

Royal e Bel ge

ROYALE BELGE is an insurance and financial services group operating in the Benelux and northern European markets, in which it pursues a combined growth and yield policy. It provides a complete range of life and non-life insurance, savings and investment and loan products to individuals.

The consolidated premium income of the ROYALE BELGE Group totalled BEF 112.2 billion, virtually the same as in 1996. These earnings were realised for 62.5% in Belgium, 33.4% in the Netherlands and 4.1% in Luxembourg.

In Belgium, despite the lack of growth in non-life insurance, overall premium income was up by 2.1% due to the 6.3% growth in life insurance. ROYALE BELGE continues to give priority to the development of its relations with independent brokers. A new sales structure common to the ROYALE BELGE and the BANQUE IPPA was set up, focusing on a co-ordinated policy using intermediaries. Moreover, the ROYALE BELGE is continuing to pursue its multi-distribution policy. Via the UAB, it sells life and non-life insurance policies to individuals via two networks of exclusive agents. The development of distribution agreements with Belgian banks continues whilst adapting to the new market conditions. Through its two subsidiaries held in equal partnership with LA POSTE, it should be possible to market life and non-life insurance products to individuals as from 1998 over post office counters.

In the Netherlands, the fall in turnover results from the loss of life insurance premiums from a major approved broker, restoring the health of the non-life insurance portfolio and a drop in health care premium earnings due to fierce competition from certain major operators. The UAP-NIEUWROTTERDAM Group was reorganised around a

brokerage strand and an insurance strand, active in life, non-life and non-statutory provident funds.

In Luxembourg, turnover grew by 5.8% thanks to growth in premium income in the entire range of life and non-life policies. The launch of multi-guarantee insurance cover for businesses and the new prospects in the pension insurance market within companies represent future sources of expansion.

Belgian insurance operations made a strong contribution to the consolidated profit with good technical results, improved financial earnings and operating income from the BANQUE IPPA which rose again this year. The earnings from insurance activities in Luxembourg and the Netherlands improved despite the significant deterioration in profits from health care.

The Group share of the consolidated profit totalled BEF 23.2 billion, including an exceptional item of BEF 14.2 billion, from the capital gain made on the exchange of BBL shares. Apart from exceptional capital gains, net operating profits totalled BEF 9 bil-

lion, compared with BEF 7.1 billion in 1996, equivalent to a growth of 26.7%. The return on equity, which stood at BEF 75 billion at the end of 1997, is therefore 14.9%. On the same date, consolidated latent capital gains on listed securities and buildings totalled BEF 81.2 billion, up from BEF 64 billion at the end of 1996 and BEF 51.1 billion at the end of 1995.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1997	118	4.7	740	29.2
Estimated value at 31.12.1997	3,468	133.9	5,982	231.0

Key consolidated figures (BEF million)

	1994	1995	1996	1997
Equity	51,696	56,436	61,899	74,954
Premium income	75,123	109,353	112,436	112,155
Net profit (Group share)	5,505	6,176	11,315	23,159
Net profit per share (BEF)	344	386	708	1,447
Gross dividend per share (BEF)	236	260	360	453

The activities of the PARIBAS Group are divided into three strands:

- *Commercial Banking, which includes the shareholding acquisition business of PARIBAS AFFAIRES INDUSTRIELLES;*
 - *the Asset Management and Savings division;*
 - *the Specialised Financial Services division.*

Refocusing and simplification of the structures at PARIBAS continued into 1997:

- completion of the divestment of branch banking with the sale of CRÉDIT DU NORD, PARIBAS BELGIQUE, PARIBAS NEDERLAND and PARIBAS PACIFIQUE;
- public take-over bid by the COMPAGNIE BANCAIRE for its subsidiaries CARDIF and UFB LOCABAIL;
- public offer of exchange by the COMPAGNIE FINANCIÈRE DE PARIBAS on the COMPAGNIE BANCAIRE and CETELEM.

Furthermore, the planned merger between BANQUE PARIBAS, COMPAGNIE FINANCIÈRE DE PARIBAS, COMPAGNIE BANCAIRE and COMPAGNIE DE NAVIGATION MIXTE was announced in February 1998. BANQUE PARIBAS will participate in this project as the absorbing company. It will adopt the name of PARIBAS and will replace COMPAGNIE FINANCIÈRE DE PARIBAS on the stock exchange.

In 1997 PARIBAS made net earnings (Group share) of FRF 6,573 million compared with FRF 4,350 million in 1996. This does not take into account the 50% of earnings of COMPAGNIE BANCAIRE's, which has a 67% share in those of CETELEM, as the public offers of exchange did not take place until the end of the year.

Total earnings at PARIBAS before goodwill and taxes, including minority interests, stood at FRF 10,581 million compared with FRF 5,893 million in 1996. This takes into

account the earnings of FRF 1,365 million from businesses which were sold, the general provision of FRF 1,900 million for Asia and the tax credit of FRF 1,297 million resulting from the fiscal integration of the earnings from CETELEM and CARDIF as from 1997.

The breakdown by sector under the new PARIBAS structure is as follows:

- the Commercial Banking division progressed from FRF 5,746 million in 1996 to FRF 6,301 million in 1997, with a rise of 26% in earnings at PARIBAS AFFAIRES INDUSTRIELLES compensating for the fall of 5% in earnings from other Commercial Banking activities;
- the Asset Management and Savings division saw strong growth, up from FRF 530 million in 1996 to FRF 988 million in 1997 due to a rise in deposits and assets under management;
- the Specialised Financial Services division followed the loss of FRF (901) million in 1996, stemming from exceptional provisions on real estate assets, with a profit of FRF 2,277 million in 1997;

- the remainder, primarily associated with real estate assets, the financial portfolio and the COMPAGNIE DE NAVIGATION MIXTE, rose from FRF 518 million in 1996 to FRF 1,016 million in 1997.

A proposal has been made to raise the net dividend for 1997 to FRF 14 per share compared with the previous FRF 13.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1997	-	-	43	1.7
Estimated value at 31.12.1997	-	-	1,559	60.2

Key consolidated figures (FRF million)

	1994	1995	1996	1997
Equity (before distribution)	45,261	40,166	40,329	53,114
Net profit (Group share)	1,715	(3,998)	4,350	6,573
Net profit per share (FRF)	15.6	(33.9)	39.7	59.4
Gross dividend per share (FRF)	12.0	12.0	13.0	14.0

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.

Backed by its real estate experience acquired over many years in property and site development, the BERNHEIM-COMOFI Group has expanded into a range of value-added property related activities.

Property development, which remains the foundation on which the other business activities are based, was marked during the year by the withdrawal from a project in Berlin, the sale of the company which owns the building developed in Budapest, and of a building in an advanced state of completion in Brussels, located in the Avenue des Communautés. A new site came on stream in Budapest, and construction and marketing negotiations are in progress for other sites in Brussels. The Group participated in the creation of WETINVEST – with a holding of 33% – which is starting the construction of a 15,000 m² building on the outskirts of Brussels.

The value of securitized property under management at BEF 28 billion is up by 35%. This growth is largely due to the merger of SICAFI BEFIMMO with the companies of the PRIFAST Group, raising the value of BEFIMMO's property portfolio from BEF 6.7 to 10.8 billion. On 31 December 1997, BERNHEIM-COMOFI held 13.4% of BEFIMMO.

The INTERPARKING Group, a 50% owned company, continued to expand and currently operates 213 car parks with more than 102,000 parking places distributed across six countries in continental Europe. The successful integration of CODEPARC and falling interest rates led to consolidated cash flow after tax of more than BEF 750 million.

Self-storage development continued with the opening of the site in Düsseldorf and the purchase of four units in Paris. The sites being operated, together with approved projects, currently represent 70,000 m². The build-up and start-up losses are so far in line with the investment plan.

Further administrative changes have prevented sites in Flanders and Wallonia from entering into service as soon as planned.

Overall, taking into account start-up losses in the self-storage business (BEF 63 million), the year ended with a positive result of BEF 317 million, as all other Group activities made a positive contribution. The cash flow of this year reached BEF 773 million.

Contribution to:

	<i>Restricted consolidation</i>		<i>Consolidation (transitive)</i>	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1997	64	2.5	84	3.3
Estimated value at 31.12.1997	1,057	40.8	1,284	49.6

Key consolidated figures (BEF million)

	1994	1995	1996	1997
Equity	4,470	4,586	4,132	4,144
Turnover	1,030	431	199	2,508
Net profit (Group share)	400	426	(160)	317
Net profit per share (BEF)	135.5	144.1	(54.3)	107.4
Gross dividend per share (BEF)	94.3	100.0	100.0	100.0

AXA-UAP

With FRF 308 billion of premiums issued and FRF 3,184 billion of assets managed, AXA has, since its merger with UAP, become one of the world's leading Groups in its fields of insurance and asset management.

The 1997 business year was marked by the completion of the merger between AXA and UAP, the statutory merger between the two Groups having been ratified by the General Meetings held in May 1997.

A new management team was installed in order to complete the creation of the new Group rapidly. In France, loss activities were restructured and, elsewhere, mergers were also initiated between subsidiaries of the two Groups in Germany, Great Britain, Spain and Italy.

The accounts for 1997 provide the first snapshot of the merged Group, which achieved turnover of FRF 364.6 billion, a consolidated net profit of FRF 13.2 billion and net profit (Group share) of FRF 7.9 billion.

Insurance in France now accounts for 25% of the new Group's turnover, with a contribution to the Group share in net profit amounting to FRF 2,023 million.

Insurance activities in Europe, excluding France, account for 31% of Group turnover, while their contribution to the Group

share of net profit amounted to FRF 3,857 million, helped by the favourable level of profit from financial management.

North America accounts for 15% of turnover and a contribution of FRF 533 million to the Group share of net profit.

Elsewhere, reinsurance made a contribution of FRF 813 million to the Group share of net profit, while the Asia-Pacific zone made a contribution of FRF 261 million. Cross-border activities made a loss of FRF 387 million. Together, the contribution made by insurance and reinsurance activities to the Group share of net profit came to FRF 7,100 million.

Financial Services, with the core activity of managing assets for third parties, account for 16% of Group turnover, their contribution to the Group share of net profit amounting to FRF 2,415 million.

After deduction of FRF 1,595 million for charges from holding companies (financial charges, depreciation of goodwill and overheads), the Group share of net profit amounts to FRF 7,920 million, or FRF 22.8 per share.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1997	-	-	16	0.6
Estimated value at 31.12.1997	-	-	990	38.2

Key consolidated figures (FRF million) ⁽¹⁾

	1994	1995	1996	1997
Equity capital before distribution	40,386	35,624	32,024	78,671
Premiums issued	151,606	157,644	152,746	307,546
Net profit (Group share)	1,568	(2,065)	(6,446)	7,920
Net profit per share (FRF)	5.3	(6.7)	(19.1)	22.8
Dividend per share (FRF)	3.0	3.0	3.0	9.0

(1) Figures for 1994 to 1996 are for UAP only.