014: EUR 1,391 million). The following sensitivities have been calculated.

Discount rate	+1% point	(1%) point
Value liability	1,045	1,084
Relative impact	(1.8%)	1.9%

Price to Embedded Value	+10%	(10%)
Value liability	1,139	989
Relative impact	7.0%	(7.0%)

Growth rate	+1% point	(1%) point
Value liability	1,079	1,049
Relative impact	1.4%	(1.4%)

The impact of the liability related to the written put option on shareholders' equity is as follows:

Value Put Option	31 December 2015	31 December 2014	Change
Value Liability Put Option	1,064.0	1,391.0	(327.0)
Corresponding Non Controlling Interest	(1,644.2)	(1,562.9)	(81.3)
Impact on Shareholders' Equity	580.2	171.9	408.3

28.2 Put option AG Insurance granted to Parkimo

AG Insurance granted an unconditional put option on its 10.05% ownership to Parkimo, a minority shareholder of Interparking. The put option has been measured at the fair value of the expected settlement amounting to EUR 91.2 million (2014: 88.1 million). AG Insurance has granted other put options for an amount of EUR 7.9 million (2014: EUR 6.7 million).

29 Non-controlling interests

The following table provides information about the most significant non-controlling interests (NCI) in Ageas entities.

	% of non-controlling interest	Result as at 31 December 2015	Equity as at 31 December 2015	% of non-controlling interest	Result as at 31 December 2014	Equity as at 31 December 2014
Group company						
AG Insurance (Belgium)	25.0%	127.9	1,644.2	25.0%	130.6	1,562.9
Interparking SA (part of AG Insurance)	49.0%	16.6	201.8	49.1%	6.0	202.8
Venti M (part of AG Insurance)	40.0%	1.1	27.0	40.0%	1.3	29.2
Cortenbergh le Corrège (part of AG Insurance)	38.8%	0.3	3.4	38.8%	0.2	3.5
Sicavonline (part of CEU)	35.0%	0.3	1.8	35.0%	0.5	1.7
Millenniumbcp Ageas (part of CEU)	49.0%	8.9	268.0	49.0%	27.3	289.5
Cargeas Assicurazioni (part of CEU)	50.0%	14.4	95.0	50.0%	14.3	159.8
Other		(0.1)	1.9			1.7
Total		169.4	2,243.1		180.2	2,251.1
Adjustment NCI AG Insurance related to Liability on written put option (see Note 28)			(1,644.2)			(1,562.9)
Total NCI		169.4	598.9		180.2	688.2

Non-controlling interest (NCI) represents the relative participation of a third party in the shareholders' equity of an Ageas subsidiary as determined by Ageas, in accordance with international financial reporting standards.

Details on the adjustment NCI AG Insurance related to liability on written put option are provided in note 28 Liabilities related to written put options NCI section 28.1.

Subsidiaries

The details of the statement of financial position of AG Insurance are included in note 9 Information on operating segments. Details of other subsidiaries of Ageas in which non-controlling interests are held are:

	Assets as at 31 December 2015	Liabilities as at 31 December 2015	Equity as at 31 December 2015	Assets as at 31 December 2014	Liabilities as at 31 December 2014	Equity as at 31 December 2014
Subsidiary						
Sicavonline	9.0	7.0	2.0	9.7	7.8	1.8
Cargeas Assicurazioni	890.9	743.2	147.8	1,019.6	742.4	277.2
Millenniumbcp Ageas	10,648.5	9,955.1	693.4	10,836.8	10,099.6	737.3

30 Derivatives

Derivatives used by individual subsidiaries comply with the relevant supervisory regulations and Ageas's internal guidelines. Derivatives are used to manage market and investment risks. The subsidiaries manage the risk exposures in their investment portfolios based on general thresholds and targets. The most important purpose of these instruments is to hedge against adverse market movements for selected securities or for parts of a portfolio. Ageas selectively uses derivative financial instruments such as swaps, options and forwards to hedge changes in currency rates or interest rates in its investment portfolio. Interest rate contracts form the largest part, with 46%, of the total derivatives portfolio at 31 December 2015 (2014: 56%).

Important hedging instruments are equity forward contracts, equity options, total return swaps, interest rate swaps, interest rate forwards, currency swaps and currency forwards. Hedging instruments may be used for individual transactions (micro hedge) or for a portfolio of similar assets or liabilities (portfolio hedge). Ageas is obliged to assess whether the criteria for hedge accounting are met, in particular whether the hedge relationships are highly effective in offsetting changes in fair values or cash flows between the hedging instrument and the hedged item. Furthermore, the required hedge documentation has to be prepared. At inception, all hedge relationships must be approved to ensure that all hedge requirements are fulfilled and the hedge documentation is complete. If the formal hedge relation cannot be established or is too cumbersome, then the derivatives are booked as held for trading.

Foreign exchange contracts

Futures are contracts that require settlement at a specified price and on a specified future date and can be traded in similar markets. Forwards are customised contracts between two entities where settlement takes place on a specific date in the future at today's pre-agreed price. On a consolidated level, currency futures and forward contracts accounted for 59% of the currency derivative instruments (based on notional amounts at 31 December 2015) at year-end 2015 compared to 76% at the end of 2014. The currency futures and forwards contracts are mainly held to hedge the currency risk on foreign currency denominated assets and increased from EUR 1,263 million in 2014 to EUR 1,680 million in 2015 due to the increased position in commercial loans denominated in USD.

Ageas entered into currency swaps amounting to EUR 1,161 million (2014: EUR 406 million) in order to hedge its foreign currency risk in respect of cash flows from USD denominated bonds.

Interest rate contracts

The notional amounts of interest rate contracts increased from EUR 2,112 million in 2014 to EUR 2,699 million in 2015 with a market value of respectively EUR 119 million (net asset) and EUR 40 million (net liability).

Swap contracts are agreements between two parties to exchange one set of cash flows for another set of cash flows. Payments are made on the basis of the swap's notional value. Ageas uses interest rate swap contracts primarily to manage cash flows arising from interest received or paid and cross-currency swap contracts to manage foreign currency denominated cash flows (see 'Foreign exchange contracts').

Interest rate swaps represent the major part of the interest rate contracts (69%) at 31 December 2015, with a notional amount of EUR 1,864 million. At year-end 2014, the notional amount was EUR 896 million (42%).

The option portfolio amounted to EUR 182 million (market value EUR 0 million) in 2015 and represented 7% of the interest rate contracts. In 2014, the option portfolio amounted to EUR 560 million (27%). The decrease in value is due to the maturity of part of the option portfolio in 2015.

Trading derivatives

	31 December 2015			31 December 2014		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange contracts						
Forwards and futures	20.5	9.5	1,680.2		41.3	1,262.9
Swaps				11.7		11.7
Total	**20.5**	**9.5**	**1,680.2**	**11.7**	**41.3**	**1,274.6**
Interest rate contracts						
Swaps	2.9	21.0	413.6	1.9	20.1	453.5
Options			100.0			478.0
Total	**2.9**	**21.0**	**513.6**	**1.9**	**20.1**	**931.5**
Equity/Index contracts						
Options and warrants	2.3	1.5	189.5			
Total	**2.3**	**1.5**	**189.5**			
Other	**2.8**		**24.8**	**4.5**		
Total	28.5	32.0	2,408.1	18.1	61.4	2,206.1
Fair values supported by observable market data		10.3		12.1	61.4	
Fair values obtained using a valuation model	28.5	21.7		6.0		
Total	28.5	32.0		18.1	61.4	
Over the counter (OTC)	28.4	32.0	2,408.1	17.6	61.4	2,206.1
Exchange traded	0.1			0.5		
Total	28.5	32.0	2,408.1	18.1	61.4	2,206.1

Hedging derivatives

	31 December 2015			31 December 2014		
	Fair values			Fair values		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange contracts						
Swaps	11.1	1.7	1,160.9		5.1	394.1
Total	**11.1**	**1.7**	**1,160.9**		**5.1**	**394.1**
Interest rate contracts						
Forwards and futures	106.8		652.2	82.5	16.9	656.2
Swaps	9.5	18.6	1,450.9		21.4	442.5
Options	0.1		82.2	0.2		82.2
Total	**116.4**	**18.6**	**2,185.3**	**82.7**	**38.3**	**1,180.9**
Equity/Index contracts						
Forwards and futures	6.4	1.9	129.5			
Total	**6.4**	**1.9**	**129.5**			
Total	133.9	22.2	3,475.7	82.7	43.4	1,575.0
Fair values supported by observable market data	22.7	1.9			16.9	
Fair values obtained using a valuation model	111.2	20.3		82.7	26.5	
Total	133.9	22.2		82.7	43.4	
Over the counter (OTC)	133.9	22.2	3,475.7	82.7	43.4	1,575.0
Total	133.9	22.2	3,475.7	82.7	43.4	1,575.0

Derivatives are valued based on level 2 (observable market data in active markets).

31 Commitments

Commitments received and given at 31 December are as follows.

Commitments	2015	2014
Commitment Received		
Credit lines	520.2	431.5
Collateral and guarantees received	4,287.6	4,592.5
Other off balance-sheet rights	2.4	2.6
Total received	4,810.2	5,026.6
Commitment Given		
Guarantees, Financial and Performance Letters of Credit	39.6	78.5
Credit lines	*1,178.6*	*612.7*
Used	*(469.3)*	*(200.5)*
Available	709.3	412.2
Collateral and guarantees given	1,597.8	1,562.6
Entrusted assets and receivables	100.0	1,442.9
Capital rights & commitments	69.9	121.5
Other off balance-sheet commitments	1,146.7	832.3
Total given	3,663.3	4,450.0

The major part of commitments received consists of collateral and guarantees received, and relates mainly to collateral received from customers on residential mortgages and to a lesser extent to policyholder loans and commercial loans.

Commitments given largely comprise collateral and guarantees given (EUR 1,598 million) in connection with repurchase agreements, entrusted assets and receivables (EUR 100 million), and extended credit lines.

Other off balance sheet commitments as at 31 December 2015 include EUR 298 million in outstanding credit bids (31 December 2014: EUR 332 million) and EUR 788 million in real estate commitments (31 December 2014: EUR 437 million).

32 Fair value of financial assets and financial liabilities

The following table shows the carrying amounts and fair value of those classes of financial assets and financial liabilities not reported at fair value on the Ageas consolidated statement of financial position. Liabilities, except for some debt certificates (see note 21 Debt certificates), are held at amortised cost.

A description of the methods used to determine the fair value of financial instruments is given below.

			2015		2014
	Level	Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash and cash equivalents	2	2,394.3	2,394.3	2,516.3	2,516.3
Financial Investments held to maturity	1 / 3	4,802.1	6,828.1	4,887.0	7,121.3
Loans	2	7,286.3	7,811.3	6,068.3	6,740.7
Reinsurance and other receivables	2	2,013.9	2,013.9	1,991.7	1,991.7
Total financial assets		16,496.6	19,047.6	15,463.3	18,370.0
Liabilities					
Debt certificates	2			2.2	2.2
Subordinated liabilities	2	2,380.4	2,387.2	2,086.3	2,138.0
Loans	2	2,497.0	2,495.9	2,205.5	2,205.2
Other borrowings	2	290.5	289.2	278.0	274.7
Total financial liabilities		5,167.9	5,172.3	4,572.0	4,620.1

Fair value is the amount for which an asset could be exchanged, a liability settled or a granted equity instrument exchanged between knowledgeable, willing parties in an arm's length transaction.

Ageas uses the following methods, in the order listed, when determining the fair value of financial instruments:

- quoted price in an active market;
- valuation techniques;
- cost.

When a financial instrument is traded in an active and liquid market, its quoted market price or value provides the best evidence of fair value. No adjustment is made to the fair value of large holdings of shares, unless there is a binding agreement to sell the shares at a price other than the market price. The appropriate quoted market price for an asset held or a liability to be issued is the current bid price, and for an asset to be acquired or a liability held, the ask price. Mid-market prices are used as a basis for establishing the fair value of assets and liabilities with offsetting market risks.

If no active market price is available, fair values are estimated using present value or other valuation techniques based on market conditions existing at the reporting date. If there is a valuation technique commonly used by market participants to price an instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, Ageas applies that technique.

Valuation techniques that are well established in financial markets include recent market transactions, discounted cash flows and option pricing models. An acceptable valuation technique incorporates all factors that market participants would consider when setting a price, and should be consistent with accepted economic methodologies for pricing financial instruments.

The basic principles for estimating fair value are:

- maximise market inputs and minimise internal estimates and assumptions;
- change estimating techniques only if an improvement can be demonstrated or if a change is necessary because of the availability of information.

The fair value presented is the 'clean' fair value, which is the total fair value or 'dirty' fair value less interest accruals. Interest accruals are reported separately.

Methods and assumptions used in determining fair value are largely dependent on whether the instrument is traded on financial markets and the information that is available to be incorporated into the valuation models. A summary of different financial instrument types along with the fair value treatment is included below.

Quoted market prices are used for financial instruments traded on a financial market with price quotations.

Non-exchange-traded financial instruments are often traded in over-the-counter (OTC) markets by dealers or other intermediaries from whom market prices are obtainable.

Quotations are available from various sources for many financial instruments traded regularly in the OTC market. Those sources include the financial press, various publications and financial reporting services, and also individual market makers.

Quoted market prices provide the most reliable fair value for derivatives traded on a recognised exchange. Fair value of derivatives not traded on a recognised exchange is considered to be the value that could be realised through termination or assignment of the derivative.

Common valuation methodologies for an interest rate swap incorporate a comparison of the yield of the swap with the current swap yield curve. The swap yield curve is derived from quoted swap rates. Dealer bid and offer quotes are generally available for basic interest rate swaps involving counterparties whose securities are investment grade.

Factors that influence the valuation of an individual derivative include the counterparty's credit rating and the complexity of the derivative. If these factors differ from the basic factors underlying the quote, an adjustment to the quoted price may be considered.

Since the FRESH cannot be early redeemed and can only be redeemed by exchange of shares, the fair value of the FRESH is equal to the notional amount.

The fair value (FV) calculation of financial instruments not actively traded on financial markets can be summarised as follows.

Instrument Type	Ageas Products	Fair Value Calculation
Instruments with no stated maturity	Current accounts, saving accounts etc.	Nominal value.
Instruments without optional features	Straight loans, deposits etc.	Discounted cash flow methodology; discounting yield curve is the swap curve plus spread (assets) or the swap curve minus spread (liabilities); spread is based on commercial margin computed based on the average of new production during last three months.
Instruments with optional features	Mortgage loans and other instruments with optional features	Product is split and linear (non-optional) component is valued using a discounted cash flow methodology and option component valued based on option pricing model.
Subordinated liabilities and related receivables	Subordinated liabilities	Valuation is based on broker quotes in an inactive market (level 3).
Private equity	Private equity and non-quoted participating investments	In general based on the European Venture Capital Association's valuation guidelines, using enterprise value/EBITDA, price/cash flow and price/earnings etc.
Preference shares (non-quoted)	Preference shares	If the share is classed as a debt instrument, a discounted cash flow model is used.

Ageas pursues a policy aimed at quantifying and monitoring pricing uncertainties related to the calculation of fair values using valuation techniques and internal models. Related uncertainties are a feature of the ‘model risk’ concept.

Model risk arises when the product pricing requires valuation techniques which are not yet standardised or for which input data cannot be directly observed in the market, leading to assumptions about the input data themselves.

The introduction of new, sophisticated products in the market has resulted in the development of mathematical models to price them. These models in turn depend on assumptions regarding the stochastic behaviour of underlying variables, numerical algorithms and other possible approximations needed to replicate the complexity of the financial instruments.

Furthermore, the underlying hypotheses of a model depend on the general market conditions (e.g. specific interest rates, volatilities) prevailing at the time the model is developed. There is no guarantee that the model will continue to yield adequate results should market conditions change drastically.

Any related model uncertainty is quantified as accurately as possible and is the basis for adjusting the fair value calculated by the valuation techniques and internal models.

Notes to the Consolidated Income Statement

33 Insurance premiums

The following table provides an overview of the composition of gross inflow and net earned premiums for the year ended 31 December.

	2015	2014
Gross inflow Life	6,369.2	6,296.1
Gross inflow Non-life	4,297.5	4,103.3
General and eliminations	(0.2)	(0.3)
Total gross inflow	10,666.5	10,399.1

	2015	2014
Net premiums Life	4,995.3	5,049.0
Net earned premiums Non-life	4,037.6	3,843.2
General and eliminations	3.0	(0.3)
Total net earned premiums	9,035.9	8,891.9

Life

The table below shows the details of gross inflow Life for the year ended 31 December.

	2015	2014
Unit-linked insurance contracts		
Single written premiums	139.7	90.3
Periodic written premiums	95.1	100.3
Total unit-linked insurance contracts	234.8	190.6
Non unit-linked insurance contracts		
Single written premiums	310.3	314.8
Periodic written premiums	800.0	762.4
Group business total	*1,110.3*	*1,077.2*
Single written premiums	426.3	406.4
Periodic written premiums	807.2	853.7
Individual business total	*1,233.5*	*1,260.1*
Total non unit-linked insurance contracts	2,343.8	2,337.3
Investment contracts with DPF		
Single written premiums	2,059.5	2,214.1
Periodic written premiums	423.2	413.3
Total investment contracts with DPF	2,482.7	2,627.4
Gross premium income Life	5,061.3	5,155.3
Single written premiums	1,160.1	1,008.9
Periodic written premiums	147.8	131.9
Premium inflow deposit accounting	1,307.9	1,140.8
Gross inflow Life	6,369.2	6,296.1

Gross inflow Life consists of premiums received by insurance companies for issued insurance and investment contracts. Premium inflow of insurance contracts and investment contracts with DPF is recognised in the income statement. Premium inflow of investment contracts without DPF, mainly unit-linked contracts, is (after deduction of fees) directly recognised as liabilities (deposit accounting). Fees are recognised as fee income in the income statement.

	2015	2014
Gross premium Life	5,061.3	5,155.3
Ceded reinsurance premiums	(66.0)	(106.3)
Net premiums Life	4,995.3	5,049.0

Non-life

The table below shows the details of net earned premiums Non-life for the year ended 31 December. Premiums for motor, fire and other damage to property, and other are grouped in Property & Casualty.

2015	Accident & Health	Property & casualty	Total
Gross written premiums	843.7	3,453.8	4,297.5
Change in unearned premiums, gross	(3.7)	(27.3)	(31.0)
Gross earned premiums	840.0	3,426.5	4,266.5
Ceded reinsurance premiums	(31.7)	(198.6)	(230.3)
Reinsurers' share of unearned premiums	2.9	(1.5)	1.4
Net earned premiums Non-life	811.2	3,226.4	4,037.6

2014	Accident & Health	Property & casualty	Total
Gross written premiums	854.1	3,249.2	4,103.3
Change in unearned premiums, gross	(11.3)	(0.7)	(12.0)
Gross earned premiums	842.8	3,248.5	4,091.3
Ceded reinsurance premiums	(32.8)	(222.2)	(255.0)
Reinsurers' share of unearned premiums	3.5	3.4	6.9
Net earned premiums Non-life	813.5	3,029.7	3,843.2

Below is a breakdown of the Non-life net earned premiums by insurance operating segment.

2015	Accident & Health	Property & casualty	Total
Belgium	484.2	1,348.2	1,832.4
UK	71.8	1,679.3	1,751.1
Continental Europe	255.2	198.9	454.1
Net earned premiums Non-life	811.2	3,226.4	4,037.6

2014	Accident & Health	Property & casualty	Total
Belgium	504.0	1,311.1	1,815.1
UK	71.4	1,541.4	1,612.8
Continental Europe	238.1	177.2	415.3
Net earned premiums Non-life	813.5	3,029.7	3,843.2

34 Interest, dividend and other investment income

The table below provides details of interest, dividend and other investment income for the year ended 31 December.

	2015	2014
Interest income		
Interest income on cash & cash equivalents	3.3	5.5
Interest income on loans to banks	16.5	17.2
Interest income on investments	2,036.6	2,075.6
Interest income on loans to customers	193.1	176.8
Interest income on derivatives held for trading	0.6	1.5
Other interest income	31.8	24.8
Total interest income	2,281.9	2,301.4
Dividend income from equity securities	112.2	104.8
Rental income from investment property	227.1	221.5
Revenues parking garage	340.1	320.1
Other investment income	47.2	46.3
Total interest, dividend and other investment income	3,008.5	2,994.1

35 Result on sales and revaluations

Result on sales and revaluations for the year ended 31 December is broken down as follows.

	2015	2014
Debt securities classified as available for sale	56.9	136.0
Equity securities classified as available for sale	131.7	93.6
Financial instruments held for trading	(24.2)	(12.5)
Investment property	36.3	9.9
Capital gain (losses) on sale of shares of subsidiaries and associates	0.3	107.5
Investments in associates	(0.3)	1.3
Property, plant and equipment	(0.1)	10.1
Assets and liabilities held at fair value through profit or loss	(0.5)	0.7
Hedging results	(10.7)	(1.9)
Other	2.6	4.3
Total result on sales and revaluations	192.0	349.0

Derivatives held for trading are initially recognised at acquisition cost, including any transaction costs to acquire the financial instrument. Subsequent measurement is at fair value with changes in fair value recorded in the income statement.

All changes in fair value of the assets and liabilities held at fair value through profit or loss are reported above. This includes unrealised gains and losses from revaluations and realised gains and losses upon derecognition of the assets or liabilities.

Hedging results contain the changes in fair value attributable to the hedged risk (mainly interest rate risk) of hedged assets and liabilities and the changes in fair value of the hedging instruments.

The capital gain on sale of shares of subsidiaries and associates of EUR 107.5 million in 2014 relates mainly to the sale of Ageas Protect Ltd. and Louvresse development I and is explained in more detail in note 3 Acquisitions and disposals.

36 Investment income related to unit-linked contracts

The investment income related to unit-linked contracts is presented below.

	2015	2014
(Un)realised gains (losses) - insurance contracts	84.1	124.7
(Un)realised gains (losses) - investment contracts	132.4	848.1
(Un)realised gains (losses)	216.5	972.8
Investment income - insurance contracts	3.8	4.6
Investment income - investment contracts	244.4	295.3
Realised investment income	248.2	299.9
Total investment income related to unit-linked contracts	464.7	1,272.7

37 Share of result of associates

Share of result of associates for the year ended 31 December is specified by main associate in the table below.

2015	Total income (100% interest)	Total expenses (100% interest)	Net income (100% interest)	% Ageas interest	Share of result of associates (Ageas share)
Mayban Ageas Holding Berhad	1,182.8	(1,110.3)	72.5	31.0%	22.4
Muang Thai Group Holding	2,721.3	(2,520.5)	200.8	7.8% - 30.9%	58.9
Taiping Holdings	14,143.6	(13,479.4)	664.2	20.0% - 24.9%	165.3
Royal Park Investments	56.7	(16.1)	40.6	44.7%	18.2
IDBI Federal Life Insurance	221.3	(212.7)	8.6	26.0%	2.2
East West Ageas Life		(3.1)	(3.1)	25.0%	(0.8)
Tesco Insurance Ltd	573.4	(573.7)	(0.3)	50.1%	(0.2)
Aksigorta	387.9	(394.1)	(6.2)	36.0%	(2.2)
Cardif Lux Vie	3,038.5	(2,992.5)	46.0	33.3%	15.3
DTHP	60.7	(80.9)	(20.2)	33.0%	(6.7)
Evergreen	17.3	(11.4)	5.9	35.7%	2.1
Predirec	3.1	(0.9)	2.2	29.5%	0.6
Aviabel	41.6	(40.5)	1.1	24.7%	0.3
Frey SA	5.8		5.8	20.0%	1.2
Sapphire	6.9	(4.3)	2.6	35.7%	0.9
North Light	7.1	(7.0)	0.1	40.0%	
Pole Star	8.1	(7.7)	0.4	40.0%	0.2
Louvresse Development I	24.4	(20.9)	3.5	20.0%	0.7
Credimo	91.8	(90.4)	1.4	34.5%	0.5
BITM	12.9	(11.8)	1.1	50.0%	0.6
Other					6.6
Total share of result of associates					286.1

2014	Total income (100% interest)	Total expenses (100% interest)	Net income (100% interest)	% Ageas interest	Share of result of associates (Ageas share)
Mayban Ageas Holding Berhad	1,296.7	(1,171.9)	124.8	31.0%	38.6
Muang Thai Group Holding	2,043.3	(1,869.0)	174.3	7.8% - 30.9%	50.7
Taiping Holdings	9,142.8	(8,906.8)	236.0	20.0% - 24.9%	59.1
Royal Park Investments	31.2	(9.8)	21.4	44.7%	9.6
IDBI Federal Life Insurance	150.5	(132.9)	17.6	26.0%	4.6
Tesco Insurance Ltd	548.2	(552.6)	(4.4)	50.1%	(2.2)
Aksigorta	435.1	(452.7)	(17.6)	36.0%	(6.3)
Cardif Lux Vie	5,513.3	(5,475.8)	37.5	33.3%	12.5
DTHP	39.4	(73.5)	(34.1)	33.0%	(11.3)
Predirec	3.3	(0.2)	3.1	29.4%	0.9
Aviabel	44.8	(35.7)	9.1	24.7%	2.2
Frey SA	18.3	(23.7)	(5.4)	20.0%	(1.1)
North Light	7.1	(7.0)	0.1	40.0%	
Pole Star	7.8	(7.7)	0.1	40.0%	
Credimo	131.4	(129.4)	2.0	34.4%	0.7
Louvresse Development I	11.0	(9.5)	1.5	20.0%	0.3
BITM	16.7	(16.7)		50.0%	
Other					5.2
Total share of result of associates					163.5

38 Fee and commission income

Fee and commission income for the year ended 31 December is specified in the table below.

	2015	2014
Fee and commission income		
Reinsurance commissions	41.2	42.7
Insurance and investment fees	205.2	186.5
Asset management	31.8	31.9
Guarantees and commitment fees	3.7	2.2
Other service fees	153.3	157.0
Total fee and commission income	435.2	420.3

The line item ´Other service fees´ mainly relates to fees received by Ageas brokerage companies for the sale of insurance policies of third parties.

39 Other income

Other income includes the following elements for the year ended 31 December.

	2015	2014
Other income		
Proceeds of sale of property intended for sale	24.9	3.1
Recovery of staff and other expenses from third parties	54.8	50.7
Other	150.1	170.1
Total other income	229.8	223.9

40 Insurance claims and benefits

The details of insurance claims and benefits, net of reinsurance for the year ended 31 December are shown in the table below.

	2015	2014
Life insurance	5,952.5	6,069.5
Non-life insurance	2,551.5	2,514.9
General account and eliminations	3.5	(0.9)
Total insurance claims and benefits, net	8,507.5	8,583.5

Details of Life insurance claims and benefits, net of reinsurance, are shown below.

	2015	2014
Benefits and surrenders, gross	5,477.5	5,437.2
Change in liabilities arising from insurance and investment contracts, gross	508.2	707.4
Total Life insurance claims and benefits, gross	5,985.7	6,144.6
Reinsurers' share of claims and benefits	(33.2)	(75.1)
Total Life insurance claims and benefits, net	5,952.5	6,069.5

Details of Non-life insurance claims and benefits, net of reinsurance, are shown in the following table.

	2015	2014
Claims paid, gross	2,528.7	2,469.0
Change in liabilities arising from insurance contracts, gross	92.1	222.1
Total Non-life insurance claims and benefits, gross	2,620.8	2,691.1
Reinsurers' share of claims paid	(103.7)	(141.5)
Reinsurers' share of change in liabilities	34.4	(34.6)
Total Non-life insurance claims and benefits, net	2,551.5	2,514.9

41 Financing costs

The following table shows the breakdown of financing costs by product for the year ended 31 December.

	2015	2014
Financing costs		
Debt certificates	0.1	0.7
Subordinated liabilities	80.9	71.3
Borrowings	22.6	24.8
Other borrowings	13.5	18.0
Derivatives	6.5	11.1
Other liabilities	43.4	41.8
Total financing costs	167.0	167.8

42 Change in impairments

Change in impairments for the year ended 31 December is as follows.

	2015	2014
Change in impairments of:		
Investments in debt securities	4.5	36.4
Investments in equity securities and other	65.4	18.0
Investment property	3.9	(0.2)
Loans	2.0	4.5
Reinsurance and other receivables		0.7
Property, plant and equipment	0.5	(0.5)
Goodwill and other intangible assets	2.8	0.9
Investments in associates		2.0
Accrued interest and other assets	0.5	
Total change in impairments	79.6	61.8

43 Fee and commission expenses

The components of fee and commission expenses for the year ended 31 December are as follows.

	2015	2014
Fee and commission expenses		
Securities	1.1	(1.3)
Intermediaries	1,196.6	1,233.6
Asset management fees	16.2	15.3
Custodian fees	6.3	7.1
Other fee and commission expenses	53.2	45.6
Total fee and commission expenses	1,273.4	1,300.3

44 Staff expenses

Staff expenses for the year ended 31 December are as follows.

	2015	2014
Staff expenses		
Salaries and wages	623.5	596.0
Social security charges	128.1	128.3
Pension expenses relating to defined benefit pension plans	18.5	27.6
Defined contribution plan expenses	26.8	24.2
Share-based compensation	3.4	3.0
Other	46.4	51.7
Total staff expenses	846.7	830.8

Other includes the cost of termination benefits, restructuring costs and non-monetary benefits for staff such as leased cars, restaurant and insurance premiums.

Note 7 section 7.1 Employee benefits contains further details of post-employment benefits and other long-term employee benefits, including pension costs related to defined benefit plans and defined contribution plans.

45 Other expenses

Other expenses for the year ended 31 December are as follows.

	2015	2014
Depreciation on tangible assets		
Buildings held for own use	34.5	33.0
Leasehold improvements	6.0	5.6
Investment property	88.0	82.8
Equipment	38.9	37.8
Amortisation of intangible assets		
Purchased software	12.1	6.7
Internally developed software	1.8	2.2
Value of business acquired (VOBA)	35.5	34.9
Other intangible assets	23.4	22.6
Other		
Operating lease rental expenses and related expenses	42.3	40.6
Operating and other direct expenses relating to investment property	53.4	53.9
Operating and other direct expenses relating to property for own use	186.6	170.5
Professional fees	131.2	108.1
Capitalised deferred acquisition costs	(410.5)	(565.9)
Depreciation deferred acquisition costs	389.0	527.5
Marketing and public relations costs	78.1	73.5
Information technology costs	140.2	129.8
Maintenance and repair expenses	17.2	14.0
Cost of sale of property intended for sale	25.0	3.0
Other	222.9	226.1
Total other expenses	1,115.6	1,006.7

The line item ´Operating and other direct expenses´ relating to investment property / property for own use is partly recovered by income accounts as reported in note 39 Other Income.

The line item 'Other' includes in 2015 and 2014 expenses for travel, post, telephone, temporary staff and training.

45.1 Audit fees

The line item ´Professional fees´ includes fees paid to Ageas's auditors. For 2015 and 2014, these fees can be broken down into the following components:

- audit fees, which include fees for auditing the statutory and consolidated financial statements, the review of the interim financial statements as well as the review of the Embedded Value report;
- audit-related fees, which include fees for work performed on prospectuses, non-standard auditing and advisory services not related to statutory auditing;
- fees for tax advice;
- other non-audit fees, which include fees for support and advice.

The breakdown of audit fees for the year ended 31 December is as follows.

	2015 Ageas Statutory Auditors	2015 Other Ageas Auditors	2014 Ageas Statutory Auditors	2014 Other Ageas Auditors
Audit fees	5.6	0.9	5.2	0.6
Audit-related fees	0.4		0.3	
Tax fees	0.1		0.1	0.1
Other non-audit fees	0.3	0.4	0.8	
Total	6.4	1.3	6.4	0.7

46 Income tax expenses

The components of income tax expenses for the year ended 31 December are as follows.

	2015	2014
Current tax expenses for the current period	294.1	246.1
Adjustments recognised in the period for current tax of prior periods	(5.5)	1.4
Previously unrecognised tax losses, tax credits and temporary differences increasing (reducing) current tax expenses	(0.2)	
Tax expense (income) from changes in acc.policy and errors in P&L		0.7
Total current tax expenses	288.4	248.2
Deferred tax arising from the current period	(40.5)	(93.7)
Impact of changes in tax rates on deferred taxes		(1.6)
Deferred tax arising from the write-down or reversal of a write-down of a deferred tax asset	(8.4)	(5.9)
Previously unrecognised tax losses, tax credits and temporary differences reducing deferred tax expense	(13.5)	(9.8)
Total deferred tax expenses (income)	(62.4)	(111.0)
Total income tax expenses (income)	226.0	137.2

Below is a reconciliation of expected and actual income tax expense. Given the financial reporting consolidation at the Belgian top holding company ageas SA/NV, the Group tax rate is determined at the prevailing corporate income tax rate in Belgium. Local deviations between expected and actual income tax expense in the Ageas Group between jurisdictions, resulting from local tax laws and regulations, are stated at local tax rates applicable in such jurisdictions and can be broken down into the categories depicted below.

	2015	2014
Result before taxation	1,165.6	793.0
Applicable Group tax rate	33.99%	33.99%
Expected income tax expense	396.2	269.5
Increase (decrease) against local tax rates resulting from:		
Tax exempt income (including dividend and capital gains)	(37.5)	(69.0)
Impairment of goodwill	0.9	
Share in net result of associates and joint ventures	(71.8)	(53.1)
Disallowed items	19.9	21.6
Previously unrecognised tax losses and temporary differences	(25.3)	(30.2)
Write-down and reversal of write-down of deferred tax assets, including current year tax-losses deemed non-recoverable	(1.0)	91.2
Impact of changes in tax rates on temporary differences	1.1	(1.7)
Foreign tax rate differential	(48.2)	(31.6)
Adjustments for current tax of previous years	(5.5)	1.5
Deferred tax on investments in subsidiaries, associates and joint ventures	18.7	(30.8)
Notional interest deduction	(16.8)	(23.0)
Local income taxes (state/city/cantonal/communal taxes, …)	1.6	2.2
Other	(6.3)	(9.4)
Actual income tax expenses (income)	226.0	137.2

Notes to items not recorded in the consolidated statement of financial position

47 Contingent liabilities

47.1 Contingent liabilities related to legal proceedings

Like any other financial group, Ageas Group is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of its business.

In addition, as a result of the events and developments surrounding the former Fortis Group between May 2007 and October 2008 (e.g. acquisition of parts of ABN AMRO and capital increase in September/October 2007, announcement of the solvency plan in June 2008, divestment of banking activities and Dutch insurance activities in September/October 2008), Ageas is or may still become involved in a series of legal proceedings and in a criminal procedure pending in Belgium.

Ageas denies and will continue to challenge all allegations of wrongdoing. As explained below in section 6, if these actions against Ageas were to be successful, they could eventually result in substantial monetary consequences for Ageas. However, today it is not possible to predict the outcome of the actions referred to in this contingent liabilities section or to quantify future Ageas's liabilities should they be successful. Ageas remains committed to explore every possible option in the best interests of its stakeholders.

In this section certain legal proceedings are mentioned (i) which in itself do not directly imply any contingent liability (cf Closed proceedings) or (ii) for which a provision has been taken (cf FortisEffect), but which may indirectly impact on other pending legal proceedings mentioned in this section.

I Closed proceedings

Final decisions were reached in the Netherlands (i) on 6 December 2013 concerning mismanagement ('wanbeleid') by Fortis N.V. on several occasions during 2007 – 2008 and (ii) on 4 March 2014 confirming AFM fines relating to defective communication about solvency-related matters in June 2008. However none of these led to a decision regarding potential financial compensation for which ongoing procedures continue. Additional AFM fines concerning communication about Fortis' subprime exposure in September 2007 have been definitively annulled on 14 February 2014.

II Ongoing proceedings

1. Administrative procedure in Belgium

The Belgian Financial Services and Markets Authority ('FSMA') initiated an investigation on Fortis' external communication during the second quarter of 2008. On 17 June 2013, the Sanctions Commission decided that in the period May-June 2008 Fortis communicated too late or incorrectly on the remedies required by the European Commission in the context of the ABN AMRO take-over, on its future solvency position upon full integration of ABN AMRO and on the success of the NITSH II offer. Therefore, the Sanctions Commission levied a fine on Ageas of EUR 500,000. On 24 September 2015, the Brussels Appeal Court ruled on the decision of the FSMA Sanctions Commission, and decided to impose a reduced fine of EUR 250,000 on Ageas for misleading statements made on 12 June 2008. Ageas intends to launch an appeal against the Court's decision to the Supreme Court.

2. Criminal procedure in Belgium

In Belgium, since October 2008 a criminal procedure is ongoing in relation to events mentioned above in the introduction to this chapter. In February 2013, the public prosecutor filed his written indictment with charges of (i) false annual accounts 2007 due to overestimation of subprime assets, (ii) enticement to subscribe the 2007 rights issue with incorrect information and (iii) publication of incorrect or incomplete information on subprime on various occasions between August 2007 and April 2008, for which charges he requested the *Chambre du conseil/Raadkamer* that certain individuals be referred for trial before the criminal court. As several interested parties requested and obtained additional investigative measures, the hearing before the *Chambre du conseil/Raadkamer* was postponed *sine die*. For the time being referral of Ageas is not being requested by the public prosecutor.

Any negative findings of the administrative procedure and/or the criminal procedure may affect pending legal proceedings and/or could lead to new legal proceedings against Ageas, including claims for compensatory damages.

3. Civil proceedings initiated by shareholders or associations of shareholders

These proceedings, both in Belgium and in the Netherlands, (i) aim at the payment of compensatory damages based on alleged miscommunication and/or market abuse committed, by Fortis during the period between May 2007 and October 2008 and/or (ii) are (in)directly related to the transactions in September/October 2008. We refer to note 49.

3.1 In the Netherlands

3.1.1 VEB

On 19 January 2011, VEB (Vereniging van Effectenbezitters) initiated a collective action before the Amsterdam District Court seeking a ruling that various communications between September 2007 and 3 October 2008 constituted a breach of law by Fortis, by financial institutions involved in the September/October 2007 capital increase, and/or by certain of Fortis' former directors and executives. VEB characterises each of these breaches as an unlawful act by all or certain defendants and states that these defendants were therefore liable for the loss incurred by any (former) shareholder who bought shares during the relevant period. Inter alia, VEB alleges (against Fortis, certain of its former directors and executives and against the forementioned financial institutions) that the information provided in the September 2007 prospectus for the 9 October 2007 capital increase on Fortis' position exposure to the subprime situation, was incorrect and incomplete. The parties have exchanged written arguments and court hearings are scheduled in March 2016.

3.1.2 Stichting FortisEffect

Stichting FortisEffect and a series of individuals represented by Mr De Gier appealed with the Amsterdam Appeal Court against the judgment of the Amsterdam District Court of 18 May 2011 that dismissed their collective action to invalidate the decisions taken by the Fortis Board in October 2008 and unwind the relevant transactions, or alternatively, to pay damages. On 29 July 2014 the Amsterdam Appeal Court decided that the sale of the Dutch Fortis entities in 2008 remains unaffected. However, it also ruled that during the period of 29 September through 1 October 2008 Fortis provided misleading and incomplete information to the markets. The Court concluded that Ageas should indemnify the damages suffered as a result thereof by the shareholders concerned. The damages, if any, will be decided upon and determined in further proceedings. Although no damages have been established to date, Ageas has recognized a provision of EUR 130 million (see note 16 Provisions). Ageas has launched an appeal against the Court's decision with the Dutch Supreme Court in October 2014. FortisEffect equally appealed with the Supreme Court.

3.1.3 Stichting Investor Claims Against Fortis (SICAF)

On 7 July 2011, 'Stichting Investor Claims Against Fortis' ('SICAF'), a 'Stichting' (Foundation) under Dutch law, brought a collective action before the Utrecht Court based on alleged Fortis miscommunication on various occasions during 2007 and 2008. SICAF alleges, i.a. (against Fortis and against two financial institutions) that the information provided in the September 2007 prospectus for the 9 October 2007 rights issue on Fortis' position in and exposure to the subprime situation was incorrect and incomplete.

On 3 August 2012, the same SICAF, on behalf of and together with a number of identified (former) shareholders, brought a second action before the Utrecht Court against the same defendants and certain former Fortis directors and executives, claiming damages. The allegations in this second action are materially similar to the first action. In addition, the plaintiffs claim that Fortis failed in its solvency policy in the period 2007 and 2008. At present it is unclear whether both actions will be joined.

3.1.4 Claims on behalf of individual shareholders

In proceedings initiated by a series of individuals represented by Mr Bos, the Utrecht Court decided on 15 February 2012 that Fortis and two co-defendants (the former CEO and the former financial executive) disclosed misleading information during the period from 22 May through 26 June 2008. The Court further ruled that separate proceedings were necessary to decide whether the plaintiffs had suffered damages, and if so, the amount of such damages. In the same proceedings, certain former Fortis directors and top executives requested the Court to acknowledge the alleged Ageas obligation to hold them harmless for the damages resulting from or relating to the legal proceedings initiated against them and resulting from their mandates within the Fortis group. An appeal against the Utrecht Court judgement was filed with the Arnhem Appeal Court. In appeal, Mr Bos claims damages for alleged miscommunication about (i) Fortis' subprime exposure in 2007/2008, about (ii) Fortis' solvency in January – June 2008, (iii) the remedies required by the European Commission in the context of the ABN AMRO take-over and (iv) Fortis' liquidity and solvency position on 26 September 2008.

Since 1 August 2014, Mr Meijer initiated five separate proceedings, each one on behalf of an individual claimant, before the Utrecht Court, claiming to compensate for the loss due to alleged miscommunication by Fortis in the period September 2007 to September 2008. For two of these proceedings hearings are scheduled in March 2016.

On 23 September 2014, a former Fortis shareholder initiated proceedings against Ageas before the Utrecht Court, claiming damages because of miscommunication by Fortis between 29 September 2008 and 1 October 2008 as stated in the 29 July 2014 FortisEffect decision. On 1 April 2015 the court decided that this procedure will be joined with the first two Meijer proceedings. Hearings are scheduled in March 2016.

On 11 May 2015, a former Fortis shareholder initiated proceedings against Ageas and a former Fortis executive before the Amsterdam court, claiming damages because of miscommunication on Fortis' financial position.

3.2 In Belgium

3.2.1 Modrikamen

On 28 January 2009, a series of shareholders represented by Mr Modrikamen brought an action before the Brussels Commercial Court initially requesting the annulment of the sale of ASR to the Dutch State and the sale of Fortis Bank to SFPI (and subsequently to BNP Paribas), or alternatively damages. On 8 December 2009, the Court inter alia decided that it was not competent to judge on actions against the Dutch defendants. On 17 January 2013, the Brussels Court of Appeal confirmed this judgment in this respect. In July 2014, Mr Modrikamen filed an appeal before the Supreme Court on this issue. On 23 October 2015 the Supreme Court rejected this appeal. To date the proceedings before the commercial court continue regarding the sale of Fortis Bank and aim at the payment of a compensation by BNP Paribas to Ageas, as well as by Ageas to the claimants. In an interim judgment of 4 November 2014, the court declared about 50% of the original claimants not admissible. Hearings on the merits took place in October - December 2015. An additional hearing is scheduled in April 2016.

3.2.2 Deminor

On 13 January 2010, a series of shareholders associated with Deminor International (currently named DRS Belgium) brought an action before the Brussels Commercial Court, seeking damages based on alleged lack of/or misleading information by Fortis during the period from March 2007 to October 2008. On 28 April 2014, the court declared in an interim judgment about 25% of the claimants not admissible. The parties are in the process of exchanging written arguments. Hearings are scheduled for September and October 2016.

3.2.3 Other claims on behalf of individual shareholders

On 12 September 2012, Patripart, a (former) Fortis shareholder, and its parent company Patrinvest, brought an action before the Brussels Commercial Court, seeking damages based on alleged lack of or misleading information in the context of the 2007 rights issue. Hearings took place in October 2015; On 1 February 2016 the court fully rejected the claim.

On 29 April 2013, a series of shareholders represented by Mr Arnauts brought an action before the Brussels Commercial Court, seeking damages based on alleged incomplete or misleading information by Fortis in 2007 and 2008; this action is suspended awaiting the outcome of the criminal proceedings.

On 25 June 2013, a similar action before the same court was initiated by two shareholders; those claimants ask for their case to be joined to the Deminor case. In the meantime, claimants agreed that their case be postponed *sine die*.

On 19 September 2013, certain (former) Fortis shareholders represented by Mr Lenssens initiated a similar action before the Brussels Civil Court; this action is suspended awaiting the outcome of the criminal proceedings.

4. Other legal proceedings

4.1 Legal proceedings initiated by Mandatory Convertible Securities (MCS) holders

The Mandatory Convertible Securities (MCS) issued in 2007 by Fortis Bank Nederland (Holding) N.V. (now ABN AMRO Bank N.V.), together with Fortis Bank SA/NV (now BNP Paribas Fortis SA/NV), Fortis SA/NV and Fortis N.V. (both now ageas SA/NV), were mandatorily converted on 7 December 2010 into 106,723,569 Ageas shares. Prior to 7 December 2010, certain MCS holders unilaterally decided at a general MCS holders' meeting to postpone the maturity date of the MCS until 7 December 2030. However, at the request of Ageas, the President of the Brussels Commercial Court suspended the effects of this decision. Following 7 December 2010, the same MCS holders contested the validity of the conversion of the MCS and requested its annulment or, alternatively, damages for an amount of EUR 1.75 billion. On 23 March 2012, the Brussels Commercial Court ruled in favour of Ageas, dismissing all claims of the former MCS holders. Hence, the conversion of the MCS into shares issued by Ageas on 7 December 2010 remains legally valid and no compensation is due. Certain former MCS holders appealed against this judgment, claiming damages for a provisional amount of EUR 350 million and the appointment of an expert. No dates are fixed for the hearings.

4.2 Legal proceedings initiated by RBS

On 1 April 2014, Royal Bank of Scotland (RBS) initiated two legal actions against Ageas and other parties: (i) an action before the Brussels Commercial Court in which RBS claims an amount of EUR 75 million, based on an alleged guarantee given by Fortis in 2007 in the context of a share deal between ABN AMRO Bank (now RBS) and Mellon and (ii) an arbitration procedure before ICC in Paris in which RBS claims a total amount of EUR 135 million, i.e. the alleged EUR 75 million guarantee and EUR 60 million arising from escrow provisions.

5. Hold harmless undertakings

In 2008, Fortis granted certain former executives and directors, at the time of their departure, a contractual hold harmless protection covering legal expenses and, in certain cases, also the financial consequences of any judicial decisions, in the event that legal proceedings were brought against them on the basis of their mandates exercised within the Fortis group. Ageas contests the validity of the contractual hold harmless commitments to the extent they relate to the financial consequences of any judicial decisions.

Furthermore, and as standard market practice in this kind of operations, Ageas entered into agreements with certain financial institutions facilitating the placing of Fortis shares in the context of the capital increases of 2007 and 2008. These agreements contain indemnification clauses that imply hold harmless obligations for Ageas subject to certain terms and conditions. Some of these financial institutions are involved in certain legal proceedings mentioned in this chapter.

6. General observations

Without prejudice to any specific comment made elsewhere in this chapter, given the various stages, the continuously evolving nature and the inherent uncertainties and complexity of the current proceedings described herein, Ageas's management is not in a position to assess the outcome of the claims or actions brought against Ageas, nor can it determine whether they can be successfully contested or whether they might or might not result in significant losses in the Ageas Consolidated Financial Statements. For this reason, and except for a provision relating to the FortisEffect proceeding, no provisions have been booked. Ageas will make other provisions if and when, in the opinion of management and the Board of Directors, consulting with its legal advisors, it considers that, for these matters it is more likely than not that payments will need to be made by Ageas and that the relevant amounts can be reliably estimated.

However, if any of these proceedings were to lead to negative consequences for Ageas or were to result in awarding monetary damages to plaintiffs claiming losses incurred as a result of Fortis miscommunication or mismanagement, this could have substantial consequences on Ageas's financial position. Such consequences remain unquantifiable at this stage.

Taking into account the conclusions reached by certain judicial decisions referred to above in this chapter, the underwriters of the Directors & Officers and of the Public Offering of Securities Insurance policies, that insure the potential risks of Ageas and its directors and executives at stake under the liability claims subject of the various pending proceedings, have expressed their view that these conclusions could lead to a loss of coverage under the relevant policies. Ageas disagrees with this view that is now under discussion with the insurers

47.2 Liabilities for hybrid instruments of former subsidiaries

BNP Paribas Fortis SA/NV issued CASHES (Convertible And Subordinated Hybrid Equity-linked Securities) representing 4,447 securities for a total nominal amount of EUR 1,112 million. BNP Paribas Fortis SA/NV was a former subsidiary of ageas SA/NV which explains why ageas SA/NV acted as co-obligor of these securities.

The securities have no maturity date and cannot be repaid in cash, they can only be exchanged into Ageas shares at a price of EUR 239.40 per Ageas share. A mandatory exchange takes place if the price of the Ageas share is equal to or higher than EUR 359.10 on twenty consecutive stock exchange business days. BNP Paribas Fortis SA/NV owns 4,643,904 Ageas shares for the purpose of the potential exchange.

The sole recourse of the holders of the CASHES against any of the co-obligors with respect to the principal amount are the Ageas shares that BNP Paribas Fortis SA/NV holds, these shares are pledged in favour of such holders.

BNP Paribas Fortis SA/NV pays the coupon on the CASHES, in quarterly arrears, at a variable rate of 3 month Euribor plus 90 basis points, up to the exchange of the securities for Ageas shares. In the event that Ageas declares no dividend on its shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%), and in certain other circumstances, coupons will mandatorily need to be settled by ageas SA/NV via issuance of new shares in accordance with the so called Alternative Coupon Settlement Method (ACSM), while BNP Paribas Fortis SA/NV would need to issue instruments that qualify as hybrid Tier 1 instruments to Ageas as compensation for the coupons paid by ageas SA/NV. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

In an agreement reached in 2012, that amongst others led to the tender and subsequent conversion of CASHES, Ageas agreed to pay an annual indemnity to BNP Paribas Fortis SA/NV that equals the grossed up dividend on the shares that BNP Paribas Fortis SA/NV holds.

47.3 Other contingent liabilities

Together with BGL BNP Paribas, Ageas Insurance International N.V. has provided a guarantee to Cardif Lux Vie S.A. for up to EUR 100 million to cover outstanding legal claims related to Fortis Lux Vie S.A., a former subsidiary of Ageas that was merged at year-end 2011 with Cardif Lux International S.A.

Furthermore, certain individual customers of Ageas France, a fully owned subsidiary of Ageas Insurance International, filed claims against Ageas France in connection with its alleged unilateral modification of the terms and conditions of the “Corbeille Selection” product by on-charging certain transaction fees. In addition to claiming reimbursement of these fees, plaintiffs also claimed prejudice for past and looking forward lost opportunities for arbitrating between Unit-linked funds and a guaranteed fund using latest known value dates. In November 2014 Paris Appeal Court confirmed the first instance decision allowing the claims and appointed experts to determine the scope of indemnification. On 26 January 2015 Ageas filed an appeal before the Supreme Court.

48 Lease agreements

Ageas has entered into lease agreements for the use of office space, office equipment, vehicles and parking facilities. The following table reflects future commitments to non-cancellable operating leases as at 31 December.

	2015	2014
Less than 3 months	17.2	18.0
3 months to 1 year	56.7	55.2
1 year to 5 years	274.5	258.7
More than 5 years	402.5	257.5
Total	750.9	589.4
Annual rental expense:		
Lease payments	24.5	24.2

49 Events after the date of the statement of financial position

There have been no material events since the date of the Consolidated statement of financial position that would require adjustment to the Ageas Consolidated Financial Statements as at 31 December 2015.

Global settlement related to the Fortis events of 2007 and 2008

On 14 March 2016, Ageas and the claimants' organisations, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis (SICAF), and the Dutch shareholder Association VEB ("The Parties") announced a settlement proposal with respect to all civil proceedings related to the former Fortis group for the events in 2007 and 2008 ("the Events").

The Parties will request the Amsterdam Court of Appeal to declare the settlement binding for all eligible Fortis shareholders in accordance with the Dutch Act on Collective Settlement of Mass Claims (Wet Collectieve Afwikkeling Massaschade, "WCAM").

In addition, Ageas announced on 14 March 2016 that it also reached an agreement with the D&O Insurers, the D&O's involved in litigation and BNP Paribas Fortis.

The financial impact of the settlements announced on 14 March 2016, with the claimants' organisations on the one hand and the D&Os and Insurers on the other hand, will be recognised in the Q1 2016 IFRS financial statements. The impact can be summarised as follows:

Group net IFRS result: the net impact of the proposed settlements on the Group net IFRS result will amount to EUR 889 million. This is the result of:

- a charge of EUR 1,204 million related to the WCAM settlement agreement;
- plus EUR 45 million related to costs and expenses for organizations' representation of retail investors' interests and/or their future role in the settlement administration process;
- plus an additional provision of EUR 62 million related to the tail risk, estimated at 5% of the total settlement amount;
- minus the settlement amount of EUR 290 million to be contributed by the Insurers and the reversal of the provision for litigation set up in 2014 (EUR 132.6 million).

Statement of the Board of Directors

The Board of Directors of Ageas is responsible for preparing the Ageas Consolidated Financial Statements as at 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the European Transparency Directive (2004/109/EC), and for presenting the Report of the Board of Directors in accordance with the legal and regulatory requirements applicable in Belgium.

The Board of Directors has reviewed the Ageas Consolidated Financial Statements and the Report of the Board of Directors on 15 March 2016 and has authorised their issue.

The Board of Directors of Ageas declares that, to the best of its knowledge, the Ageas Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Ageas, and of the uncertainties that Ageas is facing and that the information contained therein has no omissions likely to modify significantly the scope of any statements made.

The Board of Directors of Ageas also declares that the Report of the Board of Directors gives a fair overview of the development and performance of the businesses of the Group.

The Ageas Annual Report consisting of the Consolidated Financial Statements and Report of the Board of Directors will be submitted to the Annual General Meeting of Shareholders for approval on 27 April 2016.

Brussels, 15 March 2016

Board of Directors

Chairman	Jozef De Mey
Vice-Chairman	Guy de Selliers de Moranville
Chief Executive Officer	Bart De Smet
Chief Financial Officer	Christophe Boizard
Chief Risk Officer	Filip Coremans
Directors	Roel Nieuwdorp
	Lionel Perl
	Jan Zegering Hadders
	Jane Murphy
	Steve Broughton
	Lucrezia Reichlin
	Richard Jackson
	Davina Bruckner

Independent Auditor's Report

Statutory auditor's report to the General Meeting of ageas SA/NV as of and for the year ended 31 December 2015

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our report on the consolidated financial statements as of and for the year ended 31 December 2015, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements - unqualified opinion with explanatory paragraph

We have audited the consolidated financial statements of ageas SA/NV ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 104,485.8 million, the consolidated income statement shows a net result for the period of EUR 939.6 million and the consolidated statement of comprehensive income shows a total comprehensive income for the period of EUR 1,547.6 million.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 consolidated financial statements.

We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2015 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Emphasis of matter

We draw your attention to note 27 to the consolidated financial statements for the year ended 31 December 2015, which describes the uncertainties on the final amount and timing of outflows relating to the provision recognized following the Stichting FortisEffect appeal. Our opinion is not qualified in respect of this matter.

Furthermore we draw your attention to note 47 on contingent liabilities to the consolidated financial statements as at 31 December 2015 and note 49 on events after the date of the statement of financial position, in which it is described that Ageas is involved in a number of other legal proceedings as well as administrative and criminal investigations in connection with certain events and developments having occurred between May 2007 and October 2008 and that Ageas in 2016 reached an agreement to settle the litigation, which will impact the 2016 result for an amount of EUR 889 million. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statements which do not modify the scope of our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.
- As indicated in the first part of our report that includes our responsibility, we considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. Accordingly, we do not express an opinion on whether internal controls operated effectively during the financial year ended 31 December 2015.

Brussels, 16 March 2016

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Karel Tanghe
Réviseur d'Entreprises/ Bedrijfsrevisor

Summarised
ageas SA/NV Company
Financial Statements
2015

General information

1. Foreword

Most 'general information' is included in the Report of the Board of Directors of Ageas. This section of general information contains solely information on ageas SA/NV that has not been provided elsewhere.

2. Identification

The company is a public limited company bearing the name ageas SA/NV. Its registered office is at Rue du Marquis 1, 1000 Brussels. This office may be transferred to anywhere else in the Brussels capital region by resolution of the Board of Directors. The company is registered in the Brussels register of legal entities under no. 0451.406.524.

3. Incorporation and publication

The company was incorporated on 6 November 1993 under the name Fortis Capital Holding.

4. Places where the public can verify company documents

The Articles of Association of ageas SA/NV can be inspected at the Registry of the Commercial Court at Brussels, at the company's registered office and at the website of Ageas.

Decisions on the appointment and resignation of Board Members of the companies are published, among other places, in the annexes to the Belgian Law Gazette. Financial reports on the companies and notices convening General Meetings are published in the financial press, newspapers and periodicals. The financial statements of the company are available at the registered office and are also filed with the National Bank of Belgium. They are sent each year to registered shareholders and to others on request.

5. Amounts

All amounts stated in the tables of these financial statements are denominated in millions of euros, unless otherwise indicated.

6. Audit opinion

The company financial statement have not yet been published. KPMG will issue an unqualified auditor's report with an emphasis of matter paragraph on the ageas SA/NV company financial statements.

Statement of financial position after profit appropriation

	31 December 2015	31 December 2014
ASSETS		
Tangible fixed assets	1	1
Tangible fixed assets	1	1
Financial fixed assets	6,809	6,809
Participating interests	6,459	6,459
Loans	350	350
Current assets	1,322	1,183
Trade and other accounts receivable	1	16
Own shares	259	218
Other short-term investments	813	751
Liquid assets	236	184
Deferred charges and accrued income	13	14
TOTAL ASSETS	8,132	7,993
LIABILITIES		
Equity		
Shareholders' equity	6,326	7,007
Subscribed capital	1,656	1,709
Share premium reserve	2,636	2,791
Reserves not available for distribution	259	218
Reserves available for distribution	2,556	2,935
Profit / loss carried forward	(781)	(646)
Provisions	1,423	597
Amounts payable	383	389
Commercial debts	9	20
Remuneration and social charges	3	4
Other amounts payable	360	355
Accrued charges and deferred income	11	10
TOTAL LIABILITIES	8,132	7,993

Income statement

	2015	2014
Operating income	11	6
Other operating income	11	6
Financial income	760	183
Income from financial fixed assets	740	159
Income from current assets	20	24
Other financial income	0	0
Extraordinary income	2	
Capital gain on realisation of fixed asset	2	
Total income	773	189
Operating expenses	893	281
Services and miscellaneous goods	53	41
Remuneration, social charges and pensions	14	13
Depreciation and amounts written down on formation	0	0
(-) in provisions for risks and charges	826	227
Other operating expenses	0	0
Financial charges	15	21
Interest in respect of amounts payable	15	21
Other financial charges		
Total expenses	908	302
Result before tax	(135)	(113)
Tax		
Net result for the period	(135)	(113)

	2015	2014
Appropriation of profit		
Profit to be appropriated	(781)	(646)
Profit for the financial year available for appropriation	(135)	(113)
Profit carried forward from the previous financial year	(646)	(533)
Transfers from shareholders' equity	338	330
From the capital and share premium reserves		
From the reserves	338	330
Result to be carried forward	(781)	(646)
Profit to be distributed	338	330
Dividends	338	330

Additional disclosure on items in the statement of financial position and income statement and regulatory requirements

1.1 Statutory results of ageas SA/NV under Belgian Accounting Principles

ageas SA/NV reported for the financial year 2015 based on Belgian Accounting Principles a net loss of EUR 135 million (2014: EUR 113 million negative) and a shareholders' equity of EUR 6,326 million (2014: EUR 7,007 million).

Continuity statement ageas SA/NV in accordance with Belgian law

The company has reported a net loss of EUR 135 million. The Board of Directors is of the opinion that, despite the loss, the company possesses sufficient resources and capital with a shareholders' equity of EUR 6.3 billion to continue its activities.

1.2 Explanation of balance sheet and income statement

The balance sheet and income statement can be explained as follows.

1.2.1 Assets

1.2.1.1 Financial fixed assets

(2015: EUR 6,809 million; 2014: EUR 6,809 million)

Financial fixed assets include the following items.

	31 December 2015	31 December 2014
Financial fixed assets	**6,809**	**6,809**
Participating interests	6,459	6,459
Ageas Insurance International	6,436	6,436
Ageas Hybrid Financing	1	1
Royal Park Investments	22	22
Loan to AG Insurance	350	350

Participating interests

(2015: EUR 6,459 million; 2014: EUR 6,459 million)

In 2015 no changes in the value of participating interests took place.

Loan to AG Insurance

(2015: EUR 350 million; 2014: EUR 350 million)

In 2015 no changes in the loan to AG Insurance took place.

1.2.1.2 Current assets

(2015: EUR 1,322 million; 2014: EUR 1,183 million)

Own shares

(2015: EUR 259 million; 2014: EUR 218 million)

In connection with various share buyback programmes, ageas SA/NV purchased 7,207,962 own shares for an amount of EUR 251 million in the course of 2014. In 2015, 7,217,759 own shares were cancelled.

An additional 266,231 Ageas shares with a value of EUR 7 million were held to cover the restricted share plans for some members of staff and directors of the company.

1.2.1.3 Other short-term investments

(2015: EUR 813 million; 2014: EUR 751 million)

Other short-term investments include:

	31 December 2015	31 December 2014
Other short-term investments	813	751
Government bonds	45	49
Corporate debt securities	233	226
Hybrone	0	36
Zero coupon bonds	35	25
Deposits	500	415

1.2.1.4 Liquid assets

(2015: EUR 236 million; 2014: EUR 184 million)

Liquid assets relate to current accounts with banks.

1.2.1.5 Deferred charges and accrued income

(2015: EUR 13 million; 2014: EUR 14 million)

Accrued income relates to interest on the EUR 350 million loan to AG Insurance and deferred operating expenses.

1.2.2 Liabilities

1.2.2.1 Equity

(2015: EUR 6,326 million; 2014: EUR 7,007 million)

Subscribed capital

(2015: EUR 1,656 million; 2014: EUR 1,709 million)

The decrease in subscribed capital is due to the cancellation of own shares.

Share premium reserve

(2015: EUR 2,636 million; 2014: EUR 2,791 million)

The decrease in share premium reserve is due to the cancellation of own shares.

Reserves not available for distribution

(2015: EUR 259 million; 2014: EUR 218 million)

The reserves not available for distribution relates to own shares held by ageas SA/NV.

Reserves available for distribution

(2015: EUR 2,556 million; 2014: EUR 2,935 million)

The decrease in the reserves available for distribution relates to a transfer to the reserves not available for distribution related to the buyback of own shares (EUR 251 million), a transfer of EUR 2 million from reserves not available for distribution related to the settlement of a share plan, the cancellation of own shares for EUR 208 million and the dividend that is proposed to be paid out for the financial year 2015 (EUR 338 million).

Profit/loss carried forward

The 2015 financial year closed with a loss of EUR 135 million, which means that taking into account the losses carried forward on previous years, the loss to be carried forward amounts to EUR 781 million.

1.2.2.2 Provisions

(2015: EUR 1,423 million; 2014: EUR 597 million)

The movement in the provisions is explained on the one hand by the expected lower settlement amount of RPN(I) and on the other hand by:

On 14 March 2016, Ageas and the claimants' organisations, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis (SICAF), and Dutch shareholder Association VEB ("The Parties") announced a settlement proposal with respect to all civil proceedings related to the former Fortis group for the events in 2007 and 2008 ("the Events").

The Parties will request the Amsterdam Court of Appeal to declare the settlement binding for all eligible Fortis shareholders in accordance with the Dutch Act on Collective Settlement of Mass Claims (Wet Collectieve Afwikkeling Massaschade, "WCAM").

In addition, Ageas announced on 14 March 2016 that it also reached an agreement with the D&O Insurers, the D&O's involved in litigation and BNP Paribas Fortis.

Although only agreed upon in 2016, the settlement proposal was accounted for in the statutory financial statements of ageas SA/NV for the financial year 2015.

The net impact of the proposed settlements on the result for 2015 of ageas SA/NV amounted to EUR 889 million. This is the result of:

- a charge of EUR 1,204 million related to the WCAM settlement agreement,
- plus EUR 45 million related to costs and expenses for organizations' representation of retail investors' interests and/or their future role in the settlement administration process,
- plus an additional provision of EUR 62 million related to the tail risk, estimated at 5% of the total settlement amount,
- minus the settlement amount of EUR 290 million to be contributed by the Insurers and the reversal of the provision for litigation set up in 2014 (EUR 132,6 million).

1.2.2.3 Amounts payable within one year

(2015: EUR 372 million; 2014: EUR 379 million)

The increase in amounts payable is mainly explained by the higher amount payable to shareholders with regard to dividends for the financial year (2015: EUR 338 million; 2014: EUR 330 million). In addition, accounts payable include amounts payable related to dividends related to previous years, which have not yet been settled (2015: EUR 17 million; 2014: EUR 25 million).

1.2.2.4 Accrued charges and deferred income

(2015: EUR 11 million; 2014: EUR 10 million)

The composition of accruals and deferred income mainly concerns provisions made with regard to the restricted share plans for some staff members and directors of the company.

1.2.3 Income statement

1.2.3.1 Financial income

(2015: EUR 760 million; 2014: EUR 183 million)

Financial income includes dividends received from subsidiaries and equity associates (2015: EUR 740 million; 2014: EUR 159 million).

1.2.3.2 Operating expenses

(2015: EUR 893 million; 2014: EUR 281 million)

The components of operating expenses are as follows:

- Services and miscellaneous goods................. EUR 53 million
- Staff expenses .... EUR 14 million
- Reversal of amounts written down..................... EUR 0 million
- Provision settlement .... EUR 891 million
- Provision RPN(I) .... EUR (65) million
- Other operating expenses................................ EUR 0 million

1.3 Regulatory requirements (art. 96 and 119 of the Belgian Company Code)

1.3.1 Board meeting of 17 December 2015

Upon recommendation of the Remuneration Committee, the Board agreed, at its Board meeting of 17 December 2015 to adjust the base compensation of the CEO to EUR 650,000 gross/year as of 01/01/2016, well within the salary range validated by the General Meeting of Shareholders in 2013.

In this context, the CEO declared that he was being conflicted and the conflict of interest procedure was applied. Herewith extract of the minutes of the Board meeting of 17 December in this respect.

“The Remuneration Committee confirmed its objective to position the base compensation of the CEO according to the median position of a selected group of peer companies. Taking into account the benchmark data, the time lapse since the last adjustment and the evolution of the company over that period the Remuneration Committee recommends to adjust the base compensation of the CEO to EUR 650,000 gross/year as of 01/01/2016, well within the salary range validated by the General Meeting of Shareholders in 2013. After validation by the Board of Directors and the General Meeting of Shareholders in 2016, the adjustment will be implemented retro-actively as of 01/01/2016. Recommendation was approved by the Board of Directors.”

1.3.2 Board meeting of 15 January 2016 and 11 March 2016

On 15 January 2016 and 11 March 2016 the Board of ageas SA/NV held meetings to discuss and decide upon the events as referred to in 1.2.2.2.

These board meetings were not attended by the following members Jozef De Mey, Guy de Selliers and Richard Jackson either because conflicted or in order to avoid any perception of conflict. Further details are available in this respect in the minutes of both Board meetings which are reproduced in full hereafter.

Board meeting of 15 January 2016

"Mr. De Mey opened the meeting at 9h00 welcoming all present.

Mr De Mey declared to the present Board members that, being involved as defendant in the VEB procedure, he is conflicted with the agenda of this special Board meeting, which relates to the matter of the legacy litigations and to the discussions with various claimant organisations, including the VEB on the possibility of reaching a negotiated resolution on the pending legacy disputes.

He further informed the Board members that he received a notification from Mr Jackson, in which Mr Jackson informed that he will not participate to the meeting to avoid any perception of a possible conflict of interest given the fact that he also acts as advisor to Ping An Group, a former and current shareholder of Ageas.

Mr De Mey also informed the present Board members having also received an absence notification from Mr de Selliers. In his notification, Mr de Selliers confirmed the possible existence of a conflict between the interests of the company and the interests of parties who are related to him in so far as these related parties could potentially benefit from a negotiated resolution of the pending disputes between ageas and all or part of the claimants in the different outstanding litigation. Because of the links Mr de Selliers has with these parties, he might be conflicted and hence decided not to participate in the discussions and the decision making process scheduled for the meeting.

Being conflicted, Mr De Mey proposed that Mr Nieuwdorp take up the role of Chairman of the meeting, which was accepted by all present members. Mr De Mey then left the room prior to any further discussions.

Pursuant to Article 523 of the Company Code, the company shall inform the auditor and a copy of the present minutes will be included in the relevant annual report.

It was further confirmed to all present members that a document had been signed by each present member confirming that the signatory:

- is informed as a director of Ageas, that Ageas contemplates the possibility of entering into a negotiated resolution of the claims initiated for damages allegedly suffered by certain Fortis shareholders as a consequence of alleged miscommunication and/or mismanagement in 2007 and 2008 and/or the dismantlement of Fortis in September and October 2008 ("the Events");
- acknowledges that the information received and to be received in this respect is strictly confidential (and potentially price-sensitive) and that he/she is not at liberty to share it with anyone, except with his/her spouse for the purposes of his/her own waiver of rights.
- irrevocably waives any rights to benefit from any negotiated resolution of the claims described above and resulting from the Events Ageas might enter into during his/her term of office as Ageas director.

The document was also signed by the relevant Director's spouse, as the case may be, in order to acknowledge that the information such spouse has received or will receive is strictly confidential (and potentially price-sensitive) and to grant the same waiver as far as his/her shareholders' rights are concerned as well as to acknowledging the waiver the relevant Director has granted on his/her own behalf.

The Board members not present during the Board meeting have also been requested to sign this same document and have signed it.

A presentation was distributed to the present Board members. Mr Coremans introduced the discussion explaining that it was the purpose of this meeting to request mandates from the Board regarding the following:

- The management has prepared a detailed action plan that could lead to an amicable way and without admittance of any guilt, to the resolution of the vast majority of the contingent legal liabilities related to the Fortis legacy.
- The main reasons why an amicable resolution will be in the best interest of Ageas and its current stakeholders were discussed and can be summarised as follows:
  - The maximum net resolution cost for which mandate is requested from the Board is an acceptable outcome for Ageas in view of the potential negative and highly unpredictable and unquantifiable outcomes of outstanding litigations; moreover it would significantly reduce the cost of litigations and of hold-harmless arrangements which could otherwise go on for as long as approximatively another 10 years;
  - It will allow the company to regain full freedom on its capital management (dividend, transferability of capital between entities, buy-back policy etc…) without having to earmark disproportionate amounts of (free) cash for potential negative and highly unpredictable and unquantifiable outcomes of outstanding litigations;
  - It will allow the investors to drop the current safety margins in the share price due to the uncertainty of these litigations and will make it possible to value Ageas transparently;
  - It will liberate Ageas strategically and allow the company to explore deals and/or strategic partnerships which today are impossible to consider and as the case may be, allow Ageas SA/NV to access capital markets directly again in the context of such deals.

Taking all the above in consideration, the management is convinced that this route is in the best interest of the company and of all current stakeholders and hence seeks the following mandates from the Board:

- A first mandate relates to discussions with certain active claimant organizations (VEB, Sicav, Deminor) regarding the possibility of reaching an alternative negotiated resolution of the claims resulting from the Events.
- A second mandate relates to discussions with Directors&Officers / Public Offering of Securities Insurance insurers regarding the D&O and POSI policies covering the periods 2007 – 2008 and 2008 – 2009 and the September 2007 Rights Issue as well as with the concerned former D&O's; it was reminded that since 2012, insurers refuse to make any payments invoking various carve outs under the policies; after further discussions on the refusal ageas and insurers accepted to enter in a mediation process which started in 2015.

Mr Coremans went through the presentation that was distributed and commented it in detail.

After this presentation, further discussions and careful consideration, all present members agreed that it is in the interest of the company to grant the following mandates to ExCo and to any member of the negotiation team ExCo will to such intent designate:

- To enter into final negotiations with the relevant claimant organisations with a view to determining the terms and conditions acceptable to the mediating parties for reaching an overall amicable arrangement for resolving a (major) part of the Fortis legacy litigation, such terms and conditions to include:
  - a maximum net resolution cost below EUR 1 billion for ageas, topped up by potential contributions of third parties such as, for example, the insurers;
  - a resolution arrangement to be submitted to the Dutch WCAM-procedure approval;
  - an opt-out/blow-up clause potentially triggering an estimated tail cost of not more than 10% of the settlement amount.

And further to work out all details and take all necessary or useful steps and actions to finalize and complete, if possible, an arrangement with the relevant claimant organizations within the boundaries set above, if and when agreed.

The Board further concluded that the envisaged resolution arrangement:

- is deemed strategic and hence consent will be required from the NBB;
- has an impact on profit and loss of the company that is limited to the General Account and does not impact the dividend payment capacity of the Group;
- has an impact on the solvency II ratios of the Group estimated around 20%, however without any impact on the insurance solvency ratio, meaning that according to the ORSA results, it does not trigger any solvency issue;
- is not expected to create any liquidity issues.

Hence, the envisaged arrangement is financially affordable. The Board then decided to authorize the management:

- To enter into final negotiations with D&O and POSI insurers and the former D&O's with a view to determining the terms and conditions acceptable to the mediating parties for reaching an overall amicable arrangement for resolving the dispute on the relevant D&O/POSI insurance policies, such terms and conditions to include:
  - a full and final buy-out scenario with a minimum global pay out from the insurers of around EUR 300 million (hereafter "insurance pay out amount");
  - releases to be signed by or on behalf of such insureds to be agreed on:
- To grant hold harmless undertakings to the D&Os and selective other insured, where necessary, such undertakings remaining limited as much as possible to ensuring preservation of current rights and entitlements of insureds and insurers, including :
  - a hold harmless undertaking in favor of the D&Os, of an amount equal to the difference between the maximum aggregate coverage under the relevant insurance policies and the insurance pay out amount, it being understood that ageas;
    - undertakes external fronting in case of joint and several liability with the relevant D&O, with additional flexibility allowed to agree on fronting for sole D&O liability;
    - acknowledges that the insurance pay out amount will be deemed to have been paid to ageas on behalf of D&Os, as insureds;
- To grant a hold harmless undertaking in favor of the insurers for the aggregate amount of coverage under the relevant insurance policies.

And further, to work out all details and take all necessary or useful steps and actions to finalize and complete, if possible, an alternative arrangement with the Insurers and other parties concerned within the boundaries set above, if and when agreed.

The Board asks management to come back with the final proposition for approval before signing any settlement agreement.

There being no further business to discuss, the meeting is closed at 12.30 pm."

Board meeting of 11 March 2016

“Mr De Mey opened the meeting at 18h15 welcoming all present.

Mr De Mey referred to the Board meeting of 15 January 2016 and declared being conflicted with the agenda of this special Board meeting which relates to the matter of the legacy litigation and to the discussions with various claimant organisations, certain former directors and officers involved in these proceedings, BNP Paribas Fortis and the involved D&O and POSI insurers on the possibility of reaching a negotiated resolution of the pending legacy disputes.

He further confirmed that, also in line with the previous Board meeting of 15 January 2016, Mr Jackson and Mr de Selliers will not participate in the meeting for the same reasons as set out during the Board meeting of 15 January 2016.

Being conflicted, Mr De Mey proposed that Mr Nieuwdorp take up the role of Chairman of the meeting, which was accepted by all present members. Mr De Mey then left the room prior to any further discussions.

Pursuant to Article 523 of the Company Code, the company shall inform the auditor and a copy of the present minutes will be included in the relevant annual report.

A presentation was distributed to the present Board members. Mr Coremans introduced the discussion explaining that it was the purpose of this meeting to request final approval from the Board on a proposal for settlements of outstanding legacy litigations and disputes with:

- Claimant organizations : VEB, SICAF, Deminor and potentially other organisations;
- Directors&Officers liability/ Public Offering of Securities Insurance (POSI) insurers regarding the D&O and POSI policies covering, respectively, the periods 2007 – 2008 and 2008 – 2009 and the September 2007 Rights Issue;
- Fortis D&O’s involved in legacy litigations, as insureds under the policies referred to under (2) above;
- BNP Paribas Fortis.

After the presentation, further discussions and careful consideration, all present members confirmed that the amicable resolutions of the various outstanding legacy litigations and disputes as presented are confirmed to be in the best interest of Ageas and its current stakeholders, for the reasons as discussed during the Board meeting of 15 January 2016.

All members agreed with the proposed terms and conditions for an overall amicable arrangement which are globally in line with the mandate given during the Board meeting of 15 January 2016, with however the precisions detailed hereafter.

The Insurers are willing to pay a settlement amount of EUR 290 million. This amount will be used as partial funding of the global settlement agreed with the claimant organisations with respect to the Fortis events in 2007 and 2008.

Taking into account that the former D&O’s, as insureds, agreed to release the insurers from all responsibility under the concerned insurance policies, and hence lose the cover provided by said policies, the members of the Board agreed to provide them with the following undertakings:

- In case of settlement with claimants, to ensure beneficiaries release the D&O’s;
- Undertaking to prepay to claimants civil damages due under any judgment and to indemnify the D&Os up to EUR 25 million for any reasonable future defense costs;
- Not to initiate internal claims against D&Os as a result of any settlement concluded by Ageas; in case of internal claim from Ageas against D&Os, the insurance settlement amount will be deemed to have been paid on behalf of D&Os to Ageas, so that D&Os have satisfied such payment obligation to Ageas up to the settlement amount.

The existing hold harmless arrangements remain unaffected (including Ageas’s opposition in this respect).

Taking into account that BNP Paribas Fortis, as insured, agreed to release the insurers from all responsibility under the concerned insurance policies, and hence lose the cover provided by said policies, the members of the Board agreed to provide them with the following undertakings:

- In case of settlement with claimants, to ensure beneficiaries release BNP Paribas Fortis and all other underwriting Banks covered by the POSI;
- to indemnify and hold harmless BNPPF up to EUR 20 million for any reasonable future defense costs;
- existing hold harmless arrangements under the 2007 underwriting agreement remain unaffected;
- to waive any right to seek indemnification from, the underwriting Banks to recoup amounts paid by Ageas as a result of any settlement concluded by Ageas;
- to ring-fence an amount of EUR 150 million of the insurance settlement amount for future claims as covered by the POSI insurance in case the anticipated settlement falls through.

The members of the Board further agreed to grant a mandate to Mr. Bart De Smet and Mr. Filip Coremans, acting individually and with the power of substitution, to work out all details and take all necessary or useful steps and actions to finalize and complete the overall amicable arrangement with the concerned parties within the boundaries set in the mandate granted on 15 January 2016 and as further detailed above.

The Board further agreed, in order to allow the market to fully understand the settlement with claimants and the settlement with insurers, to organize the suspension of the Ageas share quotation on the communication date of, 14 March 2016 (or, as the case may be, at a later date), until 13:00, i.e. a reasonable time after the issuance of the press release, the analyst call and the press conference.

The Board was informed of impact of a potential settlement on the accounting reports, which was discussed with the external auditors:

- IFRS : based on the fact that there was no mandate to enter into final negotiations prior to the board of 15 January 2016, the event is to be considered as a constructive obligation impacting Q1 2016 and hence FY 2015 figures should not be adapted.
- Belgian GAAP : the financial impact will be included in the FY 2015 accounts.

The Board also aknowledged the draft press releases and the draft communication plan.

The meeting was closed at 19h15.

Other

There are no transactions or other contractual relationships to be reported between ageas SA/NV and its Board members that gave rise to a conflict of interests as defined in the Belgian Company Code.

1.3.3 Events after the date of the balance sheet

On 14 March 2016, Ageas and the claimants' organisations, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis (SICAF), and the Dutch shareholder Association VEB ("The Parties") announced a settlement proposal with respect to all civil proceedings related to the former Fortis group for the events in 2007 and 2008 ("the Events").

The Parties will request the Amsterdam Court of Appeal to declare the settlement binding for all eligible Fortis shareholders in accordance with the Dutch Act on Collective Settlement of Mass Claims (Wet Collectieve Afwikkeling Massaschade, "WCAM").

In addition, Ageas announced on 14 March 2016 that it also reached an agreement with the D&O Insurers, the D&O's involved in litigation and BNP Paribas Fortis.

Although only agreed upon in 2016, the settlement proposal was accounted for in the statuory financial statements of ageas SA/NV for the financial year 2015 due to Belgain Law requirements.

The net impact of the proposed settlements on the result for 2015 of ageas SA/NV amounted to EUR 889 million. This is the result of:

- a charge of EUR 1,204 million related to the WCAM settlement agreement,
- plus EUR 45 million related to costs and expenses for organizations' representation of retail investors' interests and/or their future role in the settlement administration process,
- plus an additional provision of EUR 62 million related to the tail risk, estimated at 5% of the total settlement amount,
- minus the settlement amount of EUR 290 million to be contributed by the Insurers and the reversal of the provision for litigation set up in 2014 (EUR 132.6 million).

1.3.4 Information on circumstances that could profoundly influence the development of the company

See note Forward-looking statements to be treated with caution.

1.3.5 Information on research and development

The company did not carry out any research and development activities.

1.3.6 Branches

As a consequence of the merger between ageas SA/NV and ageas NV in 2012, a branch was opened in the Netherlands (Ageas Dutch Branch).

1.3.7 Going concern

In our opinion, there are no objective reasons why valuation principles based on the going concern concept cannot apply (see also 1.1).

1.3.8 Other information that according to the Belgian Company Code should be included in the Annual Report

Discharge of the directors and external auditor

As prescribed by law and the company's articles of association, we ask you to grant the company's Board of Directors and Auditor discharge in respect of the execution of their mandate.

Capital increase and issue of warrants

In 2015 no capital increase or issue of warrants was made.

Article 11 - Law of 14 December 2005, dematerialisation of bearer shares

On 22 February 2016, KPMG has confirmed that ageas SA/NV is compliant with the criteria of article 11 of the law of 14 December 2005, relating to the dematerialisation process of bearer shares.

Non-audit assignments carried out by the auditor in 2015

In 2015, the external auditor carried out an additional assignment in connection with the Embedded Value Review.

Corporate Governance Statement

See Report of the Board of Directors, part 3 Corporate Governance Statement, in the Annual Report.

Remuneration report

See Report of the Board of Directors, part 3.7 Report of the Remuneration Committee, in the Annual Report.

Other information

Forward-looking statements to be treated with caution

Some of the statements contained in this Annual Report, including but not limited to the statements made in the sections entitled Message to the Shareholders, Description of Activities and Report of the Board of Directors and in note 5 Risk management, refer to future expectations and other forward-looking perceptions that are based on management's current views, estimates and assumptions concerning future events. These forward-looking statements are subject to certain risks and uncertainties, which means actual results, performance or events may differ substantially from what those statements express or imply, including but not limited to our expectations regarding the level of provisions relating to our credit and investment portfolios.

Other more general factors that may impact our results include but are not limited to:

- general economic conditions;
- changes in interest rates and the performance of financial markets;
- frequency and severity of insured loss events;
- mortality, morbidity and persistency levels and trends;
- foreign exchange rates, including euro / US dollar exchange rate;
- changes in competitive and pricing environments, including increasing competition in Belgium;
- changes in domestic and foreign legislation, regulations and taxes;
- regional or general changes in asset valuations;
- occurrence of significant natural or other disasters;
- inability to economically reinsure certain risks;
- adequacy of loss reserves;
- regulatory changes relating to the insurance, investment and/or securities industries;
- changes in the policies of central banks and/or foreign governments;
- general competitive factors on a global, regional and/or national scale.

Availability of company documents for public inspection

The Articles of Association of ageas SA/NV can be inspected at the Registry of the Commercial Court in Brussels (ageas SA/NV) and at the company's registered office.

The Annual Report is filed with the National Bank of Belgium (ageas SA/NV). Resolutions on the (re)election and removal of Ageas Board members are published in annexes to the Belgian Law Gazette (ageas SA/NV) and elsewhere.

Financial reports on the companies and notices convening AGMs and EGMs are published in the financial press, and other newspapers and periodicals. The Annual Report, as well as a list of all participations of Ageas, is available from Ageas's registered office in Brussels and is also filed with the National Bank of Belgium. The Annual Report, is sent each year to registered shareholders and to others on request.

Provision of information to shareholders and investors

Listed shares

Ageas shares are currently listed on NYSE Euronext Brussels and the Luxembourg Stock Exchange. Ageas also has a sponsored ADR programme in the United States. ageas SA/NV, VVPR strips were listed only on NYSE Euronext Brussels until 1 January 2013.

Types of shares

Shares in Ageas may be registered or bearer shares.

Registration of shares in dematerialised form

The company offers shareholders the opportunity to register their securities free of charge in dematerialised form. Ageas has developed a rapid conversion process for securities in the form of dematerialised shares, enabling delivery at short notice.

ageas SA/NV, Corporate Administration

Rue du Marquis 1, 1000 Brussels, Belgium
E-mail: corporate.adm@ageas.com

Information and communications

The company sends communications to holders of registered dematerialised shares free of charge, including the annual report. The company personally invites each holder of dematerialised shares registered with the company to attend General Meetings and provides them with the agenda, the proposed resolutions as well as proxies for their representation and participation in the voting. On the date that payment of the dividend becomes due, the company automatically pays the amount of the dividend due into the bank accounts indicated by the holders of dematerialised shares registered with the company.

Glossary and Abbreviations

Amortised cost
The amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation/accretion of any premium/discount, and minus any write-down for impairment.

Asset backed security
A bond or a note backed by debt instruments (not being mortgages) or accounts receivable.

Associate
A company on which Ageas has significant influence but which it does not control.

Basis point (bp)
One hundredth of a percentage point (0.01%).

Cash flow hedge
A hedge to mitigate exposure to fluctuations in the cash flow of a recognised asset or liability, or forecasted transaction, as a consequence of movements in variable rates or prices.

Clean fair value
The fair value excluding the unrealised portion of interest accruals.

Clearing
Administrative settlement of securities, futures and options transactions through a clearing organisation and the financial institutions associated with it (clearing members).

Credit spread
The yield differential between government bonds and corporate bonds or credits.

Custody
An agreement, usually between an investor and a bank (or possibly an agent or a trust company), whereby the investor deposits for safekeeping securities, gold or other valuables with the bank, which in turn takes the valuables into safekeeping for a fee.

Deferred acquisition cost
The cost of acquiring new and renewed insurance business, principally commissions, underwriting, agency and policy issue expenses, all of which vary with and primarily are related to the production of new business.

Derivative
A financial instrument such as a swap, forward contract, futures contract or option (both written and purchased). This financial instrument has a value that changes in response to changes in various underlying variables. It requires little or no net initial investment, and is settled at a future date.

Disability insurance
Insurance against the financial consequences of long-term disability.

Discounted cash flow method
An approach to valuation, whereby projected future cash flows are discounted at an interest rate that reflects the time value of money and a risk premium that reflects the extra return investors demand for the risk that the cash flow might not materialise after all.

Discretionary participation feature
A contractual right to receive, as a supplement to guaranteed benefits, additional benefits:
(a) that are likely to be a significant proportion of the total contractual benefits; (b) whose amount or timing is contractually at the discretion of the issuer; and (c) that are contractually based on: (i) the performance of a specified pool of contracts or a specified type of contract; (ii) realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or (iii) the profit or loss of the company, fund or other entity that issues the contract.

Embedded derivative
A derivative instrument that is embedded in another contract – the host contract. The host contract might be a debt or equity instrument, a lease, an insurance contract or a sale or purchase contract.

Employee benefits
All forms of considerations given by an entity in exchange for service rendered by employees, in addition to their pay or salary.

Fair value
The amount for which an asset (liability) can be bought (incurred) or sold (settled), between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge
A hedge of an exposure to changes in the fair value of a recognised asset or liability (or a portion thereof) or a firm commitment. The exposure is attributable to a particular risk and will affect reported net income.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Goodwill
This represents the amount by which the fair value of the assets acquired, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business, exceeds Ageas's interest in the fair value of assets acquired and liabilities and contingent liabilities assumed.

Gross written premiums
Total premiums (whether or not earned) for insurance contracts written or accepted during a specific period, without deduction for premiums ceded.

Hedge accounting
Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.

IFRS
International Financial Reporting Standards have been used as the standard for all listed companies within the European Union since 1 January 2005 to ensure transparent and comparable accounting and disclosure.

Impairment
A decline in value whereby the carrying amount of the asset exceeds the recoverable amount. In such a case, the carrying amount will be reduced to its recoverable amount through the income statement.

Insurance contract
A contract under which one party (Ageas) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Investment contract
A life insurance policy contract that transfers financial risk without transferring significant insurance risk.

Intangible asset
An identifiable non-monetary asset, which is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably.

Investment property
Property held by Ageas to earn rental income or for capital appreciation.

ISO Currency code list

AUD	Australia, Dollars
CAD	Canada, Dollars
CHF	Switzerland, Francs
CNY	China, Yuan Renminbi
DKK	Denmark, Kroner
GBP	Great Britain (United Kingdom), Pounds
HKD	Hong Kong, dollar
HUF	Hungary, Forint
INR	India, Rupee
MAD	Morocco, Dirham
MYR	Malaysia, Ringgits
PHP	Philippines Peso
PLN	Poland, Zloty
RON	Romania, Leu
SEK	Sweden, Kronor
THB	Thailand, Baht
TRY	Turkey, New Lira
TWD	Taiwan, New Dollars
USD	United States of America, Dollars
ZAR	South Africa, Rand

Market capitalisation
Value attributed to the company by the stock market. Market capitalisation corresponds to the number of shares outstanding multiplied by the share price at a given time.

NCI
Non-controlling interest.

Net investment hedge
A hedge used to reduce the financial risks of a reporting entity's share of the net assets of a foreign entity by entering into transactions that give an offsetting risk profile.

Notional amount
Amount of currency units, number of shares, a number of units of weight or volume or other units specified in a derivative contract.

Operating lease
A contract that allows the use of an asset in return for periodic payments, but does not convey rights similar to legal ownership of the asset and where the financial risks related to the asset are borne by the lessor.

Operating margin
Operating income divided by net premium. Operating income is the profit or loss stemming from all operations, including underwriting and investments.

Option
A privilege sold by one party to another that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed price during a certain period of time or on a specific date.

Private equity
Equity securities of companies that are not listed on a public exchange. Investors wishing to sell their stake in a private company have to find a buyer themselves owing to the lack of a marketplace.

Provision
Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the date of the statement of financial position.

Reverse repurchase agreement
The purchase of securities with an agreement to resell them at a higher price at a specific future date.

Shadow accounting
According to IFRS 4 an insurer is permitted, but not required, to change its accounting policies so that a recognised but unrealised gain or loss on an asset affects the measurement of the insurance liabilities. The related deferred adjustment to the insurance liability (or deferred acquisition costs or intangible assets) is recognised in equity only if the unrealised gains or losses are recognised directly in equity.

Securities lending transaction
A loan of a security from one counterparty to another who must eventually return the same security as repayment. The loan is often collateralised. Securities lending allows an entity in possession of a particular security to earn enhanced returns.

Structured credit instruments
Securities created by repackaging cash flows from financial contracts and encompassing asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDO).

Subordinated bond (loan)
A loan (or security) that ranks below other loans (or securities) with regard to claims on assets or earnings.

Subsidiary
Any company, of which Ageas, either directly or indirectly, has the power to govern the financial and operating policies so as to obtain the benefits from its activities ('control').

Trade date
The date when Ageas becomes a party to the contractual provisions of a financial asset.

Value of business acquired (VOBA)
The present value of future profits from acquired insurance contracts. VOBA is recognised as an intangible asset and amortised over the period in which the premiums or gross profits of the policies are recognised.

VaR
Abbreviation of value at risk. A technique that uses the statistical analysis of historical market trends and volatilities to estimate the likelihood that a given portfolio's losses will exceed a certain amount.

Abbreviations

AFS	Available for sale
ALM	Asset and liability management
CASHES	Convertible and subordinated hybrid equity-linked securities
CDS	Credit default swap
CEU	Continental Europe
CGU	Cash generating unit
DPF	Discretionary participation features
EPS	Earnings per share
Euribor	Euro interbank offered rate
EV	Embedded value
FRESH	Floating rate equity linked subordinated hybrid bond
HTM	Held to maturity
IBNR	Incurred but not reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LAT	Liability Adequacy Test
MCS	Mandatory convertible securities
OTC	Over the counter
SPV	Special purpose vehicle
UK	United Kingdom

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