FY 2012 Earnings Call

Company Participants

- Barry Smith, COO
- Bart De Smet, Chief Executive Officer for Strategy & Development, Audit, IR
- Christophe Boizard, Chief Financial Officer
- Frank Vandenborre, IR
- Kurt De Schepper, Chief Risk Officer

Other Participants

- Albert Ploegh, Analyst
- Ashik Musaddi, Analyst
- David Andrich, Analyst
- Farooq Hanif, Analyst
- Francois Boissin, Analyst
- Jan Willem Weidema, Analyst
- Jason Kalamboussis, Analyst
- Matthias de Wit, Analyst
- Robin Buckley, Analyst
- William Elderkin, Analyst
- William Hawkins, Analyst

Presentation

Operator

Ladies and gentlemen, welcome to the Ageas conference call on the full year 2012 results. I am pleased to present Bart De Smet, CEO; and Christophe Boizard, CFO.

(operator instructions) Gentlemen, please begin.

Bart De Smet {BIO 16272635 <GO>}

Good morning, ladies and gentlemen. Thank you, all, for dialing in to this conference call and for being with us for the presentation of the 2012 results of Ageas.

As usual, I am joined in the room by my colleagues of the Executive Committee; our newly appointed COO, Barry Smith; and Antonio Cano, CEO of AG Insurance; as well, of course, by our Investor Relations team.

Ladies and gentlemen. this morning Ageas has posted strong 2012 results. I believe it is fair to say that we have demonstrated continued positive momentum in our Insurance activities across the Group. Both inflows and net results moved up significantly in 2012, and even when we adjust for the impairment charges in 2011, we see an improvement in the net result of 15%.

The Fourth Quarter did not bring any major surprises, and inflows and results were somewhat higher than the average performance in previous quarters. We integrated the Groupama UK acquisition into our accounts, but the total impact on 2012 results remained relatively small due to a number of accounting items related to this transaction and some other closing bookings.

We are pleased to propose to our shareholders a gross cash dividend for 2012 of EUR1.2 per share, which is 50% up compared to 2011. This increase reflects the improved results and is in line with the payouts that we have set out in our dividend policy.

I would also like to draw your attention to the improvements made to our financial disclosures, as already announced during our Investor Day in September. We hope that the additional information provided will enable you to better understand and analyze our performance. Christophe will come back to this later on during the call.

The main headlines of the results announced today are the following. With respect to the Group inflows, including the non-consolidated partnerships at 100%, they amounted to EUR21.3 billion, which is 24% higher than last year and we are growing both in Life and Non-Life. A significant amount of the growth relates to our non-consolidated partnerships, where inflows have increased by more than 70% up to EUR10.2 billion.

Once again China, but also Thailand, have been the driving forces behind the increase. But we should also not forget the impact of the inclusion of Turkey since 2012 and the scope change with respect to Luxembourg due to the merger of activities with Cardif since the beginning of 2012.

If we take the inflows specifically attributable to Ageas, one of the concepts introduced at the Investor Day, the increase is somewhat lower at 16%, as under this approach, the partnerships count for less in the total figure.

Our 2012 net Insurance profit amounted to EUR624 million, with a net result of EUR175 million in the Fourth Quarter. You will remember that we reported a net loss in 2011 due to the significant impairment charges related to our Investment portfolio and goodwill.

In the presentation, you will find a full comparison for these items for both years. Be aware that the impairments also include impairments on goodwill and the badwill recognized in relation to the acquisition of Groupama in the UK. Christophe will elaborate on this a bit later.

More important is that we can report a 15% improvement in the net result if we adjust both years for these impairments. This illustrates once again the continued improvement in our operational performance.

Our Group combined ratio improved to 99.1%, which contributed to a satisfying Non-Life net result of EUR223 million. The Life net result went up to EUR430 million, with a better performance in both Investment and net Underwriting results.

And lastly, our UK Retail operations reported commissions and fees in line with last year and a net result which amounted to EUR28 million negative. But this includes, however, a non-recurring charge of EUR43 million, of which EUR33 million relates to a write-down of goodwill and intangibles, and EUR4 million of transaction costs related to the aforementioned Groupama UK acquisition.

Overall, it is fair to say that we also benefited from a positive currency impact in Asia and the UK, the positive impact from scope changes and some positive one-offs in Asia mainly in the first half of the year.

The technical liabilities for the consolidated activities amounted to EUR68.8 billion, up 7%, with a strong increase in Belgium. And in the non-consolidated entities, technical liabilities amounted to EUR36.2 billion, up 18%.

If we then move to the 2012 Group net profit, we can mention that this amounted to EUR743 million, with a positive contribution to the net results of EUR119 million from the General Account. The legacies accounted for a positive contribution of EUR209 million, largely driven by the settlement in the first half year of a number of outstanding legacies.

And finally, our shareholders' equity increased by 28%, a trend already noticed in previous quarters. At the end of 2012, it amounted to EUR9.9 billion, or EUR42.75 per share, further up compared to the end of September, and driven again by additional increases in unrealized gains. At the end of 2012, this accounts already for about EUR2 billion, or 20% of total shareholders' equity.

The Insurance solvency remains strong at 206%, while the Group solvency declined slightly to 231% due to the increased valuation of the put option on the 25% non-controlling interest in AG Insurance. The value of the latter increased to about EUR900 million.

Ladies and gentlemen. we communicated one year ago on our operational priorities for 2012. I believe we can show that we have delivered against all of these. First, we promised to consolidate where possible, improve further our operational performance. As already explained, our net result intrinsically went up, with better results both in Life and Non-Life.

Secondly, we announced that we wanted to review and rethink our strategic asset allocation. We further reduced our exposure on the peripheral countries, and we made an important announcement during the summer, a decision to allocate up to EUR3 billion in infrastructure loans. Since then, we have made significant progress in the deployment of this plan, and we have already invested in a number of projects.

Thirdly, we wanted to make further progress in unwinding the legacy issues. Here we have been successful, both through the solution found with BNP Paribas for the CASHES and the Tier 1, and with the Dutch State and ABN AMRO regarding outstanding financial issues in the Netherlands. And on top of this, we also simplified our legal structure.

Fourthly, we continue to adhere to strict and disciplined capital management. Here, I would just highlight three elements. One, a strict acquisition policy, with only the acquisition of distressed assets of Groupama UK; two, a second share buyback program announced in August; and three, an increased dividend perfectly in line with our dividend policy.

Lastly, we have continued to prepare for the upcoming regulatory changes. We continue to execute our Solvency II program, but have taken note of the delayed deadlines announced at the European level.

So as a conclusion as CEO, I am pleased and encouraged with this performance, and we can certainly say that these results have led to an improved perception of Ageas as a whole.

I should, of course, mention the strategic targets for 2015 which we communicated to you at the Investor Day. You will find in the presentation our 2012 performance against these objectives. These targets have already proven to be important as they help to further align the entire organization around a number of clear and simple KPIs. We will continue to report in a disciplined way on our performance against those targets.

And I would like now to give the floor to Christophe to shed a bit more light on the financials, and to provide you with some additional insights before we move on to Q&A.

Christophe Boizard {BIO 15390084 <GO>}

So thank you, Bart. After that presentation, let me give you some more additional comments on three things; first, our Insurance operations and the General Account and Investment portfolio.

So first, our Insurance operations. Our Belgian operations, we posted a net profit of EUR324 million compared to a net loss of EUR327 million in 2011, with good progress both in Life and Non-Life.

As already mentioned by Bart, the 2011 results were distorted by the impairment charges, but notwithstanding this, we see an important improvement in both the Investment result and in the Underwriting result, the latter especially in Non-Life.

In Life, a solid operating result was somewhat offset by lower returns on own funds and by higher effective tax rate. In Non-Life, the operating result improved mainly in Accident & Health and in Household, while the Motor result included the impact of a strengthening of reserves for bodily injuries. Excluding this, the net result would also have improved.

The overall combined ratio stood at 99.5%, below the Ageas target of 100%, and with an impact of some 2% from the reserves strengthening in Motor that I already mentioned.

The inflows in Life benefited from strong sales in Individual savings via the bank channel, and good momentum in Group Life. In Non-Life, we see a pattern of steadily increasing premium year on year, and again, up 5% to EUR1.8 billion, with the biggest increase in Household.

So that's for the Belgium. Let's go to the second segment, the UK.

So in the UK, result increased by nearly 25% compared to 2011 to EUR108 million, mainly driven by a strong Motor result and higher net capital gains.

As Bart already mentioned, it is important to note that the UK segment results are impacted by purchase accounting items related to the acquisition of Groupama UK and some other items.

First of all, the Non-Life result. The reported net result amounted to EUR137 million. That includes first badwill related to the Groupama UK acquisition for EUR63 million; second, EUR4 million of net result from Groupama for the consolidative period, the last six weeks of the year; and a charge of EUR15 million of reorganization costs. Adjusted for these items, the net result is still markedly up, thanks to a good performance in Motor, higher net realized capital gains compared to 2011, and a positive currency impact.

At constant exchange rate, inflows remained stable, with strong growth in Motor offsetting lower premium levels in Household and Travel.

In the Retail segment, the negative net result reported of EUR28 million includes a goodwill impairment of EUR31 million related to Kwik-Fit, a charge of EUR8 million due to an accelerated amortization of intangible assets, and an average EUR4 million of Groupama transaction related costs. If we compare with 2011, we have to keep in mind that last year included an incentive payment from a commercial partner of EUR9 million. After adjustments, the net result is nearly flat due, amongst other things, to the highly competitive environment in which we operate.

In Life now, the net result was close to break even, with an additional charge of EUR8 million following a year-end revue of deferred acquisition costs, broadly offset by a tax credit for roughly the same amount.

In our third segment, Continental Europe, the net result of EUR64 was broken down by EUR50 million in Life and EUR14 million in Non-Life; but in Belgium, the 2011 result was spoilt by the net impairment charge on bonds and equities. On an adjusted basis, the net result remained solid, driven by a strong Underwriting margin, continued cost containment, and the positive impact of scope changes, amongst others, the full inclusion of the net result of AKSigorta in Turkey and that's in Non-Life.

In addition, I'd like to mention the extremely good combined ratio of 93.4% driven by the Portuguese and Italian operations, while Turkey also reported the combined ratio of 97.5%, well below the 100% Ageas target.

Let us switch to the inflow now; inflow increases strongly. In Life, this was primarily driven by Luxembourg where we had the scope change since the beginning of the year, and exceptionally strong inflows in the Fourth Quarter, partly offset by lower sales in Portugal and France. In Non-Life, the inclusion of AKSigorta boosted the overall premium levels.

Now at last Asia. Asia, once again, we can report a nice increase in the net result up to EUR128 million, and a strong increase of inflow levels up nearly 30% to around EUR8 billion at 100%.

Life inflows resumed growth, especially in China, but also in Malaysia and Thailand, marked by a high proportion of regular premium resulting from good persistency and high quality regular premium sales.

Gross written premium in Non-Life went up 24%, partly driven by a positive currency impact, with the strongest growth in Thailand.

The increase in the net profit comes from both a further improvement in Hong Kong and a substantial profit growth in the non-consolidated partnerships. The Hong Kong net result amounted to EUR34 million compared to EUR84 million that was a loss -- negative value last year; the latter, the loss including a goodwill impairment of EUR99 million. You will remember this.

The operating result almost doubled reflecting better Underwriting and an improved Investment result. In the partnerships, the net result accrued[ph] by nearly EUR80 million to just over EUR100 million; last year, we fed[ph] by net impairments of about EUR40 million. Overall, organic growth and the recovery of financial markets across Asia drove the improvement.

This brings me to the General Account now. Bart already mentioned the positive net result in 2012 for EUR119 million. Of this, EUR209 million relates to the combined effect of the various legacies. You will certainly remember the transactions we concluded earlier this year with, on the one hand BNP Paribas regarding the CASHES and the Tier 1 instrument, and on the other hand, the agreement with Dutch State and ABN AMRO. The combined positive impact of both developments on the net result was about EUR270 million. That's a positive impact.

The value of the put option on the BNP Paribas shares appeared to be pretty volatile throughout the year, with a steep increase earlier this year and some recovery in the second part of the year, especially during Q4, thanks to the rally we have seen on the equity markets. The value at the end of the year of was EUR234 million, still about EUR160 million down compared to the prior year.

The equity value of Royal Park Investments increased by almost EUR100 million to EUR872 million. RPI had an excellent year, we'd even say an incredible year in 2012, with a net IFRS result before goodwill impairment above EUR1 billion. The continued revue of the value in use of RPI and the increased mark-to-market revaluation of the Investment portfolio resulted in a goodwill impairment charge of 2012 of EUR782 million, resulting at year end in goodwill being fully impaired, which is, as you know, good news, the fact that we have exhausted the goodwill.

Let me just point out that as of now, all fair value adjustments in the Investment portfolio will flow directly to the Profit & Loss Account.

Also interesting to note the increase in the fair value of the underlying portfolio from EUR6 billion to EUR6.2 billion, despite EUR1.2 billion of principal collections. This means that positive value evolutions more than compensated for the principal collections.

Lastly, the RPN(I) floor amounted to EUR165 million at the end of 2012 based on the net present value of the expected future interest payment, and slightly up compared to the original floor.

The net cash position in the General Account evolved positively in 2012 amounting to EUR1.2 billion, strongly up compared to the end of 2011. This is the result of the previously mentioned settlements, partly offset by the dividend payments of 2012 and the share buyback and funding of subsidiaries.

Ladies and gentlemen. let me end my intervention with a few comments on the Investment portfolio.

You will first of all note that we have provided you with a disclosure which includes the net cash and loan situation. Under this new presentation, the Investment portfolio increased to EUR76 billion, up some EUR8 billion, or 12%. EUR5 billion related to higher gross unrealized gains on the total Investment portfolio. Investments were mainly oriented toward corporate bonds. Within corporate, priority was given to investment grade industrials.

Within the sovereign bonds, the exposure to Southern European bonds has been further reduced, while investment in Belgian bonds further increased.

Furthermore, in anticipation of lower interest rates, Ageas increased the duration of the portfolio during the first half of 2012, which reduced the interest sensitivity.

With respect to the newly reported asset class loans, you will note a slight increase in the portfolio, especially in loans to customers. Within this category, the line covers[ph] has increased, and this relates largely to long-term loans to regional agencies.

With respect to the partnership with Natixis to invest in infrastructure loans, also part of the loans to customers, we effectively closed two loans and have a number of outstanding commitments and bids.

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

Questions And Answers

A - Frank Vandenborre {BIO 15168443 <GO>}

Thank you, Christophe. Ladies and gentlemen, this concludes the introduction, and I would like now to start a Q&A session. Please limit yourself to three questions so that everybody has some time to ask his questions.

Thank you. Operator.

Operator

Okay, ladies and gentlemen, we will now begin the Q&A session. (Operator Instructions) Farooq Hanif, Citigroup.

Q - Farooq Hanif {BIO 4780978 <GO>}

I had actually three questions. Firstly, could you give us further future thoughts on strategic asset allocation given the good performance of the business, your confidence on capital? Presumably still confident on economic capital Solvency II. So could you tell us how that may evolve going forward?

Secondly, what is also your latest thinking on the level of net cash at the holding of General Account, given all those factors I mentioned?

And thirdly, your -- you've been asked this before, but the 100% combined ratio target has been met. What's the next step?

Thank you.

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

Okay, I think the three questions relate somewhere to the 2015 targets that we've set.

If we look to the allocation of capital within the Group and the target we have set ourselves for return on equity of 11% for the Insurance activities, it's clear that we are not at that stage today and that we have to provide a number of actions in the coming period.

The way we intend to do it is by a combination of on the one hand management of the capital in each of the entities, so we have some entities that could be slightly over-capitalized.

We also will look to selective expansion in a very disciplined way in order to reach our 60/40 target in Non-Life, and also to move more into emerging markets. And we also will give a specific attention, a special attention, to entities we have today in the range of activities where they clearly do not achieve today, and will probably not achieve in the coming periods the expected returns.

So it's a combination of slightly different allocation of capital, selected acquisitions, with the preference in markets where we are, emerging markets and Non-Life; and a specific attention to finding solutions for a number of what you could call ROE underperforming entities.

At the same time, we have this net cash. I think it's also important to underline at this stage that when we look to the dividend we announced that this dividend will be fully paid out of dividends up-streamed by our operating companies, so it's not at all financed by the General Account. Even the costs on the level of the corporate center are financed by these dividends that are up-streamed.

And so with respect to the cash we have, we continue to follow the line that we have set out in 2009. It means step one, or priority one is invest in business; two is give it back to shareholders; three is use it to pay back debt.

But as we have I think proven in the past years, you find that somewhere in the presentation, on -- if I find it correctly on slide 6, we have over the period 2009 out to today, we have spent EUR900 million in acquisitions. We have given EUR1.4 billion back to shareholders through dividends and buybacks, and we have used EUR800 million for redemption of the EMTN program.

So it's a quite balance showing that the priority I just mentioned is not pure theory; that we are enough flexible to work around it.

What we did in the past year, to give an example, was use part of the -- first of all, we increased strongly the net cash and reached settlements with BNP and with the Dutch State. In Aout[ph], we had buyback for last year dividend and the acquisition of Groupama.

With respect to the 100% combined ratio target, our target is to be structurally below 100%. Okay, we are at 99.1%. Be sure that this is not for us a moment to say we've made it, we are there. It remains a continuous incentive pressure demand towards the operating companies to take all initiatives needed to work towards a structurally -- combined ratio that's structurally behind[ph] 100%.

And if we look, I think one of the nice examples is the moves we've made in the two core markets, Belgium and UK, over the past. But if you also look, the turnover that has been achieved in countries like Italy, or almost after one year and a half in Turkey, I think this is something that we have -- where we've delivered. But indeed, in a low rate in interest rate environment, we in any case have to be very attentive and cautious on that point, and so the next step is to deliver and to continue the performance we have last year.

A - Christophe Boizard {BIO 15390084 <GO>}

Bart, maybe I can give some comments on the strategic asset allocation. That was the first question. So here no big changes. We have broadly maintained the asset allocation that we had at the beginning of the year. What we tried to do is to find some diversification, and the underlying idea is to trade a little bit liquidity against yield.

And the main themes are the following. So to invest in corporate industrial bonds, that what I mentioned during my comments, my introductory comments for the presentation; emerging investment grade corporates; high yield bonds and corporate loans; infrastructure loans. Not much on equity; we will remain at a low level.

Maybe two words on the corporate loans to elaborate a little bit more on the partnership with Natixis. It is slightly slower than expected because you will remember that we deal with a greenfield operation only, and there is delays between starting to study a file and booking it into the (inaudible). So it's slightly slower than expected, but we still maintain the objective of allocating EUR3 billion.

Q - Farooq Hanif {BIO 4780978 <GO>}

Okay. That's very, very clear. Thank you.

Operator

Matthias de Wit, Petercam.

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

Three questions from my side as well, please. First, on the General Account, you reported the sharp increase in the value of the put option. What is driving that increase, and is there any impact on deployable excess cash on the Group level considering the negative impact on solvency?

And then on the litigation, you were yesterday evening discharged in criminal proceedings. Do you know why the court discharged you, and is there any positive read-across for the other lawsuits?

And then lastly, in Non-Life you mentioned that the adverse weather conditions had a negative impact on UK combined ratios. Do you in this respect refer to the UK floods, and could you maybe quantify the impact if that was exceptional?

Thank you.

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

Okay. I'll take the last one and give the first to Christophe and the second to Kurt.

You take the one on General Account put option?

A - Christophe Boizard {BIO 15390084 <GO>}

Yes, sorry. So on the put option, you remember that this relates to AG, our Belgian operation. So the bidding -- the sharp increase in put option is related to the increase in the embedded value of the AG and valuation of the put option. So the put option gives a view of the value of AG, and the value is up thanks to a better embedded value compared to last year at the end of 2011. That's the main driver.

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

Okay. And is there any impact on the deployable excess cash on the Group level, because there is a negative solvency impact on the Group level?

A - Christophe Boizard {BIO 15390084 <GO>}

No, there is no direct impact.

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

Okay.

A - Kurt De Schepper {BIO 6240700 <GO>}

Shall I take the question on the legacy issue, the criminal case? Perhaps for the people that do not read the Belgian press, a little extra word of explanation. Last night, we were informed that the Public Prosecutor has formulated these requisitions and has requested that the Chambre du Conseil de[ph] (inaudible), which is a specific court, would refer a number of persons for trial before the criminal court.

The legal entity, Ageas, has not been included in that formulation for referral, and explanations will be given today at a press conference at 11 o'clock. So we don't have more information than that at this time.

You have to know that this is a proposal from the Public Prosecutor and that it is now up to that specific court to determine whether, and if so whom, actually will have to go to the real court for trial. And it is not because of this specific recommendation that the story ends there as such. It will be the judgment of the court at that moment that will decide what it brings.

So up to now, positive news, if you may, but it's much too early to draw whatever conclusion from this statement.

Bart, I then pass it onto you for the UK[ph].

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

Okay. For the UK, the impact on -- so the combined ratio in Household has been compared to end of 2011, 2.3%. So combined ratio moved up from 96.7% to 99%, mainly due to storms in January, escape of water events in February, storms in June, and floods and continuing bad weather in Q4. And in total amount, in British pounds, we talk about a gross impact of some GBP52 million.

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

Thank you.

Operator

Robin Buckley, Deutsche Bank.

Q - Robin Buckley {BIO 3596512 <GO>}

Couple of questions, please, first of all, just on the Life operating margin, that was reported at 90 basis points. Could you perhaps just give an outlook in terms of how you see that evolving? I guess specifically breaking that down into the Underwriting investment and expense margins, just the direction of travel there, please.

Then secondly, just on the combined ratio, could you just comment on what we're seeing in Belgium in terms of the bodily injury reserve additions? I guess historically, the level of releases within that business line have been quite high. Just again whether you see these reserve additions as one-off and if we'll return to those historic high levels.

And then finally, just in terms of your comments on the up-streaming of dividends from the operating entities, are you able to give any detail of just how much came from each unit?

Thanks very much.

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

Okay, the first question on the Life operating margin, I think you now dispose of these figures, and if we go back in time, I think we also -- we always indicated that we target a margin of 70 to 90 basis points pre-tax, so we are at that level. And it's a combination of, of course, investment income, but also the guarantees that are continuously lowered, and also management of the profit sharing.

So we -- I think these figures show that the 90 basis points, which is our normal target, is achievable, and that's the guidance for the future. You can find more details on this on the slides.

If you look to the second question, your second question, bodily injury reserving in Belgium, it's -- let's say it's almost three-yearly revision that is coming out of the courts where the impact this year has been some EUR34 million. Most of it has been taken in Q3, EUR30 million, and a slight remainder in Q4.

The run-off; if you look to the run-off in Belgium, and I'm looking to the more detailed figures, but they have been quite stable in -- over the last years. Of course, now due to this strengthening of the bodily injury reserving, it's a bit lower. And I'm looking to page 32, sorry. I'm looking to the exact figures.

So in Non-Life in Belgium, impact of releases this year was 4.5% compared to 7.3% in 2011; 6.6% the year before; '08, 4.2% in 2008, which was maybe another year of strengthening of the -- due to these bodily injuries; year before 8%. So it's on average more between 7% and 8%, and this year it was 4.5%.

Q - Robin Buckley {BIO 3596512 <GO>}

I guess the question is --?

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

The last question was about the up-streaming of cash.

A - Christophe Boizard {BIO 15390084 <GO>}

Dividend. I can pick that up, if you want. So on the up-streaming of the dividend, so obviously, the target that we have is that the incoming dividend is coming from the subsidiaries, corporate[ph]. The dividend paid to the shareholders of Ageas plus -- covers this, and the cost of the holding, that's the target. The target is achieved in the sense that the cash that we have in the General Account won't be affected by the dividend payment in the future.

And I'd like to say that all segments, except Asia, are contributing to this; Asia, for obvious reasons, because it's a fast growing zone, and we have to go along and to provide the necessary mean. But what I can add is that internally, we have some rules regarding the payment of dividend connected to the solvency. This new policy has been put in place this year. It works, and it guarantees the fact that future dividend will be covered.

Obviously, the main contributor is AG, our Belgian activity. Last year, due to the impairment, AG didn't pay a dividend, but it will resume the payment this year. And this will help us to achieve the objective I've just mentioned, full coverage of the dividend paid to shareholders plus the costs.

A - Frank Vandenborre {BIO 15168443 <GO>}

Next questions?

Operator

Albert Ploegh, ING.

Q - Albert Ploegh {BIO 3151309 <GO>}

Two questions from my side. First one is related to Royal Park Investments where developments were clearly positive. There has been some speculation in the Belgian local media on some strategic review that's ongoing, and also potentially exiting maybe of the Belgium State earlier. Yes, can you confirm this, and what's being reviewed, like potential dividend payment or a sale of stake to maybe a third party?

Secondly, on the Belgium Life business, you confirmed your margins basically around 70 to 90 basis points. Is this also for the new business as well? Can you maybe tell what the average guarantees are now on the new business written and what your investment yields are for new money?

Thank you.

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

Okay. Christophe will start on RPI.

A - Christophe Boizard {BIO 15390084 <GO>}

So first, I can confirm that there are rumors because we have read the newspapers recently. So -- but as you may imagine, we won't comment much on these rumors, so I will only state some, let's say, obvious things.

First, I am not sure that it is the right place for the Belgian State to be in such an investment vehicle forever. So it means that one day, the Belgian State will maybe be willing to withdraw from this vehicle, so that's something normal.

But what we have now is a lock-up period, and the lock-up period runs until next year. We have a shareholder agreement, and we are very satisfied with the results.

And on Ageas side, as we said several times in the past, we are quite satisfied with RPI operation and we would like it to keep on like this for a while.

Q - Albert Ploegh {BIO 3151309 <GO>}

But would you also be willing to expand then the stake maybe next year?

A - Christophe Boizard {BIO 15390084 <GO>}

That's not something we have on the agenda at this moment, but nothing is excluded. We'll see later. But at this time, as I said, we'd like to keep on as it is with very satisfactory results.

And you will remember that early in 2012, I said that I was optimistic on RPI. My hopes materialized in 2012. Now for the future, the results will be not as high as they have been so far, but I still have some hopes about RPI.

Then as I said, we have -- in my comments, my introductory comments, we have a lot of positive news. Unfortunately, we have not successes in obtaining the payment of dividend. You'll remember, that was one of my hopes. I underestimated the fact that among the three shareholders, two others paid a lot of attention to the liability side because they are lenders; the Belgian state giving its guarantee on the CP[ph] program, and BNP Paribas being -- providing financing facility. And their view is that it is better to reimburse the debt as quickly as possible.

So unfortunately, I was not convincing enough, but the fact that we don't pay a dividend doesn't impair the long-term value of RPI but more the deferred dividend that we will obtain a little bit later. So it's --

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

Good. Thank you, Christophe. Then, the second question on the margins in Belgium for new business.

So the new business that we write in Belgium are at guarantees of 1.5% in the more Individual range, and 1.75% to a max of 2.25% in Group Insurance. Knowing that our Investment yields from new investment is slightly above 3%, only on the Fixed Income portfolio. So you have some additional upside to equities and real estate. So it means that we are confident that the pricing is done in this context to be able to have this 90 basis point pre-tax margin on the new business.

And as already mentioned earlier, we remembered one of the slides in the presentation at the Investor Day. For the stock of provisions, so the business[ph] of the past, due to the almost zero duration mismatch, we can say that the margins that we realized in the past are almost protected for the future.

Q - Albert Ploegh {BIO 3151309 <GO>}

Okay. Thank you, very much.

Operator

Jan Willem Weidema, ABN AMRO

Q - Jan Willem Weidema {BIO 15133400 <GO>}

A few questions. Firstly, looking at your dividend, you have a clear payout policy. But are you also looking to pay a stable and growing dividend going forward?

And secondly, the RPI tangible solvency is now at 29%. Do you have any indication from the debt providers at which level they would be comfortable to pay dividends to Ageas?

And finally, you've announced a target last September. Does that mean that your incentive plan will change and that more of these targets will explicitly be mentioned in your KPIs?

That's it.

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

Okay. We will again go for a perfect split of three questions between the three of us.

So on the dividend payout, we have a clear policy announced in 2009 where we say 40% to 50% of the Insurance results is paid out as a dividend.

Of course, next to that, we try, and we will do everything to have a stable evolution in the dividend policy. If you look back, we had three years in a row a dividend of EUR0.80 where it was twice in line with policy. The first year, it was slightly above 40%. The second year, it was more closely to 50%. And last year, on 2011, it should have been zero, but due to the cash position of the Group and the exceptional impact of the impairments, we decided nevertheless to keep the dividend at the same level.

This year, okay, the results were certainly in line with our expectations, even exceeded them. And we decided after a good year to pay a dividend clearly in the range of 40% to 50%. It is exactly something like 43% payout, which gave on its own an increase with 50%.

It is -- I can assure you that in the deliberation about exact level, we of course took into account what we see as possibilities for the future and that we fixed the dividend at such a level that in normal circumstances we can be quite sure to be able to keep a dividend at this level, and going forward to try to do better.

A - Christophe Boizard {BIO 15390084 <GO>}

Maybe on RPI, coming back on the dividend. So as I said, we have not been very successful in obtaining the dividend so I don't want to take commitment in the future. But I will only give you some elements so that you can make up your mind on this.

So first, so as I said, this was linked to the fact that two shareholders are lenders. So the remaining debt is EUR4.7 billion at this moment, and we repaid almost EUR1 billion last year. So you may imagine that in the coming years when the debt reimbursed at 100%, for sure, the dividends will start. But that's the worst case scenario, and in more optimistic way, we may argue, but when the loan to value is extremely low, we may start paying a dividend.

The underlying idea here is that the two other shareholders don't want to take split[ph] on the payment of the debt, so everything is linked to the repayment of the debt. But in the coming years, the debt will go down very quickly.

A - Kurt De Schepper {BIO 6240700 <GO>}

And then on the different targets, you will remember that we have communicated the targets earlier at the annual meeting when we produced our -- the remuneration policy.

When you look at our Vision 2015 targets, you will recognize each of them in the targets that we have, and so they are in line. You could similarly[ph] request some more clarity on the 60/40 ratio in our income, but as you know that Non-Life is driving the ROE as if it's requiring less capital, you can consider that that one is integrated as well.

So for us, the Vision 2015 targets are perfectly aligned with the target that we've given to the management, and having alignment of shareholders and management objectives is an important issue in the way we try to manage the Company.

Q - Jan Willem Weidema {BIO 15133400 <GO>}

Okay. Thank you. Very clear.

Operator

David Andrich, Morgan Stanley.

Q - David Andrich {BIO 15414075 <GO>}

I just wonder if you could give a bit more color on what's been driving the increase in inflows in your Belgium Life business, because I know you guys have been decreasing your guaranteed rates. Have competitors just been decreasing their rates more, or was 2011 a particularly low base to be comparing with, or has there been a change in consensus?

That's my first question.

And then secondly, I was just wondering in terms of the BNP call option. Just wondering if you could give some color around if you guys have been in discussions with BNP more recently in terms of coming up with a settlement on that.

And then finally, just in terms of legal proceedings, I was just wondering if you could give a bit more color around what to possibly expect in 2013 in terms of timelines, etc.

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

Okay. The first question; it's not that 2011 has been a bad year so 2012 is indeed a good year. In Life inflow, a number of reasons. I think first of all, we have a very solid book of Group Life insurance where salary increases that are mandatory in Belgium have a natural positive impact on this inflow. And we have a 30% market share in that area so we benefit from the normal salary increases but also from creative extension of policy[ph] offer.

If we look to the guaranteed business, which could seem a bit strange, but we have benefited throughout the year. Each time we reduced the interest rate, we have seen a pumping up of the volumes. So because you announce an interest rate some weeks in advance, and certainly with a very strong bank channel, this always generates a lot of new business at the older rate because people want to benefit from the best rate out of the two. And this has been quarter after quarter positively impacting, coming from in the beginning of the year close to 2.75% and ending the year at 1.5%.

Also maybe for people, not that if you would be less comfortable or known[ph] with the Belgium market, we have in Belgium some EUR230 billion on savings accounts that deliver less than 1%. So a guarantee of 1.5% with an additional profit sharing is still valued by Belgium citizens, also by distribution channels as a good alternative, although less liquid than a savings account.

And then finally in Unit-Linked, the volumes have doubled. They stay below our market share so there is still a way to go. But I think our distribution channels, and also our own policy is to be quite prudent in this product range in order to be sure that we avoid any potential mis-selling activities and that we really want to inform the client extremely well and transparent about, okay, what the product is and what the risk is that he takes. But we see that after last year, we also expect it this year, the success of Unit-Linked will continue to grow.

So it's a combination of innovation in products, a combination of some market circumstances in a decreasing rate environment; and finally, I would say, quite active and proactive distribution channels.

Q - David Andrich {BIO 15414075 <GO>}

Thanks.

A - Christophe Boizard {BIO 15390084 <GO>}

And on the BNP Paribas option; so first, I'd like to remind you that it's a very specific instrument. You have some (inaudible) features in it, which means that it's not a very liquid instrument, back to the starting point.

So then the natural counterparty is not BNP Paribas but more the issuer, and the issuer is the Belgian State. Then having said that, we mentioned in the past that we don't -- our preferred solution is not to sit on the coal[ph] and to wait until the expiration date. So we are doing our best efforts to find a solution on this, but it is premature to announce anything on the color[ph]. So -- but we are doing our best, be sure.

A - Kurt De Schepper {BIO 6240700 <GO>}

And then unfortunately, I think I have to disappoint you a bit on the legacy proceedings. On page 77 of the presentation, we've given the usual overview of the different proceedings and where they stand currently. We indicated there that we might expect a decision on the FSMA procedure during the first half of 2013. You will remember that that is a similar action as on the AFM where we appealed against the fines.

Then the second one, possibly further to the news of this morning and the criminal case, if there would be a decision by that outcome still this year, we would have a view on how that evolves. For the others, we do not expect any significant change in the procedures during this year.

Q - David Andrich {BIO 15414075 <GO>}

Thank you, very much.

Operator

Francois Boissin, Exane BNP Paribas.

Q - Francois Boissin {BIO 16045021 <GO>}

Three questions, please, the first one on your quarterly guidance. You used to say EUR120 million is about the kind of run rate we should expect from Insurance operations. Is it still valid, or would you guide on a higher number given the growth of the business and the improvement both in Life and Non-Life?

The second question on Life in Belgium; what was the average credited[ph] rates on your Individual policies in 2012, please?

And thirdly, on Royal Park Investments, is the vehicle still generating a positive investment spread in this environment, and what is the pace of that repayment in the coming years if you have that in mind?

Thank you.

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

First question, I must say I don't fully see where the EUR120 million net profit run rate comes from. If you look to the Insurance results, EUR624 million, I think out of all those documents you've received, or the figures you received, you could say that there are some positives in it.

First of all, if you compare to the year before in terms of capital gains, the net impact of capital gains is exactly the same as the year before. I also use this point to still again underline that cap gains on real estate are part of our normal business because we treat real estate at amortized cost so we depreciate, which means we on a regular basis have to also generate capital gains to achieve the yields we expect.

So you could say that exceptionally in the budget of -- in the results of 2012 was a bit an accounting treatment in China for some EUR20 million, if my memory is good. We have had some positive impact from foreign exchange. But we also still had in the results 2012 some EUR57 million impairment charges, or EUR59 million. So all in all, you could say that there are not that many exceptionals in the 2012 results.

As you know, we target a return on equity of 11% in the Insurance operations. We are not at that level yet. But as indicated as an answer on the first question, we look at different alternatives to achieve that by 2015, and so to move gradually towards that level, which should permit you also -- or give you some guidance about the net profit level that we normally should try to target.

The second question was about profit sharing in Belgium. With of course decreasing average guarantee trades, they are below 2.9%, the overall rate we gave, so guarantee plus profit sharing in Individual Life has been almost round 3%, and in Group Life it was some 3.25%, which positions Ageas Insurance somewhere in the upper fourth quartile in the market.

Q - Francois Boissin {BIO 16045021 <GO>}

Okay. So you said 3.25% in Group Life, and 3% in Individual, right?

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

Individual Life, yes.

Q - Francois Boissin {BIO 16045021 <GO>}

Okay. And on RPI?

A - Christophe Boizard {BIO 15390084 <GO>}

Yes, on RPI, so you ask about the spread. So there is a positive carry, and it was about EUR30 million this year. So it's not a lot but it is still positive. That was your question. The main driver is interest rate, and to be more precise, that's the LIBOR. So in case the LIBOR went up, we would have an increase in the carry.

Then I can elaborate a little bit more on the drivers for future results in RPI. I see RPI, but to simplify that here, as a big call on the real estate market in the US, and the fact that we have impaired all the goodwill is as though we had reached the worst high[ph] price.

So to be clearer, in case the real estate market in the US went up sharply, the recovery value of the portfolio will go up and this would directly go through the P&L and we would have additional nice result.

And then I think your question was about duration. And on duration, we are at six years on RPI, so it's a short duration portfolio.

Q - Francois Boissin {BIO 16045021 <GO>}

So it's at six year's duration, but let's say two years from now, what would be the level of outstanding debt in the current estimates?

A - Christophe Boizard {BIO 15390084 <GO>}

It's a good question. I would say you could reduce -- the amount of debt, as I said, is EUR4.7 million (sic; see slide 74 "billion"). You could reduce that by EUR1.7 billion. That would be the order of magnitude.

Q - Francois Boissin {BIO 16045021 <GO>}

Over two year, yes?

A - Christophe Boizard {BIO 15390084 <GO>}

Yes, in two years, we would be at EUR3 billion instead of EUR4.7 billion.

Q - Francois Boissin {BIO 16045021 <GO>}

Okay. Thank you, very much.

Operator

William Hawkins; KBW.

Q - William Hawkins {BIO 1822411 <GO>}

I'm just following on the RPI question. Can you give us any kind of shorthand for how we can think about the earnings sensitivity for RPI now that it is affecting your IFRS accounts?

And can you just confirm that any sensitivity will be in both directions? So were there to be a setback, does that also become a negative for the IFRS earnings? Or have you got some kind of floor because you can re-establish goodwill, or something?

And then secondly, in answer to an earlier question, when you were talking about the AGI put option, you made reference to an increase in the embedded value 2012 on 2011. Can I just confirm that that's what you said? Because you might have thought that the decline in yields would have been an overriding negative for the EV, but you seem to say that the EV has actually gone up a lot.

Thank you.

A - Christophe Boizard {BIO 15390084 <GO>}

Okay. So on RPI's earnings sensitivity, so we would not re-establish goodwill in case the portfolio went down. So it means that you are right in saying that we take the full volatility. In case we have an increase in the market value of the portfolio we take the full upside. If the market value goes down, we take the downside.

So we have increased volatility but towards the positive sense, because, in the past, we took all the negatives, and the positives were offset and compensated by the impairment of goodwill. We don't have these compensating effects, so the increase in volatility is not a big problem. But in any case, no possibility to reinstate goodwill; no question. Nothing on this.

A - Kurt De Schepper {BIO 6240700 <GO>}

So I'll then follow up on the embedded value question. Embedded value is, as you know, a combination of assets and liabilities. And if you just look at the rates in the market, which I have here at hand, you can say that the risk-free, the swap rate came down with about 100 basis points on the first part of the curve and 50 to 32 basis points at the longer end. But if you look at the spreads, they came down even more, and you have -- for instance, on the just Belgium side, you have a stronger decrease in the yields than on the risk-free. The same applies to all our southern[ph] parts.

Secondly, the decrease in yields of course could be potentially negative if there is a duration gap. We've stated before that we closed that gap in 2012, so that would not have a negative effect. And it also has a positive effect on the profits that come out of the risk portfolio that is then less discounted and has a higher value.

And finally, on the equity part, any decrease in interest rate, of course, is leading to an increase-- sorry, decrease in interest rate, of course, leads to an increase in value.

So it's normal that the embedded value increases over the year 2012. The exact amounts will be communicated when we communicate our embedded value in mid-March.

Q - William Hawkins {BIO 1822411 <GO>}

Great. Thanks, chaps.

Operator

Jason Kalamboussis, Societe Generale.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Just a quick follow-up question on the BNP. You said that you are looking at a solution. Are you looking at the solution outside of the Belgian Government, so do you consider that there are other solutions? Or basically, the main solution is your negotiations with the Belgian Government?

The second thing is if I look at the UK, the UK combined ratio should take the prior year claims development that were 2.8[ph] and you include them in the Fourth Quarter, was at 105.6%, which was quite high. So if you could comment on that, because you're saying on page 50 of the presentation that you had improvement in all lines, but actually, except the Household, that actually all the other lines are just improving very little.

So if you could comment on that and what we should be expecting for next year, because also we have the claims ratio that has moved from 11 2012 by more than 1percentage point. So again, taking that picture in with your acquisition, how should we be thinking about next year?

And the other thing is on -- the third thing is on the combined ratio, coming back to a question that was asked about prior year development, not in Belgium but overall. You have been trending down from 3.7% to 3.1% over the last three years. Is it something that if you look at most competitors they are --? It's trending down over the years. Do you expect the same thing, or are you saying that actually this is driven by bodily injury in Belgium so we should expect it to go back up over the next two or three years.

Thank you.

A - Christophe Boizard {BIO 15390084 <GO>}

Maybe on the call[ph] option for BNP Paribas. So as you know, there is a contract with three parties, Ageas, Belgian state and BNP Paribas, so it means that it's rather difficult to structure something outside of the Belgian State. So it's the reason why I said that the Belgian was the preferred -- the Belgian State was the natural counterpart. So that as I said, we study all the different options, including modern monetization, but frankly, this is not easy to put in place and this is under study, but I cannot say more on this.

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

Okay. With respect to the second question, I assume you refer to page 49 in the presentation. We see indeed that in 2012, the prior[ph] releases were 2.1%. Last year there was a slight strengthening of 0.1, but that was, if my memory is correct, due to settling of reserves in Household.

A - Barry Smith {BIO 4992205 <GO>}

It was a minor adjustment to bodily injury.

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

Bodily injury, sorry. But the years before it was 3.5% in 2009, 1.1% in 2010, and so we managed the calculation of the treatment of the reserves in methodological way. It is not used to drive the result in one sense or another.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Sorry to interrupt. The prior year, the UK question was on slide 49, but specifically more the Fourth Quarter; the expense ratio on page 50. The prior year reserves release is it was more overall. That means page 35 we have --

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

Okay. But in the expense ratio, there are EUR50 million costs for the Groupama integration.

Q - Jason Kalamboussis {BIO 4811408 <GO>}

Okay, and we should be seeing it staying at these levels?

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

That may bring the expense ratio up. This is a one-off. It's not a structural one.

Operator

Ashik Musaddi, JPMorgan.

Q - Ashik Musaddi {BIO 15847584 <GO>}

A couple of questions. The first is on Asian earnings. Can you give us some color on the Asian earnings, especially the non-consolidated ones? Can you give us some color on the split of that same?

Second thing is you mentioned that AG Insurance in the UK will be up streaming money to basically support the dividend and the cost of -- corporate center cost. Can you give us some color of when do we get that dividend to General Account, and what's the size of the dividend from the UK and AG Insurance?

And thirdly, yesterday, it was mentioned that Groupama will be self-funded by the UK, and you mentioned that in the short term, UK will -- General Account will fund Groupama. So when should we expect to see UK to basically upstream money to the General Account for the Groupama acquisition?

Thank you.

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

The question was not that clear to us due to technical problems so I hope that we catch[ph] the question correctly. If we look to the first question is the non-consolidated entities in Asia, what we can say is that we talk about China, Thailand, Malaysia and India, that in the three first, so China, Thailand, Malaysia, we have seen very strong growth in inflows, above 20%. Also, the mix between regular premium and single premium, where we strive to have more and more regular premium, was in line with our expectations.

So with the exception of Malaysia where we have kept it up a bit in single premium, but in all the others, we see an increased state in regular premium, which is good for the future development of the portfolios.

The persistency is strong. The distribution is a multi-distribution. We see all channels contributing, whether it's agents, banks or direct marketing. The only country out of the four where we must say that we do not generate this kind of growth is in India, but that's also a market phenomenon where due to a lot of changes in regulation, the whole Life industry is below the levels it has two or three years ago, and so this is the only out of the four JVs[ph] in Asia where we personally are below our expectations.

The second question was about --

A - Christophe Boizard {BIO 15390084 <GO>}

Maybe the upstream dividend from AG.

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

Upstream dividend of AG.

A - Christophe Boizard {BIO 15390084 <GO>}

Yes. So I won't give you precise figures. We don't want to disclose the exact amount of dividend collected from the different subsidiaries. But as I mentioned in the presentation, the reported net profit for Belgium is EUR324 million. That's the starting point.

We have put in place, as I said, a policy, an internal policy about the payment of dividends and they're based on the solvency. Solvency of Belgium is quite satisfactory, which means that a good part of the result will be up-streamed, a good part of this EUR327 million, without being more precise than this. And this will take place in, I don't know, preliminary[ph] after the Board has taken place and has approved the payment of the dividend.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Okay. And this applies to the UK as well more or less?

A - Christophe Boizard {BIO 15390084 <GO>}

Yes. That's Group policy.

Q - Ashik Musaddi {BIO 15847584 <GO>}

And just the last one on the Investor Day. Groupama thing, basically. It was mentioned that Groupama will be self-funded by the UK.

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

So part of the -- first of all, out of the acquisition, there has been an upstream of cash from Groupama to the Group. And then for the remainder, funding has been done partly by the UK and partly by the General Account.

Q - Ashik Musaddi {BIO 15847584 <GO>}

Okay, fantastic. Thank you.

Operator

William Elderkin, Goldman Sachs.

Q - William Elderkin {BIO 3349136 <GO>}

Just a couple of questions. One, can you give us an update on the strategic outlook for the Portuguese business and your discussions with your strategic partner there?

Secondly, sorry to come back to the Belgian Life result, if we could look at the Life, Belgium Life earnings on a full-year basis, effectively, can we assume that that is a relatively sustainable base from which we can think about our forecasts?

And finally, just coming back to the question on the combined ratio in the UK in the Fourth Quarter, that did look quite weak on an accident year basis, if I've read the figures correctly. Could you give us an idea of how much of that Fourth Quarter accident claims relate to adverse weather events and so on?

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

Okay, first question on Portugal. I think that now for some years we have been in very close contact with our Portuguese partner on a number of topics, taking into account the environment in Portugal, but also the sentiment within the public. And we have organized over the past year, year and a half, a kind of a smooth, swift away a bit from savings products because the conditions that we had to offer to make it successful were not in line with our targets on margins. So we strongly lowered the sales of savings insurance to permit also a banking partner to collect its sell-off liquidity to a banking policy[ph].

That has been, let's say, partly compensated by putting more commercial attention towards medical health insurance, non-life insurance. We launched some new car insurance solutions. And also, (technical difficulty) efforts in Protection business and Unit-Linked. So if you also look to the results of Continental Europe, compared to the past, they are strongly supported by the results of Portugal.

We look also with our Portuguese partner whether we can extend our activities in other products, in other distribution channels, and it is an ongoing discussion. But the main[ph] focus is to grow in Protection business and Non-Life business, and this will also lead to a reduction in technical liabilities in guaranteed business in Portugal with -- you could somewhere see a reduction also in required capital, so that will free up capital in the Portuguese CV[ph].

The second question was about the Belgium sustainability of the Belgian results. So I would say as we intend to remain a market leader, what we clearly are, and what should lead to increasing volumes with a stable margin, that should give guarantee that, okay, of course, always barring unforeseen shocks in financial markets, that we are quite confident on the future performance of Belgian Life and also Non-Life.

Then in the UK combined ratio in Q4, I think, and not to be corrected by Barry, that we have had the traditional seasonal effect in the UK where you have the Q1 and Q4, but also are a bit more impacted by weather-related events, the rain, the floods.

I've given previously the figure of -- I think it was close to GBP60 million weather-related impact, but I must say, if you also look to the split of this amount over the quarters, you can see that, okay, the Q4 had some GBP8 million impacts, only now, so far[ph].

Operator

Jan Willem Weidema, ABN AMRO.

Q - Jan Willem Weidema {BIO 15133400 <GO>}

Two follow-on questions, if I may. On the put option, you're mentioning about a value increase, but I was under the impression that you use book value time[ph] multiple. So I was thinking that probably the increase in both book value and the multiple would be a reason for the increased value of the put option.

And secondly, could you please comment on the intangible impairment in the other segments?

Thank you.

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

Okay, Christophe, over to you.

A - Christophe Boizard {BIO 15390084 <GO>}

Yes. On the put option, we changed the methodology and this was proposed by our auditors, but this is not something we did on the Fourth Quarter. You are right that in the past, we had the multiple on the book value, but in 2012, we switched to the -- something more related to the embedded value. So there was a change in 2012 method. We changed in Q3.

Q - Jan Willem Weidema {BIO 15133400 <GO>}

And do you purely take the embedded value, or do you take a multiple on the embedded value?

A - Christophe Boizard {BIO 15390084 <GO>}

It's a multiple on the embedded value, something which is observed on the market. We try to -- we have the benchmark with peers, and we try to find what the market value would be because that's the purpose of the (technical difficulty) to see what the --

But if you take the IFS, the financial statement of Q3, you have multi-tail on this, because as the change took place in Q3, we have elaborated on this.

Q - Jan Willem Weidema {BIO 15133400 <GO>}

Okay. Thank you.

Operator

Gentlemen, that seems to be our final question, so I will hand back to you.

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

Okay, ladies and gentlemen. thank you for your precise and good questions. To end the call, let me maybe summarize the main conclusions.

With reflect[ph] to the Insurance activities, I would like to highlight again the solid improvement in our results across all segments. Together with the continued progress we made in our partnerships, combined with a lot of agility and rethinking, continuously remodeling our business models to adapt to the market conditions, this should be a recipe for success with respect to our long-term strategy.

With respect to the other items, we made important headway in solving legacies, which has an immediate positive impact on the complexity, and more importantly, the perception of the Group.

We could already see and feel last year how these achievements positively impacted the mood of investors and analysts.

Lastly, I'm pleased that thanks to our good results, we feel confident in increasing our dividend, underlining the importance we attach to the creation of shareholder value.

We are fully committed to deliver against targets we communicated some months ago. This set the agenda for the coming years, and all actions we take should lead to achieving the goals we have set for ourselves.

To end, I also draw your attention to the planned 2013 Investor Day that we've foreseen on September 18 in London. It will be a light version where we aim to update you on the execution of our Vision 2015 target. If, of course, there might be spectacular changes at that moment, we will make the light version a bit a full version.

But with this, I would like to bring this call to an end. Do not hesitate to contact our IR team should you have outstanding questions. Thanks in any case for your time, and I would like to wish you a very nice day.

Goodbye.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you, all for attending.