FY 2013 Earnings Call

Company Participants

- Antonio Cano, CEO, AG Insurance
- Bart De Smet, CEO
- Christophe Boizard, CFO
- Frank Vandenborre, IR
- Unidentified Speaker, Company Representative

Other Participants

- Albert Ploegh, Analyst
- Ashik Musaddi, Analyst
- David Andrich, Analyst
- Farquhar Murray, Analyst
- Francois Boissin, Analyst
- Jason Kalamboussis, Analyst
- Maarten Altena, Analyst
- Matthias De Wit, Analyst
- Tom Van Kempen, Analyst
- William Elderkin, Analyst
- William Hawkins, Analyst

Presentation

Operator

Ladies and gentlemen, welcome to the Ageas call for analysts and institutional investors. I am pleased to present Bart De Smet, CEO; and Christophe Boizard, CFO. (Operator Instructions) Mr. De Smet, your line is open.

Bart De Smet {BIO 16272635 <GO>}

Good morning, ladies and gentlemen. Thank you, all for dialing into this conference call and for being with us for the presentation of the full-year 2013 results of Ageas. As usual, I'm joined in the room by my colleagues of the executive committee; also, Antonio Cano, the CEO of AG Insurance; our investor relations team; and also, our Head of Legal, Gerry Bartast[ph].

Before commenting on the press release for the 2013 full-year results, I would like to draw the attention to another separate press release that we issued this morning. You might have seen that our colleague member of the executive committee, Kurt De Schepper, our Chief Risk Officer, has expressed a wish to retire as per July 1 this year.

I, first of all, would like to thank Kurt on behalf of Ageas and the entire management team for his contribution, and also for his capacity to keep us from time to time with the feet on the ground.

Secondly, to ensure a smooth transition, we have already announced that Filip Coremans, the current CFO and CRO for our Asian segment, will replace him. I'm convinced that Filip's more than 10-year experience in the Group, and especially his view of important segment like Asia, will be instrumental for the further steps the Company has to make in the coming years.

Ladies and gentlemen. the 2013 insurance result posted this morning after the second year in a row solid, with the Fourth Quarter confirming the positive trend of the previous quarters, taking into account of course some inevitable seasonable elements.

Further progress has been made in the course of the year against our strategic and financial objectives, and we took additional steps in reducing the complexity of the Group. These evolutions contributed positively to the Board's decision to increase the proposed dividend over 2013 by 70% compared to the previous year to an amount of EUR1.4 per share.

I also would like to stress a significant recent positive development in our legacy litigation. Last Friday, the Dutch Trade and Industry Appeal Tribunal announced the fine the Dutch Financial Market Supervisory Authority had imposed on Fortis in 2010 for alleged miscommunication on its subprime exposure in September 2007. Considering that Fortis had at the time not acted unreasonably, the Appeal Tribunal closed the case in a final way, while ruling in favor of Fortis on an important part of its legacy litigation.

On slide two of the pack, you will find the main headlines of the 2013 results. I'll go through these briefly, and later on, Christophe will comment in more detail.

The net insurance profit in 2013 amounted to EUR654 million, up 5% compared to 2012, with a net result in the Fourth Quarter of EUR157 million. In 2012, the Fourth Quarter net result amounted to EUR175 million.

Group inflows, including the non-consolidated parternships at 100%, amounted to EUR23.2 billion, which is 9% up on last year, with a Fourth Quarter of EUR5.5 billion.

Life inflows were up 11%, thanks to the good sales in Asia and Continental Europe. In non-life, the growth was somewhat more modest at 3%, with higher inflows in all segments. Outperformance this year, where again, the Asian businesses with total sales up 25%, but also Continental Europe up 21%, mainly driven by very good sales in Portugal.

Compared to 2012, the combined ratio with the consolidated activities improved to 98.6%, benefiting especially from good results in household. It is worth noting here that this figure includes some negative impact in Belgium from governmental measures, and from the storms and floods that hit Belgium and the UK in the Fourth Quarter.

The Group net profit amounted to EUR570 million, with a net loss in general account of EUR85 million. The general account reported a net loss in the Fourth Quarter of EUR100 million. As in 2012, this net result included the impact of the financial legacies, which explains the volatility year on year.

As you know, in the early part of 2013, we had a positive impact of transactions with respect to Royal Park Investments, and the settlement of a call option on the BNP Paribas shares. But in the second part of the year, the change valuation methodology for RPN(i), and substantial increase of the price of the CASHES financial instrument, caused an important negative non-cash charge. Christophe will come back on this.

With respect to the evolution of the shareholders' equity and solvency, the shareholders' equity declined to EUR8.5 billion, or EUR37.65 per share, and partly explained by lower unrealized gains. Other factors impacting this full-year drop are the total amount returned to shareholders in 2013, and the higher estimated fair value of the liability related to the put option linked to 25%+1 share of AG Insurance.

The solvency of our insurance operations increased slightly compared to the end of 2012 to 207%, while the Group solvency came down to 214% at the end of 2013.

The net cash position increased substantially in 2013 to EUR1.9 billion, befitting, among others, from the proceeds related to RPI and the call option on the BNP Paribas shares, but also from an extra focus on cash upstreaming from our various operating companies.

Ladies and gentlemen. before handing over to Christophe to comment in more detail on the performance on the respective business segments, I'd like to go back to the plan we outlined at the investors' update in September.

You will remember that I shared with you a more detailed list of actions designed to improve denominated and denominator respectively of the return on equity. They have been recapped on slide three of the presentation.

In terms of our actions to improve the numerator, you can see on slide four that the operating margin on our guaranteed life products at 96 basis points is well ahead of our objective. The same is true for the combined ratio in non-life; our plan to move to a higher proportion of unit-linked products; and, last but not least, an increased contribution from our non-consolidated partnerships.

The second line of action relates to the denominator, and here, we have promised that we would optimize the leverage levels of our operating companies. And in this regard, you will have seen that we successfully increased the leverage in our insurance operating companies, more specifically in Belgium.

Secondly, and as previously mentioned, we upstreamed more than EUR600 million of cash, with all segments contributing towards this. On slide 6, you can find more details; and also, in the press release on page 17, you will find a detailed table we plan in the future to publish once a year.

All these actions illustrate and underscore our determination to use our capital more efficiently and to optimize it where possible.

If we turn now to where we stand with respect to the realization of the vision 2015 targets, slide seven of the presentation, we can say that most of the progress has been made with respect to the combined ratio target, mainly because of the better combined ratio in the UK.

With respect to return on equity, we see a decrease from 8.7% to 8.3%, and this is more the result of a mathematical evolution rather than underlying business evolution.

The net profit increased in 2013 with 5%, but the average shareholders' equity went up with 11% due to the higher average unrealized gains in 2013 than in 2012. Including unrealized gains, the return on equity amounted to 10.4%

Ladies and gentlemen. the allocation of our net cash is a strategic choice of which we have clearly said that in the current environment we emphasize two options; to reinvest in the business or return to shareholders.

With respect to reinvestment in the business, I want to reemphasize what we said in September. Discipline is key. Every M&A transaction has to reflect the strict criteria we have set out. The alternative option of returning cash to shareholders has been implemented in various ways in 2013.

First of all, I'm on slide 9, there is a decision to increase the dividend up to EUR1.40 per share, or a total estimated amount of some EUR310 million to be paid out. This proposed dividend corresponds to the payout ratio at the high end of the 40% to 50% payout target, and a dividend yield of 4.5%.

Moreover, as you know, we have returned some EUR220 million to shareholders last December via the announced capital reduction; and meanwhile, we have executed about half of the EUR200 million share buyback program launched last August.

On slide 10, you can see that our share in terms of total shareholder return substantially outperformed the financial markets on a five-year, a three-year and a one-year base.

Ladies and gentlemen. this is the end of my introduction. I now want to hand over to Christophe. Christophe, the floor is yours.

Christophe Boizard {BIO 15390084 <GO>}

Thank you, Bart. So to complement Bart's presentation, I will provide you as usual with more details on the operating performance of our insurance activity, then some additional elements of the general account, and the evolution of our investment portfolio and our solvency position.

First, our insurance operations, and I am on slide 11. First, and before starting the explanation, I hope you will appreciate the new layout of the slides with the full year and the quarter in the same boxes. So you have kind of overall view of all the different KPI segment by segment with the two visions.

So on slide 11, our insurance operations reported a net profit of EUR654 million, up EUR30 million, despite the negative currency impact of EUR12 million compared to 2012. Overall, results evolved well in all segments, except for the UK, where we were all in all pleased to secure the result, even though it was last year slightly below the one of last year. The Q4 result of EUR157 million was lower than last year mainly due to lower realized net capital gains.

The EUR438 million contribution of the life activity was slightly higher than in 2012. The combined non-life and other activities contributed EUR217 million. Bart already talked about the combined ratio and the operating margins on our guaranteed life products.

On the unit-linked products, the operating margin came down to 28 bps. This drop is entirely due to a non-recurring negative result in Hong Kong. Belgium and Continental Europe stayed well above 40 bps for the full year.

Moving on to the Belgian operations, we are on slide 12 now, I'd like to start with the net profit which increased to EUR335 million. The life net result increased to EUR274 million, benefiting from a lower effective tax rate.

The non-life net result came down slightly to EUR61 million, with a lower operating result across all major business lines.

New government measures, more specifically the introduction of VAT on lawyer fees as of January 1, 2014, had a negative impact, while household suffered from an adverse claims evolution.

The prior year reserve release came down from 4.5% to 3.6%.

In flow now; the total inflow declined by 14%. As in the previous quarters, life suffered from substantially lower volumes in guaranteed life products, only partly offset by higher sales in unit-linked products. The continued low interest rate, an increase of the insurance taxes, and the very high partly anticipated sales level in 2012, are the main explanations.

The headlines for our UK segment are on slide 13. The net result of EUR100 million compares to EUR108 million in 2012, and includes an adverse foreign currency impact of EUR5 million. Remember that 2012 benefited from EUR4 million positive non-recurring impact linked, among others, to the purchase gap on Groupama UK. The retail activities did suffer from sharp competition and result in life is lower, but these are small numbers.

All this could not entirely be offset by the good underwriting discipline and the solid contribution from the acquired Groupama in non-life.

Total inflows in the UK increased slightly to EUR2.3 billion, a figure which includes almost EUR400 million of inflow coming from Groupama UK.

In motor, the average premium according to market research came down by 10[ph] to 14% roughly. Ageas did not follow these market discounts and chose to maintain underwriting discipline. On the top of this, Tesco Underwriting chose to focus on its core club card customers with a view to narrowing its client base and improving its risk profile.

The overall combined ratio came down to 98.4%, with a prior-year reserve release of 3.3% compared to the 2.1% we had in 2012.

On slide 14 of the presentation, the Continental Europe net result amounted to EUR77 million, up EUR13 million on last year, with an adverse foreign currency impact of EUR2 million. But as I mentioned it for UK, I also mention it for Continental Europe even though it's a small number.

EUR9 million relates to the sale of real estate in Turkey in the first half of the year, but this was already reported in previous closing. Aside from this, the non-life result improved significantly, again entirely driven by the excellent underwriting result in Turkey.

The net life result came down to EUR44 million with a lower contribution from Portugal, where the 2012 life risk claims ratio was exceptionally low.

As already mentioned by Bart, total inflows were up 21%, with growth coming mostly from the life activities. For the first time ever, Continental Europe life topped the EUR4 billion mark, with higher inflows in all countries.

The evolution in Portugal was the most striking. Good sales both in unit-linked and savings, and total inflow almost double to EUR1.5 billion.

Non-life inflows increased by 4% to EUR1.1 billion. Turkey grew strongly, once again on household and motor, and ended up just above EUR600 million.

Lastly Asia, on slide 15. Excellent results again, with an 11% increase in net profit to EUR142 million, and a good result in the Fourth Quarter. The improvement came essentially from an increase in non-life to reach EUR21 million.

The 2012 results were impacted by the 2011 floods in Thailand, while 2013 was marked by a much better underwriting performance and a better investment result. The life result stayed almost flat at EUR122 million. The underlying performance improved, except for China, which was impacted by significant investments in sales campaign and channel development.

By way of illustration, we have in the meantime more than 100,000 agents working for Taiping Life now. Of course, the inflow, the 100%, the inflow evolution attracted the most of attention increasing to nearly EUR10 billion. This represents more than 40% of total inflow at the AGS level.

Most of this increase came from China and was driven by the very successful single premium sales campaigns in the First Quarter. In addition, it is also worth highlighting that Thailand was up 20% on the previous year.

On slide 16, you can find the traditional overview of the investment portfolio. The slight decrease in total value to EUR75.1 billion is mainly attributable to lower unrealized gain on fixed income; and secondly, but that I mentioned -- I already mentioned that at the last closing the fact that we cancelled the on[ph] lending structure with BNP Paribas with a direct consequence of a reduction in the loan segment of something like EUR750 million. It was the NITSH I and II, if you remember.

The most important increase can be found in equities going up to EUR3.2 billion, and related both to higher unrealized gain and to additional investments made in 2013.

Ladies and gentlemen. this brings me to the general account, and we are on slide 17 now.

So we already mentioned a net loss of EUR85 million for the full year with a net result of minus EUR100 million in the Fourth Quarter. On the one hand, you have the real staff and operating expenses which came down to EUR45 million. The rest of the net result is explained by the combined financial impact of the various legacies.

The transactions conclude in early April with respect to the sale of the Royal Park Investments portfolio and the simultaneous sale of the BNP Paribas call option resulted in a combined net financial positive impact on the result of EUR185 million.

Then the RPN(i), the last -- the financial legacy, we had the review of the valuation methodology of the RPN(i) liability in the Third Quarter following the introduction of IFRS 13. This was explained at length during the Investor Day. And we have a substantial increase of the price of the CASHES financial instrument. So these are the two elements to explain why the RPN(i) increased so much.

In total, this led to an adjustment of EUR205 million negative, of which EUR91 million in the Fourth Quarter. This is for the RPN(i) adjustment. At the end of 2013, the RPN(i) liability is accounted in our books at EUR370 million.

The net cash position increased in the course of the year from EUR1.2 billion to EUR1.9 billion. Also here, the settlement with respect to RPI and the call option was key too for that increase. Bart already referred to the new table in our press release providing you with all the details regarding the upstream of dividend from the operating companies, but also all the other movements that impact the net cash position. So you have really a very detailed view of what happened on the cash position.

On slide 18, you can see the shareholders' equity decline to EUR8.5 billion, or EUR37.65 per share. The factors impacting the full-year drop are the lower unrealized gains due to the interest rate rises, the total amount returned to the shareholder in 2013, and the higher estimated fair value of the liability related to the put option linked to the 25%+1 share of AG insurance not compensated by the write-down of the corresponding non-controlling interest.

On slide 19, you will find the updated solvency figures at the insurance level and at Group level. The solvency of the insurance operations came down from 210% at the end of September to 207% at the end of the year. But you will remember that this year, we only deducted the planned dividend upstream from our Belgian operation in the Fourth Quarter, so one shot, and not proportionately throughout the year as we did before.

At Group level, the solvency came down from EUR229 million at the end of 2012 to 214%. The main reason for the decrease lies in the increased value of the liability related to the put option on the AG insurance shares, the capital injection in China and, of course, the share buyback program.

Ladies and gentlemen. I'd like to end my comments here and to hand over to Frank.

Questions And Answers

A - Frank Vandenborre {BIO 15168443 <GO>}

Thank you, Christophe. This opens the floor for questions. As quite some people on the phone, I would ask to limit yourself to two questions, and if you would have more questions, go back in the row; and obviously after the call, we can also help you.

Operator?

Operator

Thank you. So, ladies and gentlemen, we will now start the Q&A session. (Operator Instructions) Ashik Musaddi, JPMorgan.

Q - Ashik Musaddi {BIO 15847584 <GO>}

So a couple of questions, one on Chinese capital injection. You have injected EUR200 million capital in China in 2013. Can you give us an outlook on that; i.e., are you planning to inject more capital, or are you looking to --? What are your plans for Chinese operations? Because it looks like it's highly capital consumptive now because of the growth plans that Taiping Life has.

So that's the first thing.

Secondly, the -- currently there are no thoughts on M&A. There is nothing in the pipeline, or there may be something in the pipeline. Can you give us some color on what's there in the pipeline; i.e., if there is no M&A when should we expect more cash return to the shareholders because of maybe potential no M&A?

So these are the two questions. Thank you.

A - Christophe Boizard {BIO 15390084 <GO>}

Maybe on the first question, I think the capital increase is close to EUR200 million, and with two tranches, the first one beginning of the year, around EUR70 million, and then the rest at the end of the year.

But we have explosive growth there, really explosive growth, so it's a way to go along with the -- with increase -- the increasing volume of the China operation. We are really in the growing phase.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Yes. But how much more capital do you plan to put in because of the growth? Is it --? Will it continue to be capital consumptive like what we have seen in 2013, or do you expect it to go down; I mean, it won't be needing more capital going forward?

A - Christophe Boizard {BIO 15390084 <GO>}

First, we have to be careful on this, and this will depend on the activity in 2014. But there is not such amount for 2014, so we will -- nothing is forecast for 2014 at this moment.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Okay. Thank you.

A - Bart De Smet {BIO 16272635 <GO>}

And the second question on M&A, we stay -- what I also said with our position expressed the end of September that we look around; we to look to files that fit in our strategy. And maybe to remind, first of all look in[ph] markets where we are present in Europe; we look to -- give preference for non-life. But we each time will do it while respecting our strategic and financial objectives.

In Asia, we mentioned that it's not excluded that we enter new markets but that we will in any case not be asking for big tickets. So I think we have also shown in the past years not to -- will want to spend money in M&A at any price so we keep disciplined.

We'll see. And whether we will do something else with the cash, that we might[ph]. What has been said on the return to shareholders last year of close to EUR700 million, we are still currently halfway our buyback program launched in August. We pay a dividend. This is higher growth than our net profit, but it's in the 40/50[ph] range, so we will -- what we did in the past years is as going forward.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Okay. Thank you.

Operator

Francois Boissin, Exane BNP Paribas.

Q - Francois Boissin {BIO 16045021 <GO>}

I have two questions. First, the operating margin in life is very high in Q4. Can you give a bit more details on why this is? And basically, what outlook can you give for 2014? Your official guidance is for 85 basis points to 90 basis points. We've been above this number, both in 2012 and 2013. So is there room to increase the target, or do you expect headwinds in the coming months?

And the second question is on Hong Kong. There's been a one-off. I wondered you could give a bit more details on that.

Thank you.

A - Bart De Smet {BIO 16272635 <GO>}

For the operating margin in life, I think we tried to be extremely transparent by giving it on a quarterly base, but of course knowing that some elements like, for instance, the frequency and the amounts of the capital gains that are realized, and more precisely on real estate, are not always spread equally over the year. So you can have sometimes swings from one quarter to another.

I think most important is that we first of all committed to this range of 85 to 90 basis points; that we of course will do everything to stay in that range, and where possible to exceed it, with at the same time keeping a total offer to our clients that is attractive. And I think that is the solution that we also found for last year is a margin that was okay and even above the targeted range, and nevertheless a total return to our policyholders that is appreciated, and that is also I would say a good starting base for the coming years.

A - Christophe Boizard {BIO 15390084 <GO>}

So we have to be careful in interpreting the margin on a quarterly basis only. It's better to have long-term view over the different quarters. Otherwise we are, as you said, impacted by one-off like realizing capital gains. And, for instance, we made some capital gain in real estate at the end of the year, and this impact the margin as well.

Q - Francois Boissin {BIO 16045021 <GO>}

Okay. And is there --? I understand that there's been higher capital gains. Has there been a reduction in the crediting rates that[ph] you actually paid out to policyholders this year?

A - Bart De Smet {BIO 16272635 <GO>}

I talk[ph] on the control[ph] of Antonio. I think we've gone to something which is in line with last year, so it means that it's around 3% total return for the policyholders. So it means that in the positioning in Belgium market, we are as always not top, but we are in the top quartile with return to policyholders.

A - Christophe Boizard {BIO 15390084 <GO>}

Then you mentioned Hong Kong, and you are right. We have high figures on Hong Kong. But there is -- there was a one-off not related to market conditions, capital gains, or things of that kind. It was more, let's say, a methodological adjustment. And we have to read the margin together with the one on unit-linked where we have the opposite effect. And we have the big plus on guaranteed minus on the unit-linked, so it's still a little bit work in progress on Hong Kong as far as the margins are concerned. And so more a methodological effect, first element; second, to be read together with the unit-linked result, which is much lower.

Q - Francois Boissin {BIO 16045021 <GO>}

Okay. Thank you, very much.

Operator

(Operator Instructions) Albert Ploegh, ING.

Q - Albert Ploegh {BIO 3151309 <GO>}

A few questions from my side, first one on the dividend, which was ahead of consensus; but in a way, it's still within your payout range of 40% to 50% while actually being upstreaming more capital to the holding than required for funding the dividends and the holding expenses. So what made you still decide not to go, let's say, to the full 50% or even a higher payout range?

That's my first question.

The second question's a bit of a follow-up on an earlier question. You mentioned that if there are no opportunities for M&A, you would return more to shareholders. I understand that looking at files clearly takes time and your messaging is clear. But is there any likelihood that something might be decided, i.e., returning in the second half of this year?

Or should we really see this more as a 2015 event given also your business plan presentation last September?

And my final question is on the Belgium life back book. Can you give some insight in the current running yields versus guarantees, and also if possible on the new business production?

Thank you.

A - Bart De Smet {BIO 16272635 <GO>}

Question one, dividend. As you indicate clearly, Albert, it is indeed within our policy, 40% to 50%. It's exactly 47%. Theoretically, we could have gone to EUR1.46[ph] or EUR1.47[ph], but I think we in the first place want to be within the range and then you have -- you take somewhere decision.

We also, and it's not -- it's also easier to communicate somewhere around the figures that can also be easily calculated by people having to pay withholding back tax of 25%. And we also, I think, without having said that this is a clear commitment, we have the commitment of paying between 40% and 50%, but we, of course, also try to have a positive trend towards the future in our dividend payment unless the results would be completely --

The second question was on the cash, I think. When we announced the priorities saying we want to use this cash for M&A, and if not, we'll give it back to shareholders, we of course did not take a focus of three months to make the one or the other decision. So that is something you should see as we also on the line, I believe, being a continuous assessment going forward, like we did in the past.

So I cannot at this moment give any indication whether we will do something different in 2014 or 2015. It depends on market opportunities; depends on maybe external effect that we do not know today. But be sure that the continuous evaluation between the two options is made by management and Board on a quarterly basis, and so when the moment is there to take one decision or another, we will, of course, inform you.

A - Christophe Boizard {BIO 15390084 <GO>}

On the investment yields, so I have figures. On the bond, the fixed income bond, fixed income excluding market June[ph], on new money, we are at 3.29%. And you will remember that the minimum guaranteed rate for the main products are at 1.5%. And on the existing book is 3.49%[ph]. So it means -- but my comment that it is becoming closer and closer and we don't have a big difference now between the investment yield on existing book and what we obtain from new money. And the 3.29% and 3.49%, only 20 bps of difference.

A - Bart De Smet {BIO 16272635 <GO>}

But that's without cap gains on (multiple speakers) fixed income.

A - Christophe Boizard {BIO 15390084 <GO>}

Exactly, but fixed income investment yield, so we have the capital gain on the top of this.

Q - Albert Ploegh {BIO 3151309 <GO>}

Right. Thank you. Maybe one follow-up on the new guarantee of 1.5%. It seems there are at least some places in the Belgian market have been becoming a little bit more active in the latter part of last year. Has it been a more, let's say, one-off campaign, or is it a bit more structural trend that there might be some pressure on the one-offs[ph] and guaranteed level?

A - Bart De Smet {BIO 16272635 <GO>}

There has been one or another campaign, but we stick to the 1.5% as most of the players do. And I think if you look to the evolution of the life inflow and the market share, although Ageas Insurance stayed at the lower end in guarantee, it gained market share.

As for the drop in income, that is 20% in life, is lower than the drop in life inflow in the Belgian market. That's more in the area of 25%.

Q - Albert Ploegh {BIO 3151309 <GO>}

Thank you, very much.

Operator

Matthias De Wit, KBC Securities.

Q - Matthias De Wit {BIO 15856815 <GO>}

Two questions as well, please, first, with regard to the dividends to the holding. Can you provide the exact amount excluding those distributions related to offset the fresh injection in the hybrid debt redemption, please?

And looking forward, what would be a reasonable remittance ratio for 2014? If I remember correctly, you were guiding historically for 50% of earnings of the units to be paid out to the holding, but your solvency is quite strong at the insurance level. So might there be upside to that level?

And then secondly on the combined ratio in Q4, could you quantify the impact of floods and storms which might be considered exceptional? And looking forward to Q1 what could be the impact of the UK floods and storms we've seen so far, please?

A - Christophe Boizard {BIO 15390084 <GO>}

I can take the first question on the dividend. So you have already some explanation in the press release, in the press release regarding the total amount of dividend. Then we did one operation of leverage on AG only in 2013, and on slide six of the presentation, you have the breakdown. So it means that EUR225 million are related to this, let's say, capital optimization. So you have total figures in the press release, of which is EUR225 million.

A - Bart De Smet {BIO 16272635 <GO>}

(Multiple speakers). The core regular[ph] dividend is something like EUR410 million.

A - Christophe Boizard {BIO 15390084 <GO>}

Yes.

Q - Matthias De Wit {BIO 15856815 <GO>}

And how should we think about this ratio going forward in 2014?

A - Bart De Smet {BIO 16272635 <GO>}

I would say that as you know that their solvency ratios are in most regions in line or better than our target of 200% that we plan to have to continue with the methodology[ph] where we have seen dividend is such that the dividend we want to pay to shareholders plus regional and headquarter costs are covered. So we

A - Christophe Boizard {BIO 15390084 <GO>}

And we have -- we can say that we have the rising trend in incoming dividend, and I would take as a good example ICA to obtain the dividend for the first time this year in December. And what is foreseen is to increase the amount paid by ICA, and this is one example. But the trend is to increase incoming dividend to the holding.

A - Bart De Smet {BIO 16272635 <GO>}

And you also seeing on page 17 of the press release that almost all entities pay dividends. The only exception is one we already talked about is China where we have, of course, this quite important growth.

And your last question, expected impact from the storms in Q1. Of course, it's a bit difficult to be very, very precise, certainly in the UK, because it may be -- the UK is used to have storms and floodings, but this time, as water stands longer at higher levels, the ultimate impact is more -- is also more on estimation than on real experience.

What we see today, Belgium, and you could say something like EUR5 million impact; and UK, something like EUR20 million. And this is more net[ph] but before reinsurance. And also remind that also in previous years in Q1, we had impact from weather-related events. It was not storms last year but more a very tough winter.

So this is just to give you an idea about the amounts we estimate today as being the net impact of specifically these storms, without taking into account maybe better results in other areas of the non-life business.

Q - Matthias De Wit {BIO 15856815 <GO>}

Thanks.

Operator

Maarten Altena, Mediobanca.

Q - Maarten Altena {BIO 15898902 <GO>}

Two questions from my side. The first is on Asia, because I wonder how sustainable this other[ph] Fourth Quarter result is stemming from Asia. So is this the result of the earlier efforts that now start to pay off, or is it just to the earlier mentioned one-offs you discussed before?

And maybe also given the fluctuations in FX, could you update us on your hedging strategy? So have you hedged any of your non-euro FX cash flows or profits? And maybe to clarify the numbers you just mentioned on the UK storm and Belgium; is that for the First Quarter 2014, or also including the further quarter 2013 impact?

Thanks.

A - Bart De Smet {BIO 16272635 <GO>}

Starting with the last question, this is First Quarter 2014.

Q - Maarten Altena {BIO 15898902 <GO>}

Okay.

A - Bart De Smet {BIO 16272635 <GO>}

Going back to the first, and Christophe will take the second one, so what we have told last year is in China, for instance, we had quite huge growth, certainly in the first part of the year, and we take up all costs in P&L so it's not spread over time.

In the second half of the year, there was a bit more flattening, more regular premium than single premium, which is one of our, let's say objectives in China, which means that you have a kind of a recovery of the results also in China.

So we of course, as mentioned at the Investor Day last year, we expect that the net result contribution from what we call the emerging markets, so it means Asia, excluding Hong Kong, plus Turkey, we have further increase, and we will bond[ph] one of the elements to help us achieve this 11% return on equity.

So it's certainly not that we see the results of 2014 for Asia, or the Q4 result as a fully exceptional result. We are quite confident that's a good indicator for the future.

Q - Maarten Altena {BIO 15898902 <GO>}

Okay.

A - Christophe Boizard {BIO 15390084 <GO>}

On your second question, on the FX strategy, so the answer is extremely clear. There is no hedging at this moment on the currency, nor on the equity side, nor -- neither on the result of dividends. So there is no hedging in the Agean hope[ph] on currency.

Q - Maarten Altena {BIO 15898902 <GO>}

Okay, that's very clear. Thanks.

Operator

Farquhar Murray, Autonomous.

Q - Farquhar Murray {BIO 15345435 <GO>}

Just two questions, if I may. Firstly, just coming back to the UK floods, could you just give us an indication of what the reinsurance arrangements are around UK flooding? And in particular, I'm trying to get a sense of what the maximum loss could be there.

And actually, as a point of clarification, you seemed to say that EUR20 million was net but before reinsurance. Are you saying it's net of tax but gross of insurance?

And then secondly on prior year, it was about 5.4percentage points in the final quarter, which seems a bit high; but equally, the average figure for the full year was 3.5percentage points, which is actually pretty normal for the last couple of years. I'm just trying to get a sense of why there was such a large contribution in the final quarter, and more generally actually, whether the annual figure of 3.5percentage points is actually can be sustained going forward.

Thanks.

A - Unidentified Speaker

Okay. On the reinsurance. As you see in our annual results publication, we give the detail on the UK cutback[ph] program. We are in the order of magnitude of EUR40 million, which means EUR50 million. That of course is gross. There is a small difference between Tesco[ph], a much smaller entity where the retention is of course much, much lower, and in major entity, which is AIL. So any amount, provided that it is of course considered one event under the reinsurance treaty, about EUR50 million[ph] would go to the reinsurer.

Now that one event, you have to look at details, but it's measured in our policy over a 21-year period.

As to the prior-year run off, Bart, would you take that one?

A - Bart De Smet {BIO 16272635 <GO>}

Well, I'll start and you can complete. So you indicated[ph] a higher effect, positive effect in Q4, but nevertheless, it's a balance there between, for instance, some strengthening of reserves in maybe[ph] Belgium and some higher releases than the previous quarters in the UK.

In any case, what we do is a quite, let's say, precise estimation of our reserves. We have, of course, all internal but also external control on that by our actuaries and our external auditors. And if you look to the overall release we have had in the past years, and I take the full year, so it was 3.5% this year, it was 3.4% the year before, 3.5% in 2011, 3.7% in 2010, so it's a quite normal year, and we don't see any reason why it should go up or down in the coming period.

Q - Farquhar Murray {BIO 15345435 <GO>}

Okay. Thanks very much indeed.

Operator

And we still have three questions in queue. (Operator Instructions) William Elderkin, Goldman Sachs.

Q - William Elderkin {BIO 3349136 <GO>}

Just two quick follow-ups really. First of all, just on focus points on the UK flood losses, is that EUR20 million effect you mentioned, is that EUR20 million post-tax but before any reinsurance effect?

And then the second question is could you just give your view of where you think UK motor insurance pricing is going from here, obviously, having looked at this downward movements over the last year or so.

A - Bart De Smet {BIO 16272635 <GO>}

Okay. First question is affirmative that the EUR20 million is post-tax and before reinsurance. The second, what we have seen and there are some different figures, it's that the rates came down on average in UK between 9% and 14% depending on the source. We've seen in our portfolio that it is also something like 8%.

What is generally expected is that maybe earlier than foreseen, there will be a change again more upwards. Some reasons; first of all is that it has been made clear that the expected benefits from the ban on referral fees is expected to be lower than what was initially thought by the industry. It means that the rate decreases have been maybe a bit too optimistic.

And the second is, and that's more of a psychological one, that apparently what is happening today with the floodings is also making the public more acceptable for stabilizing or increasing rates in motor.

So we personally believe that there will be increased discipline in the market, first of all due to the overall evolution of claims, which is not necessarily motor, in this case household; and secondly, because a more closed view on the effects of the referral ban.

A - Christophe Boizard {BIO 15390084 <GO>}

But what we can say is that it is likely that the so-called payback mechanism will take place on the reinsurance side because they will suffer from substantial losses. So it is expected that they will raise the rates for the next renewal, and this should drive the prices up. That's the normal movement of the industry.

Q - William Elderkin {BIO 3349136 <GO>}

Thank you.

Operator

Tom Van Kempen, Petercam.

Q - Tom Van Kempen {BIO 17194522 <GO>}

Two questions from my side. First of all, sorry to come back to this, but I wanted to have your outlook for the life insurance volumes in Belgium for next year. I think 2013 has been a difficult year, but now the increase in insurance tax has been absorbed, so how do you see the market going forward?

And my second question is on the RPN(i). I believe you had an agreement, a compensation agreement, with BNP that lasted for two years should they decide to tender the remaining instruments. This was until January 2014. Have you had any talks with them on tendering the remaining CASHES? And if yes, what's their position on this?

Thank you.

A - Bart De Smet {BIO 16272635 <GO>}

So first question, I think you already give part of the answer in your question is that, indeed, the impact of the increased taxes have been absorbed by the public. So what we expect is, and we talk of course for our own, is that volumes in life in Belgium will not be lower than 2013.

The fact that we can also show that we have a solid policy in terms of profit sharing will certainly help. So we don't expect a further drop of the volumes, and we see positive evolution towards more appetizing unit-linked.

A - Christophe Boizard {BIO 15390084 <GO>}

Then your second question was on the agreement with BNP Paribas on the RPN(i). So you are right that we are close to the end. Actually, it was not end of January; it was more end of February. But it doesn't change things much.

The agreement was in case the prices of the CASHES become attractive, which is not at all the case, so it means that we are very far from doing anything with the CASHES right now. And the agreement will expire and we have no further agreement in place after this. So we leave things as they are.

Q - Tom Van Kempen {BIO 17194522 <GO>}

Okay. Just a follow-up then, if you don't mind. Is there any way for you to get rid of the RPN(i) then, of the obligations related to that, or is it only dependent on BNP?

A - Christophe Boizard {BIO 15390084 <GO>}

If there was a solution, the solution has to be found with BNP Paribas, obviously, we are co-obligor[ph] on the CASHES, and we are linked with this RPN(i) asset on their side, liability on our side, So this has to be done together. But there is no need on either side to do something.

For us, it's like a liability with a very low cost. We pay Paribas plus 90[ph]. So for us, the best thing is to leave the RPN(i) as it is, even though I have to admit that this volatility induced in the general account doesn't help. But there is no cash component here, and we have to accept with shareholder equity plus RPN(i) is constant at the end.

So if you consider -- but it's a little bit stretched, but if you consider that RPN(i) is permanent funding, we consider shareholder equity plus RPN(i) is constant. So that's the way we look at it. At the end, we don't see any appeal to do a costly operation to unwind this. So as I said, we leave things as they are.

Q - Tom Van Kempen {BIO 17194522 <GO>}

Okay. Very clear. Thank you, very much.

Operator

Jason Kalamboussis, Societe Generale.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Just a couple of things. One is your expense ratio has much improved in the Fourth Quarter, and notably in the UK we saw a drop. I just want to have an idea what's your outlook for next year. That means should we use that as a guidance? That means do you find that the higher expense ratio that came with the Groupama acquisition is now starting to go downwards?

The second thing is on the dividends in China. I think it's great to have the disclosure. But on China, as you mentioned it, for the moment, they are not appearing on the score sheet. Do you think that it's something that we could expect still, for example, in 2015? Or do you think that it could take a number of years to see dividends from China with the current situation?

A - Christophe Boizard {BIO 15390084 <GO>}

On China, on the dividends, that's our view, but it can be challenged. But we think that Taiping will be more and more under the pressure of financial analysts. They are listed in Hong Kong. Which means that they will be obliged to have, let's say, some discipline vis-a-vis the dividend. And we are lucky enough to be at the operating level.

So it means that one day they will be obliged to upstream dividend with higher payout ratio. And we think that at this moment we will benefit from a dividend. So this will come, but I don't know when. But this will come thanks to the fact that they are becoming more and more under the pressure of the external world, and they have -- as the analysts report, they have a lot of things.

A - Bart De Smet {BIO 16272635 <GO>}

The first question, indeed, we can say that it's also in the press release that the integration of Groupama in the UK activities has been almost completed. We are more than pleased with the results that exceed our expectations.

And for the expense ratio, it's a combination of cost ratio and commissions. Commissions of the Groupama portfolio were on average higher than on our AIL portfolio because it's also a different product mix. So I would say that we certainly not expect the expense ratio to go up in the coming period.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Just a quick follow-up on the dividends. By the way, should we assume that -- I could be wrong on this one -- but for Portugal, the 20.4[ph], was it driven by a one-off or --?

A - Unidentified Speaker

20.4; is that the dividend in Portugal?

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Yes, the dividend that was upstreamed from Portugal, the 20.4.

A - Unidentified Speaker

I'm not aware of an exceptional dividend. No, it's a regular dividend.

A - Christophe Boizard {BIO 15390084 <GO>}

No, it's a regular dividend.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Okay. Very good.

A - Christophe Boizard {BIO 15390084 <GO>}

An exceptional would be much higher due to the capital position of the subsidiaries. So, no, it was a regular dividend.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Thank you.

Operator

William Hawkins, KBW.

Q - William Hawkins {BIO 1822411 <GO>}

I've just got one short follow-up question. When you were talking about the operating margin in Belgian life, is there a number you can give us for the average crediting rate this year and last year? You spoke about the running yield. You spoke about the new business guarantees. But can you just give us the average crediting rate?

A - Bart De Smet {BIO 16272635 <GO>}

So as mentioned, for a lot of[ph] (inaudible) it's 3%, but we also have part of a portfolio where it's 2.5%. So you could say it's in between 2.5% and 3%.

A - Unidentified Speaker

It's from 3.25%[ph] also in Group.

A - Bart De Smet {BIO 16272635 <GO>}

Yes, 3.25% which is in the Group business, yes.

Q - William Hawkins {BIO 1822411 <GO>}

Okay. Thanks.

Operator

David Andrich, Morgan Stanley.

Q - David Andrich {BIO 15414075 <GO>}

Just one quick question on the Belgian life business. It looks like the underwriting results in Q4 from the guaranteed side was negative and I just was wondering if you could give a bit of color on that.

Thanks.

A - Bart De Smet {BIO 16272635 <GO>}

Negative or lower than the year before?

Q - David Andrich {BIO 15414075 <GO>}

Well, if I look at the nine months, I think it was sitting at about EUR29 million or so, and I think for the full year it was EUR26.5 million -- well, sorry, yes. I guess -- sorry, I guess just lower than year before for the guaranteed part specifically. Yes.

A - Bart De Smet {BIO 16272635 <GO>}

The only region we see is -- in the investment margin, you can have, as mentioned before, differences in capital gains, sometimes a real estate transaction that's done in Q3 in one year and Q4 in the other year. If I talk a bit top of memory, I think we have something like EUR7 million difference i -- that's AGS-wide in Q4, less capital gains than the year before.

Antonio, do you see another explanation?

A - Antonio Cano {BIO 16483724 <GO>}

No. Apart from seasonality and capital gains, there is no other real difference. It's pretty stable.

Q - David Andrich {BIO 15414075 <GO>}

Sorry. I was just -- under the guaranteed for nine months, you have EUR11.6 million, and for the full year you have EUR4.3 million for the net underlying[ph] result so I was just wondering --

A - Bart De Smet {BIO 16272635 <GO>}

That should be -- that won't be Belgium (multiple speakers).

A - Christophe Boizard {BIO 15390084 <GO>}

This has to be investigated, but sometimes, we have the annual movement in the profit sharing which takes place in Q4, etc. So we can have -- it's the reason why at the beginning we said that the interpretation of margin based on quarter alone can be difficult to combine[ph].

A - Bart De Smet {BIO 16272635 <GO>}

I'll try to find back the figures because it was EUR95 million[ph] --

A - Antonio Cano {BIO 16483724 <GO>}

It's just a net underwriting result --

A - Unidentified Speaker

Underwriting, yes.

A - Antonio Cano {BIO 16483724 <GO>}

So you're excluding the investment margin.

Q - David Andrich {BIO 15414075 <GO>}

Yes.

A - Antonio Cano {BIO 16483724 <GO>}

The net underwriting result is to a large extent driven by the volumes we make, because the cost loading included in the premiums is part of the positive in the underwriting margin. So if inflow goes down, you will see a squeeze on the underwriting margin.

Q - David Andrich {BIO 15414075 <GO>}

Okay. All right. Thank you.

A - Antonio Cano {BIO 16483724 <GO>}

And then I think there were also some -- on the risk margin, there might have been some fluctuation, but that's minor[ph].

Q - David Andrich {BIO 15414075 <GO>}

Okay. Thank you, very much.

Operator

Francois Boissin, Exane BNP Paribas.

Q - Francois Boissin {BIO 16045021 <GO>}

Two follow-up questions, please. First one is on litigation. Can you expand a little bit on the positive development from the AFM and what the implications would be for basically all the lawsuits going forward?

And the second question is you report EUR0.3 billion available capital in general accounts. I just wondered how you get to this number, because it's significantly below the cash position.

Thank you.

A - Bart De Smet {BIO 16272635 <GO>}

Christophe will take together with Thierry[ph] maybe the first one.

A - Unidentified Speaker

On the litigation, the short answer would be if we would only know what the consequences are we would be happy. But seriously, we have said since the beginning that we would do our utmost best to defend the interests of the Company, as this being our duty towards the current shareholders, however traumatic the events of 2008 may have been.

In this light, indeed the decision by the Dutch court, which is final and irreversible, to cancel the AFM finally[ph] related to the communication around the (CDO) exposure is for us pretty welcomed. It basically says that, and in an irrevocable way, that the communication did not require any administrative[ph] sanction.

If you read the judge's -- the judgment, they say, actually AFM did not adequately demonstrate that there was any bi-sensitive[ph] information withheld. They say the risk judgment at that time by Fortis was not unreasonable. And I think this is the most important thing, because it really puts everything again in the right context. Things have to be judged in the context at that time.

They also refer to the fact that with the information at that time, the Belgian regulator had approved the trading update. And this of course is going to be positive in our ongoing litigation, but it definitely does not signal unfortunately the end of that and we will see how things evolve moving forward.

I hope this adequately replies to your question.

On the second one, Christophe, will you take that?

A - Christophe Boizard {BIO 15390084 <GO>}

Yes. So you are right. There is a big drop in the capital position to EUR0.3 billion under the general account. You are right. We started the year at EUR1 billion, so there is a big drop, and the reasons are the following.

You have a lot of reasons among which you have the result at the general account level, mainly driven by the revaluation of the RPN(i) and that's a drain on this.

You have the put option. The put option on the BNP Paribas shares alone, it's EUR258 million. And you have other things like the capital injection in China; that's a minus, minus EUR200 million[ph]. You have part of the elements shown in the roll forward in the shareholder equity. It's the general account, like the purchase of own shares, for instance. So all these elements added up makes -- explain the drop.

A - Bart De Smet {BIO 16272635 <GO>}

And so the difference between this EUR300 million and the almost, let's say, EUR2 billion net cash is that in our accounting, it is assumed that we have to put the cash aside for the RPN(i) and for the put option. And together they make something like EUR1.6 billion/EUR1.7 billion.

A - Christophe Boizard {BIO 15390084 <GO>}

Yes, exactly. When you --

A - Bart De Smet {BIO 16272635 <GO>}

When you read that together with EUR300 billion[ph], you have, let's say, an equal amount capital plus these liabilities with the cash.

A - Christophe Boizard {BIO 15390084 <GO>}

No. You are right. When you read the balance sheet, it is true; but on the liabilities side, you have this RPN(i) and the put option, and on the asset side the cash. So you may argue that the cash is not free, but our view is slightly different in the sense that the RPN(i) is a non-cash element, so we will have -- we will never have to pay for the RPN(i).

And on the put option, two answers. First, we think that it is not likely the put will be exercised, so that's our assumption. And in case it was exercised, the fallback option, we have some solutions to address the need for cash, and the fallback solution would be, I don't know, to do an IPO with its 25% stake etc.

So all in all, what could be seen as not free, is free. So we still have the cash available. And if you add up the EUR0.3 billion you mentioned at the beginning, plus the RPN(i), EUR370 million, plus the put option EUR1.2 billion[ph], by coincidence, we are at EUR1.9 billion, which is the amount of cash. So all in all, we can claim that the cash is still free.

Q - Francois Boissin {BIO 16045021 <GO>}

Yes, it's clear. Does that mean that basically if you do a further share buyback, you would be happy to run with negative IFRS equity on the general account? Is this a fair statement, or would you be prevented from going below zero?

A - Bart De Smet {BIO 16272635 <GO>}

May be it's --

A - Christophe Boizard {BIO 15390084 <GO>}

It's an analytical split. The capital of the general account per se doesn't exist.

A - Bart De Smet {BIO 16272635 <GO>}

And the treatment of it would be different.

A - Christophe Boizard {BIO 15390084 <GO>}

I think, and I will further investigate, but for me, it is not impossible to go negative as it is an analytical split.

A - Unidentified Speaker

And I think if you look at it probably a bit from the solvency perspective, the solvency is protection of the insured. So the first element of solvency we look at, and the regulator looks at, is the insurance solvency, although of course he requests us to deliver the full calculation.

But I would not see a regulator immediately be alerted by the fact that we would go beyond -- below our target of 200% -- of ourselves go below the 200%, as long as the insurance activity is adequately capitalized. And as Bart mentioned, this is a view on the Solvency I, on the Solvency II; and God knows when Solvency II will finally be applicable, under Solvency II this effect is not there, of course.

A - Christophe Boizard {BIO 15390084 <GO>}

The put doesn't take this under Solvency II.

Q - Francois Boissin {BIO 16045021 <GO>}

Okay. Well, thank you very much. Very clear. Thank you.

Operator

(Operator Instructions) Jason Kalamboussis, Societe Generale.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Two questions. On the M&A front, I just wanted to know if you could give us just a little bit more guidance. You have done in the past M&A that was probably sub-EUR200 million; let's call it small bolt on. Let's say that an acquisition will be between EUR200 million and EUR500 million would be larger bolt on, but it seems that in the market you have people that are afraid of thinking about above EUR1 billion.

Now you can -- we can always disregard this and say, look, I don't know where this is coming from but it's not exactly what you have been guiding, or everyone can actually have their own beliefs. But could you reassure and say that what you're looking to do, it's something that I would call larger bolt on, so in that EUR200 million to EUR500 million range, which doesn't mean that you cannot go above, but at least will reassure people on what you are thinking?

Because, on the other side, you do not want to be very explicit on the net cash position on what you would like to leave there in general as a buffer, if you want.

And the second question is just on the nat cats[ph] for the Fourth Quarter. My understanding is that you have EUR8 million nat cats in Belgium and, again, EUR20 million in the UK for the Fourth Quarter. Is it like net of tax, gross of reinsurance like before? And then especially the EUR8 million in Belgium, even if I do it pretax and I put it into the household combined ratio, I find that the household combined ratio, it's still high, and I don't understand. So excluding the nat cats, I still find it quite high versus an excellent combined ratio in the past quarters.

A - Bart De Smet {BIO 16272635 <GO>}

On the first question, I believe I have to somewhat disappoint you in not being able to give guidance. I think the only thing we can say is refer to our past.

We have done acquisitions that were indeed not EUR1 billion plus acquisitions. I think we always look to the added value to the Group, the fitting in the strategy, but also look very clearly to the capacity to deal with a number of operations. And I would say, if you look around, you have all files of multiple billions, which is clearly above our capacity, or you have more files in the range of EUR100 million to some hundred millions.

So we will each time drive ourselves dizzy[ph] by are we able to add value, do we have the capacity to manage this, and is it fitting with our strategic and financial criteria. So at this moment, to be sure, I don't see files on our table that exceed the EUR1 billion. So if that is a certain comfort we give to the market and to you, then you can note that down.

The second question on the combined -- on the impact in Q4. The -- I was a bit surprised by your comment on Belgian combined ratio. I'm looking to it, and if you see the cat nat[ph] total impact in 2013 in Belgium was quite in line with the one the year before. The only difference is that in 2012, it was more positioned in the First Quarter where it was now in the Second Quarter.

But if I look to the combined ratio in household, it's at level of 97%, and the year before it was also 96.7%, coming from combined ratios that were in the area of 110/120% the years before. So I would say with 97% combined ratio, also taking into account the quite short period of settling of household claims and the financial income, this is certainly a business line where you have something like 15% to 20% return on equity.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Great. So coming just back on the Fourth Quarter, it is around EUR13 million for the whole year of nat cats; around EUR8 million, let's say, in the Fourth Quarter; and EUR20 million is the UK nat cats for the Fourth Quarter.

A - Unidentified Speaker

(Multiple speakers). It's EUR8 million net at (inaudible). But I think -- I understand you tried to focus on the various quarters, but I think that's probably something you should not do. A quarter on a portfolio, that has a real risk. And don't forget[ph] the real risk; we are insuring clients here. That's completely normal that there's some variation. So I can confirm, if that's your question; EUR8 million, that's what I have.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

But for Belgium, it was up in the Fourth Quarter?

A - Unidentified Speaker

Absolutely, yes.

And gross it was EUR18 million, yes.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Great. Thank you, very much.

Operator

And this was the last question in the queue. Mr. De Smet, would you like to begin closing comments?

A - Bart De Smet {BIO 16272635 <GO>}

Okay. Ladies and gentlemen, thank you for your good questions. I would like to end the call with some main conclusions.

I think we can say that we are all overall pleased that in 2013 we have once more been able to report strong insurance results and that we've been delivering on our promises.

Inflows continue to grow. We have maintained our strength and our market positions in the key markets. Both in life and non-life, the operating margins evolved well and are in line with our objectives.

Also, in 2013, we managed to reduce the complexity and the risk profile of Ageas. Disciplined cash management remains one of the key objectives for the entire management team. And, finally, the increase of the proposed dividend underlies the efforts of the Board and the management of Ageas to consider the return for the shareholder and the confidence in the health of our Company.

Don't hesitate to contact our Investor Relations team should you have outstanding questions. Thanks for your time, and I wish you a very good day.

Good bye.

Operator

Thank you, Mr. De Smet. So, ladies and gentlemen, this concludes today's conference call. Thank you, all for attending.
