

# Royal e Bel ge

**ROYALE BELGE is an insurance and financial services group which is active in the Benelux and the North of Europe. Its goal is to be a global insurance company in this market, offering a complete line of life and non-life insurance products, savings products and investment products, as well as loans to individuals.**

In Belgium, the Group continued its multi-partnership policy while reinforcing its relationships with brokerage firms. The distribution of insurance products by exclusive intermediaries continues to be managed by the Group's UAB subsidiary and represents 7% of insurance turnover from individuals. Since January 1997, a single sales organization common to banking and to insurance has been managing the insurance brokers and appointed agents of the bank IPPA. Collaboration agreements have been signed with large Belgian banks, among them GÉNÉRALE DE BANQUE, BANQUE BRUXELLES LAMBERT and CRÉDIT COMMUNAL DE BELGIQUE. The partnership with LA POSTE (Belgian post services) is beginning to bear fruit and the creation of two captive insurance companies, held in equal parts by ROYALE BELGE and LA POSTE, gives the Group direct access to a distribution channel destined to become larger.

In February 1997, ROYALE BELGE signed a sales co-operation agreement with the future LA FAMILLE-ASSUBEL Group in order to participate in its development. The latter is expected to become the leader in its market.

In the Netherlands, after taking control of UAP-NIEUW-ROTTERDAM, a newly merged firm, ROYALE BELGE continued its efforts to restructure its multi-branch business.

With a view to growing in Northern Europe, ROYALE BELGE acquired the Swedish non-life branch of UAP France. In 1996 this entity had BEF 810 million in turnover and closed the year with a profit of nearly BEF 37 million.

In 1996, the consolidated turnover of ROYALE BELGE rose 2.8% to BEF 112.4 billion, of which 61% came from Belgium, 35% from the Netherlands and 4% from Luxembourg. In Belgium, turnover from life insurance products rose 3.6%, while non-life turnover remained unchanged overall, despite the weak market for individuals. The weak growth of turnover in the Netherlands was the result of rate adjustments in non-life insurance and the abandoning of certain product lines with insufficient profits.

As has been the case in the past, the contribution of the Belgian insurance sector to consolidated income remained dominant. Technical results improved in all branches, both in direct insurance and in policies sold through brokers. Rationalization efforts reduced operating costs by nearly 1%. Results from Dutch and Luxembourg insurance activities also improved.

The Group's share of consolidated income was BEF 11.3 billion, including extraordinary income of BEF 4.2 billion from capital gains on the sale of TRACTEBEL shares. Recurring income rose 14.8% to BEF 7.1 billion, compared to BEF 6.2 billion in 1995. Return on shareholders' equity, which was nearly BEF 62 billion at the end of the year, was consequently 12.6%. Consolidated unrealized gains on listed securities and on buildings were BEF 64 billion, compared to BEF 51.1 billion at the end of 1995 and BEF 28 billion at the end of 1994.

## Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	98	3.9	452	17.8
Estimated value at 31.12.1996	2,465	97.3	4,013	158.4

## Consolidated key figures (BEF million)

	1993	1994	1995	1996
Equity	50,052	51,696	56,436	61,899
Premium income	69,759	75,123	109,353	112,436
Net profit (Group share)	4,875	5,505	6,176	11,315
Earnings per share (BEF)	305	344	386	708
Gross dividend per share (BEF)	215	236	260	360

# Banque Bruxelles Lambert

*Based on its total assets, BBL is one of the ten largest banks in Benelux and one of Belgium's largest banking institutions. It is active in three main activities: banking services to individuals and to companies, financial markets banking activities and international banking. It acts as a local bank in its domestic market through its 20 regional offices, 960 traditional branches and 300 Self Banks. It provides insurance, leasing, factoring and travel services through specialized entities.*

BBL's international strategy has three components:

- extending the local bank concept to neighbouring countries (Germany, France, Luxembourg, the Netherlands and the United Kingdom);
- a direct presence in the largest financial centres (London, New York, Singapore and Hong Kong);
- a network of more than 5,000 correspondent banks worldwide.

The turnaround which began at the end of the 1991-1992 business year continued in Belgium and abroad:

- in Belgium, the Bank carried on with its "Network 2000" pluriannual plan, which is aimed at transforming all of its operating offices into business units focused on commercial activity. It also continued setting up "main branches" with greater authority in terms of loans, international trade and financial transactions;
- internationally, the Bank enlarged its network: it signed a co-

operation agreement with VYSYA BANK (India), opened a subsidiary in Labuan (Malaysia), an office in Dublin (Ireland), acquired an 11% interest in AMERBANK (Poland), became present in the Czech Republic (PATRIA FINANCE) via MC-BBL EASTERN HOLDINGS and opened representative offices in Moscow and Johannesburg. In 1996, the foreign network accounted for 38.9% of consolidated net income, compared with 27.9% in 1995;

- as for financial markets, the Bank created BBL ASSET MANAGEMENT SINGAPORE Ltd, an asset management company for BBL unit trusts invested in South-East Asia. Moreover, BBL FRANCE took a majority interest in FERRI S.A., one of the largest brokerage firms in Paris.

These favourable developments produced a consolidated net income of BEF 10,291 million, compared with BEF 8,941 million the previous year (i.e. a rise of 15.1%). Income per share rose 11.7%, from BEF 472.6 to BEF 527.9.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	0	0.0	149	5.9
Estimated value at 31.12.1996	0	0.0	1,905	75.2

Consolidated key figures (BEF million)

	1993	1994	1995	1996
Equity	67,578	71,671	79,686	89,381*
Interests and similar revenue	198,122	179,717	202,603	214,925
Net profit (Group share)	6,733	7,753	8,941	10,291
Earnings per share (BEF)	368.4	409.8	472.6	527.9
Gross dividend per share (BEF)	195.3	215.5	233.3	253.3

\* including BEF 2,287 million allocation to Provisions for Banking Risks

# Bernheim-Comofi

***BERNHEIM-COMOFI is a real estate group active in five businesses: real estate development (Belgium, Budapest, Berlin and Prague), ownership and operation of public parking lots, ownership and operation of self-storage businesses, real estate securitization and provision of building sites.***

The loss of confidence in real estate investments following the crises affecting most European capitals and historically low inflation levels have postponed any recovery in the market.

The postponement of the German government's move to Berlin destabilized the local market in a way which is expected to affect, for the medium-term, the profits on real estate investments made on large scale since the fall of the Wall. The BERNHEIM Group therefore decided to book a BEF 375 million provision for the expected cash-drain of its Berlin projects.

The Group's other real state development activities are going according to plan: the buildings in Prague and Budapest are fully rented; in Brussels, the projects at Avenue de Cortenbergh, Boulevard de la Plaine, Rue Joseph II and Avenue des Communautés have begun.

INTERPARKING, in which BERNHEIM-COMOFI has a 50% interest, continued its expansion strategy in the countries in which it operates. At the end of 1996, the firm managed 211 parking lots and more than 100,000 parking spaces, after the purchase of CODEPARC in France.

The first year of operations at BEFIMMO SICAFI, in which BERNHEIM-COMOFI has a 33.9% share, was favourable; its building portfolio was worth BEF 6.7 billion at 31 December 1996.

The BERNHEIM-COMOFI Group acquired a 50% interest in ISM in order to develop its self-storage business (rental of small secured storage areas to individuals, merchants and companies) in continental Europe. The Group decided to open its first site in Dusseldorf.

As far as securitization is concerned, assets under management totalled BEF 14.7 billion for an issued value of BEF 11.2 billion.

Business in the development plot sector was down as a result of delays in obtaining new permits.

The provisions for the projects in Berlin and the lack of strength in the real estate market led the Group to show a loss of BEF 160 million in 1996. The Group is expected to return to profitability in 1997.

Contribution to:

	<i>Restricted consolidation</i>		<i>Consolidation (transitive)</i>	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	64	2.5	-45	-1.8
Estimated value at 31.12.1996	1,083	42.7	1,313	51.8

Consolidated key figures (BEF million)

	1993	1994	1995	1996
Equity	4,361	4,470	4,586	4,132
Turnover	1,921	1,030	431	199
Net profit (Group share)	443	400	426	(160)
Earnings per share (BEF)	149.8	135.5	144.1	(54.3)
Gross dividend per share (BEF)	87.5	94.3	100.0	100.0

# AXA - UAP

Preliminary remark: as the merger between AXA and UAP had not yet taken place on the 31 december 1996, the comment presented below relates to UAP only.

*The UAP Group earns most of its turnover from insurance. It is also active in banking through its 100% subsidiary Banque WORMS and its interest in the capital of BNP.*

In France, where it realizes about 40% of its turnover, the Group is active in all branches of insurance.

Outside of France, the Group's activities are organized around four profit centres:

- in Central and Eastern Europe around COLONIA KONZERN (CKAG);
- in Benelux, around ROYALE BELGE, the second largest insurer in Belgium;
- in Great Britain and Ireland, around SUN LIFE, one of the largest British life insurance companies, in which UAP retains a 60% interest, after the listing on the London Stock Market of 40% of its capital in 1996, and PROVINCIAL INSURANCE, a damage insurance company;
- other countries and related activities (assistance, European life insurance, coverage of large corporate risks and transport insurance).

Consolidated turnover (Insurance and Reinsurance, Financial Services and Holding companies) was FRF 163.5 billion, down 3.4% from 1995 as a result of the deconsolidation of SCOR, its reinsurance subsidiary and the sale of two German subsidiaries. On a comparable basis, this figure rose 1.8%.

Consolidated turnover from Insurance in 1996 was FRF 152 billion, almost equally divided between Life and Non-Life. Life rose 5.3%, with the recovery of the British market offsetting the fall in single

premium contributions in France. Non-Life insurance turnover rose by 3.2%. Total turnover in Reinsurance and Financial Services - Holding companies (mainly Banque WORMS in France, the IPPA bank in Belgium and KÖLNISCHE BAUSPARKASSE in Germany) was FRF 11.5 billion.

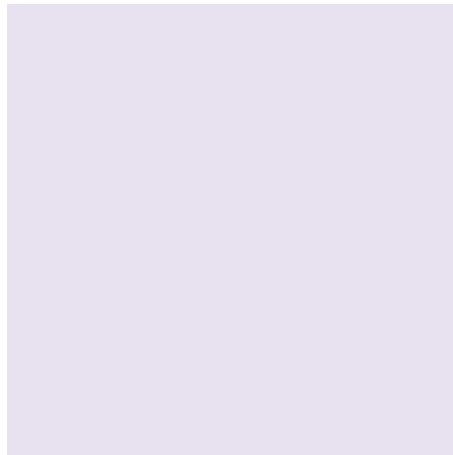
At the end of 1996, AXA and UAP announced their plans to merge to form the world's second largest insurance company and the largest asset management company.

The accounts of the UAP Group, prepared in view of the merger with AXA, include extraordinary negative items of FRF (7,585) million:

- as a result of the UAP Group ceasing to exist: deconsolidation of BNP, provisioning of real estate companies and cancellation of positive deferred taxes for FRF (3,842) million;
- the re-valuation of asset and liability items in life insurance and damage insurance in France, damage insurance in Italy and Banque WORMS for FRF (3,743) million.

Given a net profit (excluding extraordinary items) of FRF 1,139 million, the Group's share of net income was FRF (6,446) million in 1996, compared to FRF (2,065) million

in 1995. UAP will not pay a dividend for the 1996 financial year. The UAP shareholders having brought their shares to the AXA offer in 1997 will receive a FRF 7.5 dividend per AXA-UAP share, equivalent to a FRF 3.0 dividend per UAP share.



Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	0	0.0	19	0.7
Estimated value at 31.12.1996	0	0.0	810	32.0

Consolidated key figures (FRF million)

	1993	1994	1995	1996
Equity (before allocation)	33,649	40,386	35,624	32,024
Premium income	141,480	151,606	157,644	152,548
Net profit (Group share)	1,423	1,568	(2,065)	(6,446)
Earnings per share (FRF)	5.5	5.3	(6.7)	(19.1)
Dividend per share (FRF)	3.0	3.0	3.0	-