

Belfius Insurance - the story of a spectacular recovery.

As a vital link in the strategy of the Belfius Bank & Insurance Group, in less than one year Belfius Insurance has become a healthy and indeed robust company. The recipe for this recovery has four basic ingredients: implementation of the de-risking strategy, perfect cost control, high client satisfaction rates and a focus on recurrent operating results.

Belfius Insurance is the insurance pole of the Belfius Bank & Insurance Group, an autonomous Belgian group held by the Federal State via the Federal Holding and Investment Company (FHIC).

Belfius Insurance offers a complete range of life and non-life insurance products, tailored to respond to the varying needs of its clients: individuals, professionals, private enterprises, public sector and non-profit organisations.

Furthermore, the recent purchase of the financial organisation Elantis has enabled Belfius Insurance to strengthen its positioning on the mortgage loan market.

In terms of market share, Belfius Insurance occupies 5th place on the Belgian insurance market, with gross written premium of some EUR 1.8 billion in life insurance and EUR 0.5 billion in non-life insurance in 2012.

Adapted distribution

In order to provide an optimum response to the specific needs of its clients, Belfius Insurance is organised into different distribution channels and brands:

- A. **Belfius Bank & Insurance** aims via bank-insurance channels at individual clients, professionals and SMEs seeking a solution through their bank branch. Belfius Bank & Insurances distributes its life and non-life insurance products through the 796 branches of Belfius Bank.

Commercial results 2012

Non-life gross written premiums: EUR 112 million

Life gross written premiums: EUR 1.251 billion

Total life insurance reserves: EUR 12.513 billion

Number of branches: 796

- B. **Les AP Assurances** have been the benchmark for more than 80 years in life and non-life insurance. Les AP Assurances offers approximately 400,000 families a complete range of insurances, both for individuals and for professionals and small companies, as well as mortgage loans. Via its network of 335 points of sale and its exclusive consultants, Les AP Assurances offer a tailored and personalised service the quality of which is well recognised.

Commercial results 2012

Non-life gross written premiums: EUR 283 million

Life gross written premiums: EUR 198 million

Total life insurance reserves: EUR 2.176 billion

Mortgage loan outstanding: EUR 863 million

Number of points of sale: 335

- C. **Corona direct** has been a direct insurer since 1974. Corona direct offers its 160,000 clients car, family, habitation, funeral and other insurances by direct means (internet, telephone or mail) and through its partners. The strength of Corona direct rests in its capacity for innovation (insurance by the kilometre).

Commercial results 2012

Non-life gross written premiums: EUR 43 million

Life gross written premiums: EUR 20 million

Total life insurance reserves: EUR 169 million

Full-time employees: 122

- D. **Elantis**, formerly a subsidiary of Belfius Bank, was taken over by Belfius Insurance in September 2012 and specialises in mortgage and consumer loans. Elantis is the skill centre for loans and aims to establish itself as a new and important distribution channel for Belfius Insurance.

Commercial results 2012

Mortgage loan outstanding: EUR 3.418 billion

Full-time employees: 67

- E. **Public & Social Profit and Corporate**: another feature of Belfius Insurance is its unique experience of public sector and non-profit insurances in general. This experience makes Belfius Insurance an essential operator in this non-profit sector, for which over time it has developed a complete range of life and non-life products adapted to the specific aspects of the sector:

Commercial results 2012

Non-life gross written premiums: EUR 93 million

Life gross written premiums: EUR 305 million

Total life insurance reserves: EUR 2.016 billion

Corporate consultants: 18

Commercial results 2012 for Belfius Insurance

Non-life gross written premiums: EUR 531 million

Life gross written premiums: EUR 1.774 billion

Total life insurance reserves: EUR 19.9 billion

Mortgage loan outstanding: EUR 4.281 billion

Balance sheet total: EUR 26.2 billion

Full-time employees: 1,197

Spectacular recovery

In a short time, and thanks to the work done by the new management team, Belfius Insurance has once again become a healthy and robust company, on three bases:

- **De-risking**: significant efforts to reduce risks (departure from the debt of peripheral countries) were made from November 2011.

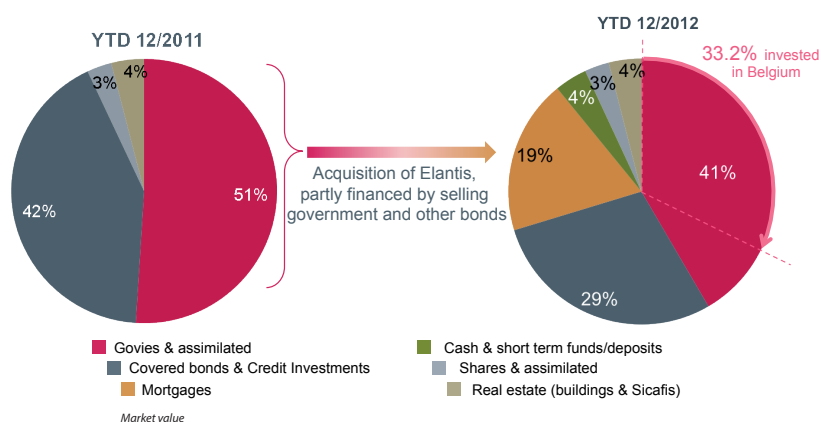
	sept 2011	dec 2012	evolution
PIIGS Sovereign (*)	2,190	1,044	-1,146
GREECE	517	0	-517
IRELAND	415	11	-404
ITALY	1.038	949	-89
PORTUGAL	219	84	-135
SPAIN	1	0	-1
BELGIUM Sovereign (**)	3,664	6,356	2,692
Mortgages (**)	334	4,281	3,947

in M EUR

(*) MCRE Maximum Credit Risk Exposure

(**) Accounting value IFRS

→ **Better asset allocation:** the de-risking operation enabled Belfius Insurance not only to reduce its exposure sharply to the sovereign debt of countries at risk but also to diversify its asset portfolio better, particularly via a stronger voluntary concentration on Belgian government bonds and the purchase of a mortgage loans portfolio (Elantis).



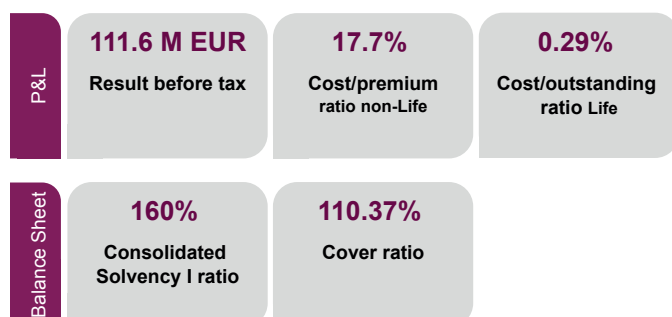
→ **Improved solvency:** the two operations mentioned above had a two-fold impact: 1) a considerable improvement of the company's solvency, and 2) a better recurrent annual return.

	YTD 09/2011 Aggregation & deduction method	YTD 12/2011 Aggregation & deduction method	YTD 12/2012 Consolidation method
Solvency ratio	109.4 %	102%	160%
Latencies		YTD 2011 - 647	YTD 2012 1,463
Result before tax		- 598.9	111.6
Recurrent financial return on average outstanding 2013 – 2015: > 4.25%			

in Mln EUR - Accounting value IFRS

Financial results 2012

Despite the losses associated with de-risking, Belfius Insurance posted a result of EUR 111.6 million.

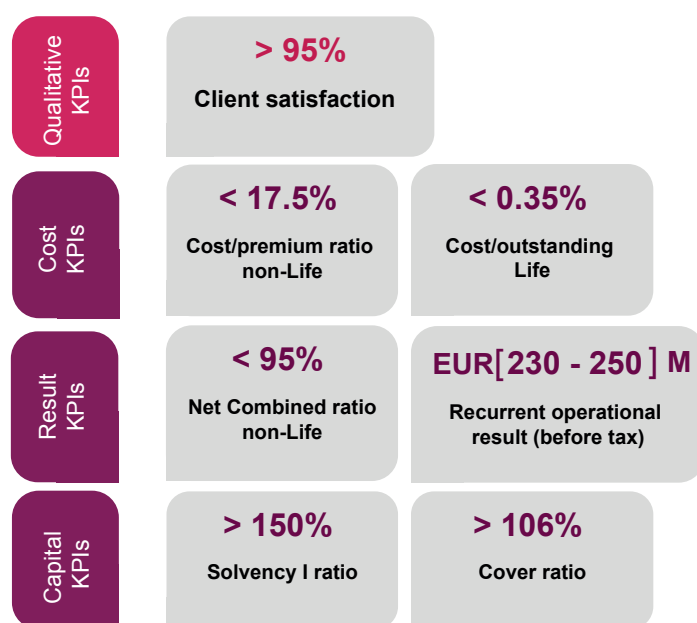


The ambitions of Belfius Insurance

Belfius Insurance has the ambition of becoming the most **efficient** insurer on the Belgian market, with regard to:

- its degree of client satisfaction
- its cost structure
- and its recurrent operating result

This ambition is realised through a multi-channel strategy, associated with a range of insurance products adapted to its clientele - individuals, professionals, private enterprises, public sector and non-profit organisations.



Target figures to 2016

Conclusion

- Belfius Insurance is a healthy and robust company, with sound financial and operating results.
- The plan is ambitious but realistic, by virtue of the multi-channel and multi-brand strategy.
- Belfius Insurance aims to become the most efficient insurer on the Belgian market.
- Belfius Insurance and Belfius Bank are complementary partners within Belfius.
- Belfius Insurance is a vital link in the Belfius strategy and makes a substantial contribution to its financial stability.