



1922



2012

ANNUAL REPORT

2012



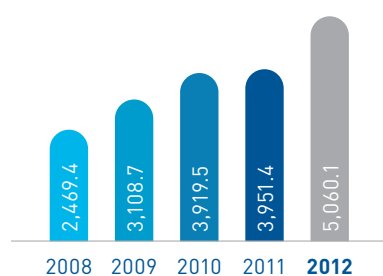
Table of contents

| | |
|---|---------|
| Activities of Foyer Group | page 1 |
| 90 years of history | page 2 |
| Message from the Chairman and the Managing Director | page 4 |
| The organisational structure of the Group | page 6 |
| The Board of Directors | page 7 |
| The Committees of the Board of Directors | page 8 |
| The Executive Management | page 9 |
| The Executive Committee | page 9 |
| The Group Management | page 10 |
| Foyer Group at a glance | page 12 |
| Insurance for individuals | page 14 |
| Insurance for businesses | page 18 |
| Life insurance under the freedom to provide services regime | page 22 |
| Asset management by CapitalatWork Foyer Group | page 24 |
| Foyer S.A. on the stock market | page 28 |

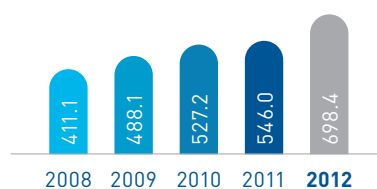
Key figures

(consolidated) on 31 December 2012

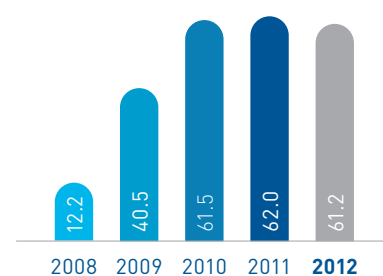
Invested assets



Shareholders' equity (Group share)



Consolidated net result (Group share)

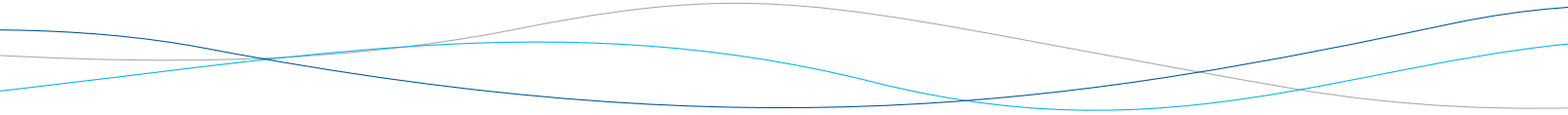


Financial ratios

| | 2010 | 2011 | 2012 |
|--|-------|-------|-------|
| Earnings per share (in €) | 6.88 | 6.98 | 6.91 |
| P/E (stock market value on 31.12) | 6.10 | 6.15 | 6.82 |
| Recurring dividend per share (gross) (in €) | 1.48 | 1.59 | 1.75 |
| Special dividend per share (gross) (in €) | | | 0.40 |
| Net dividend per share (in €) | 1.26 | 1.35 | 1.83 |
| Shareholders' equity (consolidated) per share (in €) | 59.01 | 61.59 | 78.86 |

Employees

| | 2010 | 2011 | 2012 |
|---|-------|-------|-------|
| Headcount at the year-end | 556 | 579 | 578 |
| Average number of employees in FTEs | 530.7 | 536.8 | 535.2 |
| Number of agents and agency employees | 687 | 701 | 695 |
| Including professional agents and employees | 280 | 300 | 323 |



| Securities portfolio / € millions | 2010 | 2011 | 2012 |
|---|---------|---------|---------|
| Equity securities and fixed income securities | 1,320.7 | 1,360.0 | 1,701.2 |
| Cash and cash equivalents, net | 201.0 | 217.6 | 188.4 |
| Financial assets at fair value through income | 2,325.2 | 2,347.3 | 3,108.3 |
| Total | 3,846.9 | 3,924.9 | 4,997.9 |

| Consolidated balance sheet / € millions | 2010 | 2011 | 2012 |
|---|---------|---------|---------|
| Total assets | 4,198.7 | 4,225.1 | 5,338.3 |
| Cash and cash equivalents | 1,320.7 | 1,360.0 | 1,701.2 |
| Equity securities and fixed income securities | 2,325.2 | 2,347.3 | 3,108.3 |
| Financial assets at fair value through profit or loss | 273.5 | 244.2 | 250.6 |
| Total liabilities | 4,198.7 | 4,225.1 | 5,338.3 |
| Technical provisions | 1,617.2 | 1,655.7 | 1,764.7 |
| Liabilities in respect of investment contracts | 1,750.2 | 1,825.5 | 2,568.1 |
| Shareholders' equity - Group share | 527.2 | 546.0 | 698.4 |

| Consolidated profit and loss account / € millions | 2010 | 2011 | 2012 |
|---|--------|--------|--------|
| Net insurance premium revenue | 342.5 | 357.6 | 370.3 |
| Other technical products and commissions | 41.3 | 43.3 | 48.9 |
| Net financial revenue | 138.2 | 40.0 | 114.3 |
| Net operating income | 179.5 | 83.3 | 163.2 |
| Net insurance benefits and claims | -328.5 | -250.0 | -326.9 |
| Expenses | -108.8 | -113.2 | -122.1 |
| Operating profit | 84.7 | 77.7 | 84.5 |
| Taxes | -22.8 | -15.5 | -23.0 |
| Profit for the year | 61.9 | 62.2 | 61.5 |
| Group share | 61.5 | 62.0 | 61.2 |
| Earnings per share (in €) | 6.88 | 6.98 | 6.91 |



Activities of Foyer Group

Foyer S.A.

Non-Life Insurance

- Foyer Assurances S.A. (100.0%)
- Foyer Re S.A. (100.0%)
- Foyer Distribution S.A. (100.0%)
- Foyer-Arag S.A. (90.0%)
- Foyer Santé S.A. (50.0%)

Life Insurance

- Foyer International S.A. (100.0%)
- Foyer Vie S.A. (100.0%)
- Raiffeisen Vie S.A. (50.0%)

Asset Management

- CapitalatWork Foyer Group S.A. (100.0%)
- CapitalatWork S.A. (100.0%) (Belgium, The Netherlands)
- CapitalatWork Management Company S.A. (100.0%)

Situation on 31 December 2012

90 years of history

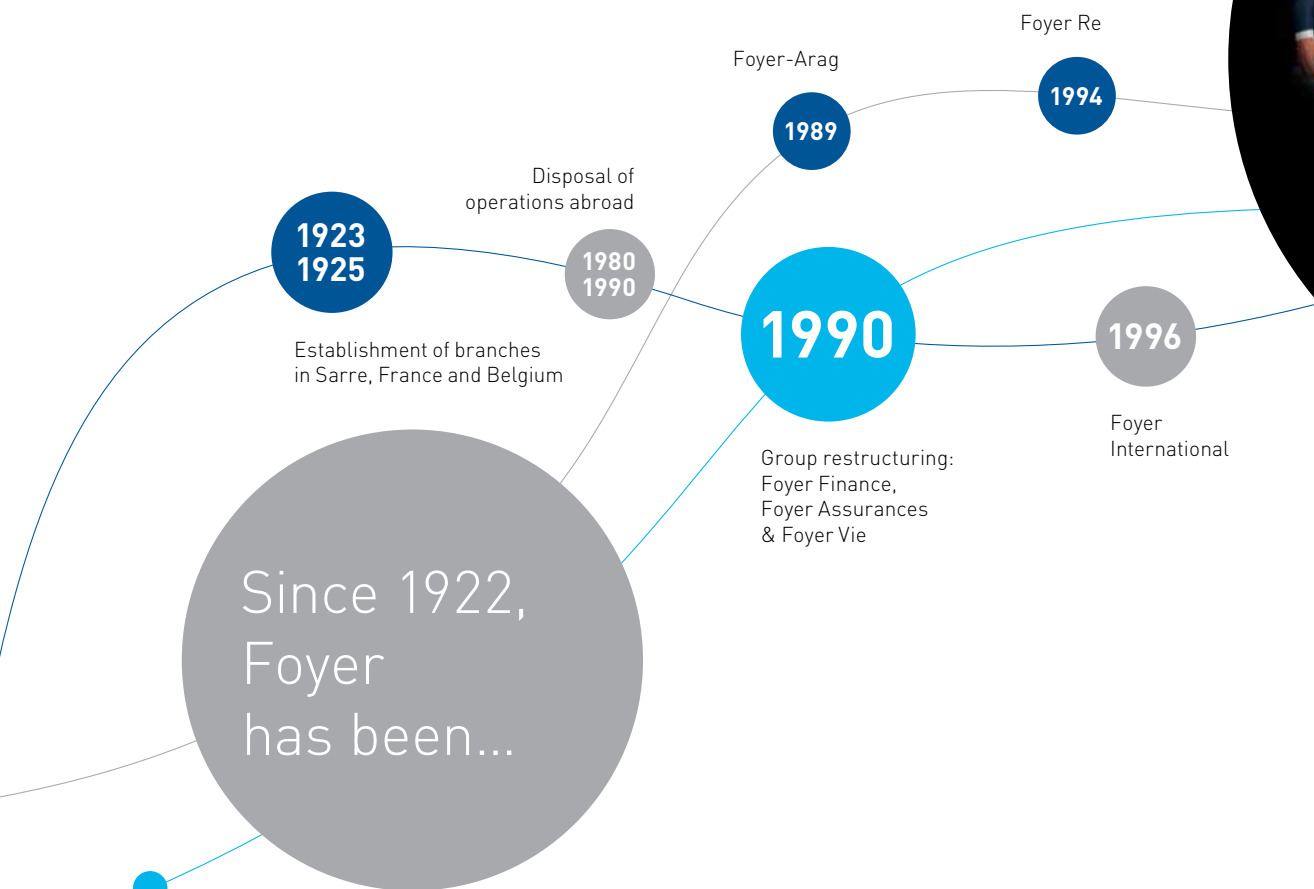
Founded in Luxembourg on 28 October 1922 by Léon Laval and a group of Luxembourg industrialists, Le Foyer opened branches abroad from 1923 in Sarre, 1924 in France, and 1925 in Belgium.

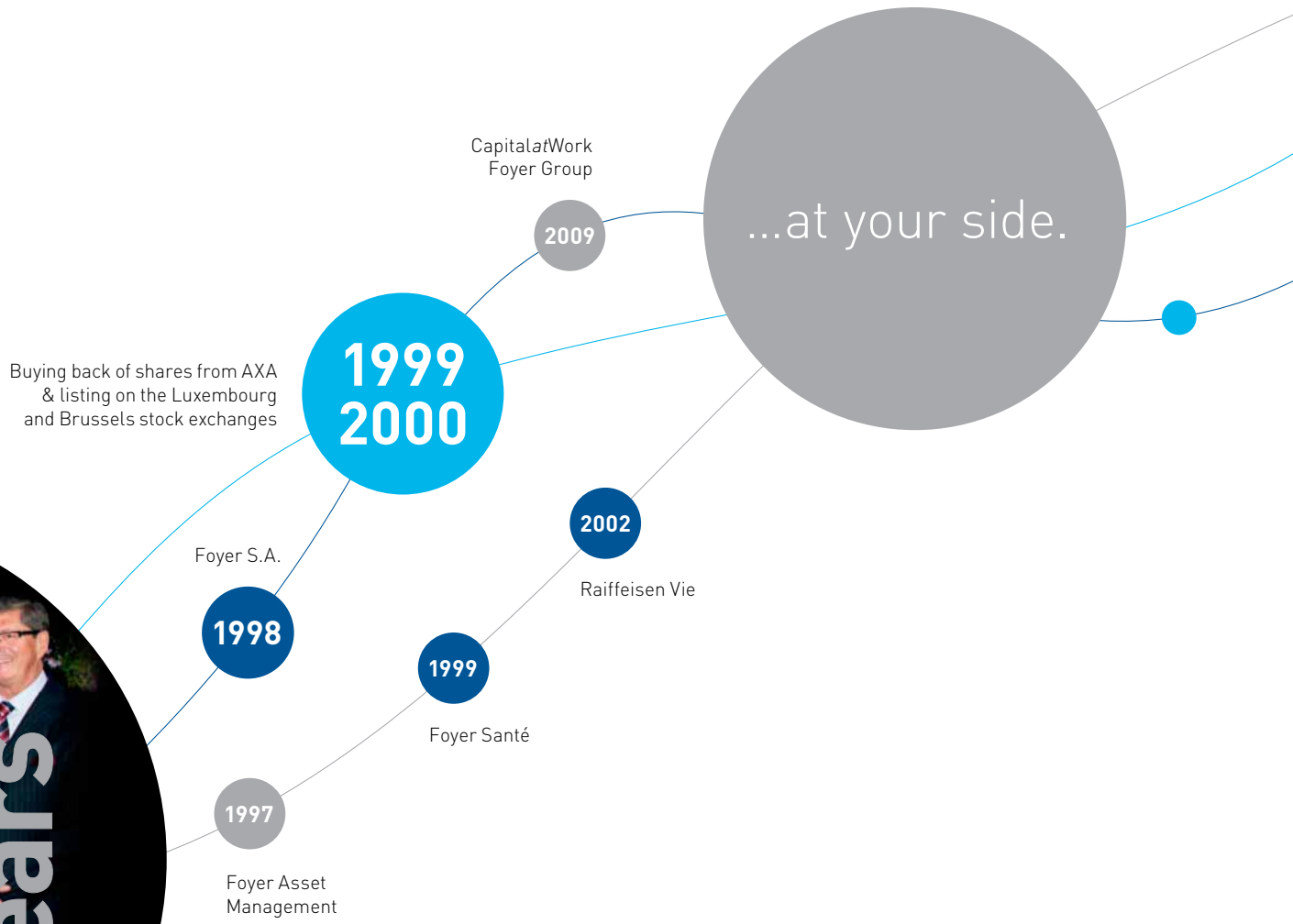
The company expanded in Luxembourg, including buying insurance portfolios until 1961. Le Foyer quickly became the leading insurer of the Grand Duchy, its expansion being closely linked to the development of the country.

In the 80s and 90s, Le Foyer disposed of its operations abroad.

From the 90s, the Group has been restructuring, intensifying its activities on the Luxembourg market and developing a policy of niche in the insurance and asset management sectors in Europe.

In 1999, the Group bought back its shares held by AXA and was listed on the Luxembourg and Brussels stock exchanges in 2000.





Celebrating its 90 years of existence in the Grand Duchy, Foyer Group also celebrates its roots in Luxembourg, its family shareholding and its values.

The Group takes this opportunity to thank its partners and employees for their dedication, its shareholders for their loyalty, and its clients for the trust they have shown.

Message from the Chairman and the Managing Director

Group Foyer celebrates its 90th birthday

On 27 and 28 September 2012, the Board and Management of Foyer had the pleasure of welcoming at the Rockhal in Esch-sur-Alzette representatives of the political and economic world of Luxembourg and all employees and partners of the Group to celebrate the 90th anniversary of Foyer.

During these gatherings, the major phases of the building of the Group were recalled, the close relationship between Foyer Group and the history of the Grand Duchy being highlighted. The entrepreneurial spirit of successive leaders of the Group was also praised, illustrated by important strategic decisions which have over decades shaped the Group to give it its current international reach.

This occasion spent in a convivial atmosphere was an opportunity to thank all those who contributed to the success of Foyer Group for their dedication, their loyalty and their trust.

2012: a good year in an uncertain economic and financial climate

The 2012 financial year was favourable for the insurance industry worldwide. Despite slow growth in the economy, the Luxembourg market saw premium income increase by 6.4%.

The industry has also performed well in terms of underwriting and investment results, which was partly attributable to favourable weather conditions and improved investment results due to an upturn in the financial markets in the second half of 2012.

The year 2012 was also excellent for life insurance marketed

under the freedom to provide services regime from the Grand Duchy, which saw premium income increase by more than 40.0%.

Foyer S.A. has achieved excellent results in this climate which has been generally favourable for insurance. Growth in sales was sustained in non-life insurance in the local market, with an increase of 7.8%, both in individual insurance and business insurance, while growth was exceptionally strong in foreign markets.

In life insurance, sales in eight European countries grew 151.4%, exceeding market growth in this niche.

This strong sales performance in 2012 can be attributed in large part to basic strategic decisions taken in the past. The sale of subsidiaries in France and Belgium in the 80s and 90s was intended to focus efforts on Luxembourg, while developing new activities from the Grand Duchy beyond the borders with a new European vision for the Group's development.

The results for the 2012 financial year improved compared to the previous year if the disposal of Foyer Re in 2011, which contributed significantly to last year's earnings, is disregarded. Good underwriting income and strong financial results through an investment strategy favouring investment in corporate bonds explain this good performance.

All of the Group's companies contributed positively to earnings. The asset management business played a growing role in the Group's consolidated earnings, demonstrating that our strategy of seeking new growth and income beyond the borders has been profitable and that the Group's dependence on the local market has gradually decreased.

Confidence in the future

The Group's shareholder equity increased by 27.9% in 2012 and reached almost €700,00 million at year-end. This solid financial base will allow it to comply with the new requirements imposed by Solvency II and to continue its ambitious development projects using its own resources.

Exceptional "90th Birthday" dividend

The good results achieved in 2012 means that a gross ordinary dividend of € 1.75 per share can be declared, up 10.4%, in line with our policy of regular dividend growth. To commemorate Foyer Group's 90th birthday, it is proposed to pay in addition a special "90th birthday" gross dividend of €0.40 per share, or a gross total of €2.15 per share.

We thank all the shareholders of Foyer S.A. for their trust in us. Our thanks also go to all our staff for their dedication and commitment and our customers for their loyalty to our Group.

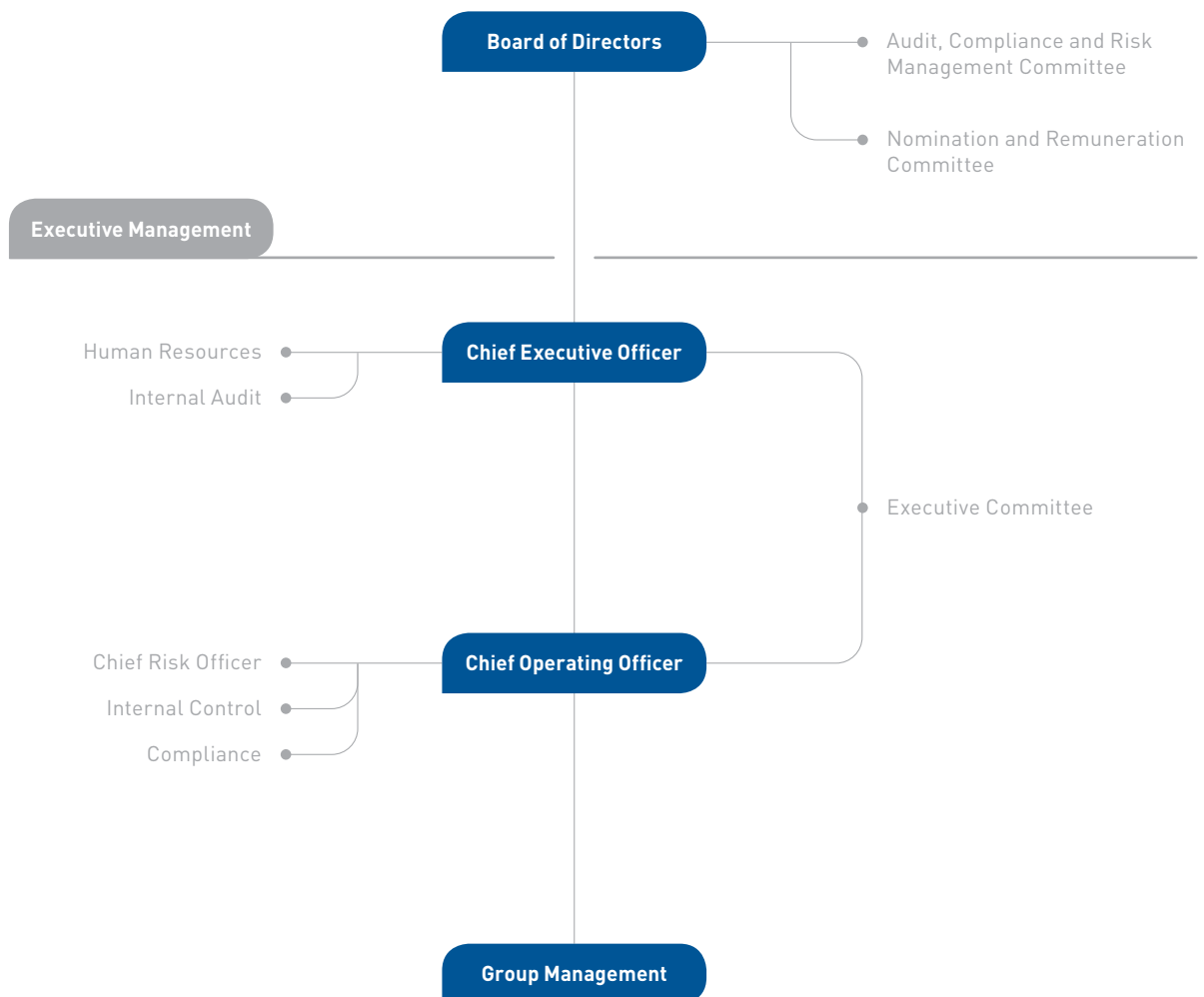


François Tesch Managing Director
Henri Marx Chairman

The organisational structure of the Group

&

The Board of Directors



Foyer's Board of Directors adheres to the ten principles of corporate governance set out by the Luxembourg Stock Exchange. Foyer Group also has a corporate governance charter.

Subject to approval by the General Meeting of 16 April 2013, the Board of Directors of Foyer S.A. will be constituted as follows:

Henri Marx

Chairman of the Board of Directors
Non-executive and independent Director

François Tesch

Executive Director
CEO of Group Foyer S.A.

Romain Becker

Non-executive
and independent Director

Marc Lauer

Executive Director

Dominique Laval

Non-executive Director

Paul Mousel

Non-executive and independent Director

John Penning

Non-executive Director

Jacquot Schwertzer

Non-executive and independent Director

Michel Tilmant

Executive Director

Carole Wintersdorff

Non-executive and independent Director

Patrick Zurstrassen

Non-executive and independent Director



Mr Peter Vermeulen, Head of Legal, is the secretary of the Board of Directors.

From left to right, sitting: Romain Becker, Marc Lauer, Carole Wintersdorff, Henri Marx, François Tesch.

Standing: John Penning, Dominique Laval, Patrick Zurstrassen, Michel Tilmant, Paul Mousel, Jacquot Schwertzer, Peter Vermeulen.

The Committees
of the Board
of Directors

&

The Executive
Management

In accordance with article 18 of the articles of association of Foyer S.A., the Board of Directors is assisted by the following committees:

The Audit, Compliance and Risk Management Committee

Jacquot Schwertzer

Chairman of the Committee
Non-executive and independent Director

Dominique Laval

Non-executive Director

Henri Marx

Non-executive and independent Director

Franck Tusch

Secretary of the Committee
Head of internal Audit

The Nomination and Remuneration Committee

Patrick Zurstrassen

Chairman of the Committee
Non-executive and independent Director

Romain Becker

Non-executive and independent Director

André Elvinger

External member⁽¹⁾

François Tesch

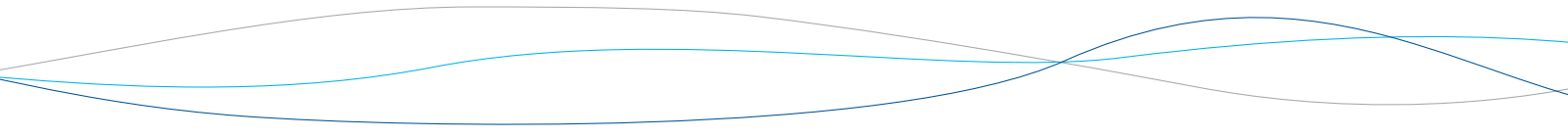
Executive Director, CEO⁽²⁾

Benoît Dourte

Secretary of the Committee
Human Resources Manager

⁽¹⁾ Mr André Elvinger has been requested to join the Nomination and Remuneration Committee, in his capacity as Chairman of the Board of Directors of the parent company Foyer Finance S.A. in order to guarantee a consistent nomination and remuneration policy among the two business sectors grouped under Foyer Finance S.A., i.e. Foyer Group, on the one hand, and Luxempart Group on the other.

⁽²⁾ Mr François Tesch is only a member of the Nomination and Remuneration Committee for questions relating to nomination and dismissing Directors or the COO.



The Executive Committee

The Executive Committee is not a special committee within the meaning of article 18 of the articles of association.

The Executive Committee is a consultative body comprising the CEO and the COO which allows these parties to consult one another, coordinate their respective actions and exchange information.

Mr Benoît Dourte, Human Resources Manager and member of the Executive Committee of CapitalatWork Foyer Group, is a permanent guest to the meetings of the Executive Committee.

Depending on the items on the agenda, the Executive Committee may call on other Executive Managers or any other person capable of clarifying particular matters.



François Tesch

Chief Executive Officer (CEO)



Marc Lauer

Chief Operating Officer (COO)



The Group Management

The Group Management is composed of Operational Management and Staff Management.



Daniel Albert
Information systems



André Birget
Asset management



Philippe Bonte
Local Life Insurance
and Research
and actuarial Studies



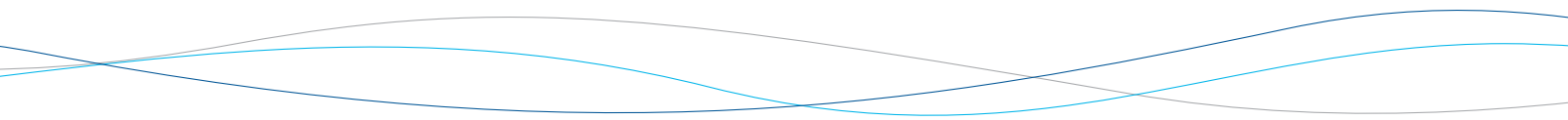
Jean-Louis Courange
International
Life Insurance



Benoît Dourte
Human Resources
and General Services



Paul Fohl
Risk management



Marc Lauer
Accounting and Reporting



Franck Marchand
Non-Life Insurance



Michel Tilmant
Wealth management



Peter Vermeulen
Legal



Gilbert Wolter
Sales and Marketing

Foyer Group at a glance

90 years of service to clients

On 28 October 2012, Foyer Group celebrated its 90th birthday. This was an opportunity to look back on almost a century of history marked by success.

Over the years, Foyer Group has been a key player in the economic and financial landscape of Luxembourg. Leader of the local insurance market since its inception, it is now present in several European countries through its three businesses: insurance, protection, and wealth management.

Le Foyer, Compagnie Luxembourgeoise d'Assurances S.A. was founded in 1922 by Messrs Léon Laval, Max Lambert, Joseph Bach and Max Ménager. It rapidly expanded its international activities, establishing itself in Sarre in 1923, France in 1924, and Belgium in the following year. From the beginning, its founders planned to create a Luxembourg group that had an international reach while maintaining its regional character.

The end of the war marked the beginning of the thirty glorious years when, from 1945 to 1975, the economy grew at a steady pace. The country was rebuilt and the purchasing power of Luxembourg increased. Le Foyer quite naturally fared well, in line with the general trend towards prosperity.

In the 80s, while Europe was taking shape and gave birth to a single market for insurance, the Group redefined its strategy around three key ideas.

The first idea was to strengthen the Group's equity by selling its businesses in France (1982) and Belgium (1990). The listing of

Foyer on the stock exchanges in Luxembourg and Brussels in 2000 helped accelerate this trend. With equity now amounting to almost €700,00 million, Foyer Group amply meets the regulatory solvency requirements, notable in a particularly difficult financial and economic climate.

The second idea was to establish the local economic mainstay of the Group. Foyer intensified its insurance activities in Luxembourg with the creation of, for instance, Foyer Santé in 1999.

The third idea was to develop a policy of creating niches in Europe, radiating from the Grand Duchy of Luxembourg, building on the skills of Foyer and the strengths of the financial marketplace.

Thus Foyer International started its activities in 1996 with the objective of marketing life insurance products under the freedom to provide services regime in several European countries.

At the same time, Foyer Group expanded its asset management business. Now included within CapitalatWork Foyer Group, this business is booming in Luxembourg and Belgium.

The keys to this strength and longevity lie in the stability of family ownership and in Foyer Group's strong local roots. Also, it adopted an approach focused on customers and their needs, as well as an ongoing search for operational excellence.

The Group relies on five core values: trust, integrity, innovation, excellence and independence. Assisted by its 578 employees in three countries and 695 agents and agency staff present throughout the Grand Duchy of Luxembourg,

Foyer can meet the expectations of its numerous and varied customers: Luxembourg and European individuals and families, entrepreneurs and companies...

Finally, looking to the future and conscious of its social and environmental responsibility, Foyer Group regularly supports sporting, cultural and charitable events. These partnerships, as well as daily efforts to limit its environmental footprint,

earned it the label of "Socially Responsible Company" in 2012, conferred by the INDR (National Institute for Sustainable Development and Corporate Social Responsibility).

Past, present and future are combined in the culture and values of Foyer Group. Its mission, its development and its projects are definitely geared towards the future.

"Foyer is celebrating 90 years of eventful history, marked by the spirit of entrepreneurship and professionalism. Since 1922, we have developed skills and expertise enabling us to meet the needs of our local, European and international customers in insurance, protection and wealth management.

The Group's deeply rooted values give us a long-term vision and inspire our actions with conviction. They allow us to grow and innovate, always keeping in mind our primary responsibility: to put the interests of our clients first.

Today, on the basis of our past experience, we want to maintain our financial strength, continue to innovate and improve the quality of our services and our products so that Foyer will remain the preferred partner of our customers in our areas of expertise."



Marc Lauer Chief Operating Officer

Insurance for individuals



The quality of products and services offered by Foyer Group has allowed it to establish its reputation and leadership for 90 years, and to retain the confidence of a demanding clientele.

By focusing on innovation and excellence, Foyer maintains a wide range of products to meet all its customers' needs for protection and peace of mind.

These products offer different levels of coverage depending on the personal circumstances of the client.

They are flexible to adjust to the needs of each individual and are constantly evolving in order to adapt to the life cycle of households.

Foyer provides a tailor-made solution for clients at every stage of their life, whether with regard to protecting the family and property, saving for retirement or investing to finance future projects.

Researched products and a service which meets the expectations of a demanding clientele

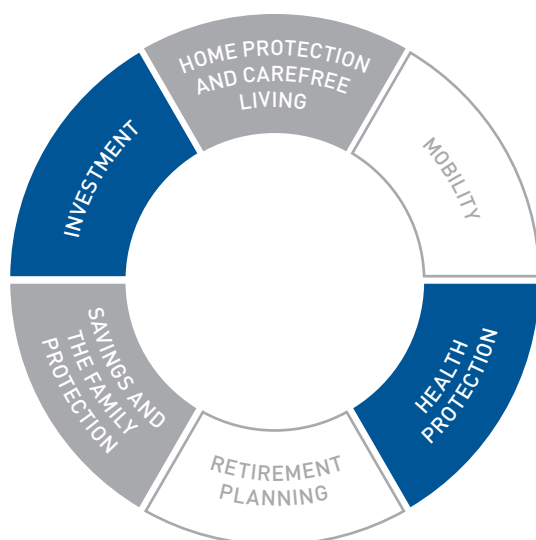
This comprehensive range of products, reflecting the skill and expertise of the Group is based on the following requirements:

- **Mobility**

When purchasing car insurance, clients expect that their vehicle, passengers and themselves are protected and compensated in the event of an accident.

Foyer promises its customers even more: with **mobilé service**, it is committed to maintaining the client's mobility under all circumstances and to making each claim a "non-event" by providing immediate assistance.

Individuals' areas of need



By adding **mobilé credit** - a combined credit and auto insurance facility - to its range, Foyer is responding fully to the mobility needs of its customers in a unique way by enabling them to finance and insure their vehicle in one step through Foyer or its agent.

The ability to combine several vehicles in a single policy with a sliding scale of charges is another innovation that simplifies procedures for the client.

To support eco-mobility, Foyer Group developed in 2012 a unique package on the Luxembourg market to cover electric vehicles and promote their use. By offering assistance in the event of a power failure and a guarantee on the battery, **mobilé** protects customers against the main risks associated with using an electric vehicle.

- Home protection and carefree living

With **reebou family**, Foyer provides a comprehensive and flexible solution for protecting your home and family.

reebou family is an ideal insurance for the home and its contents, to which are added a variety of packages to cover the whole family when travelling, in the event of personal accident or litigation.

To ensure the best possible service to the customer, the **reebou family** policy has been designed to evolve with the needs and personal circumstances of the client. The combined cover within a single policy enables the client to see all the cover available at a single glance and simplifies daily management.

- Health protection

The optimal management of health care under all circumstances guarantees the client security and peace of mind.

With **medicis**, Foyer Group has developed comprehensive coverage, in addition to the statutory benefits, to pay all health care costs, whether these relate to the costs of outpatient care, hospital costs, or dental and optical costs and fees.

Depending on the option selected, clients may choose a hospital anywhere in Europe covering the related expenses, without prior authorization from the CNS (National Health Service), which allows them access to the best practices and medical skills.

In 2012, in order to ensure customer service excellence and anticipate future developments in health insurance, Foyer Group transferred the management of health policies to the computer platform used by Foyer Assurances.



- Investment

In terms of investment, the **flexivie** range responds precisely to the needs and risk choices of our clients.

Through the guaranteed capital formula for the more cautious investors, or through the invest formula which benefits from the good performance of the funds with specific investment profiles managed by CapitalatWork Foyer Group, the **flexivie** line of products offers clients the opportunity to invest while enjoying the advantages of life insurance.

The **flexivie** line has met with resounding success thanks to strong performances in recent years, and more and more customers are putting their trust in Foyer for long-term investment of their savings.

Many investors are choosing to diversify their investments through the acquisition of real estate. To protect them, Foyer developed **reebou invest**, an innovative product that covers all the requirements for a real estate investment: building cover, owner's liability, legal protection, and the potential risk of non-payment of rent.

- Retirement planning

The future of the state pension is more and more uncertain owing, inter alia, to demographic changes. Purchasing individual pension insurance allows everyone to prepare for the future by gradually creating capital that will provide additional income during retirement.

In terms of pension savings, the **horizont** range of products allows Foyer to provide its customers with advice and customized solutions which include the tax advantages of these products.

To prepare for retirement, the client may choose a secured formula where capital is guaranteed, or opt for a selection of funds with specific investment profiles managed by CapitalatWork Foyer Group.

- Savings and the family protection

With its **helios** line, Foyer Group offers clients solutions which combine savings and protection. These products provide an attractive return on the amounts invested and pay survivors a lump sum in the event of death.

A network of local agents

As regards insurance, protection, or wealth management, the designing of quality products is only relevant if accompanied by a structured sales approach and advice commensurate with the expectations of customers.

To give concrete expression to its promise, the Group focuses on operational excellence, regardless of the entry point chosen by the customer.

Foyer relies primarily on its network of agents who have all the skills needed to interact with the customer, identify their current and future needs, and offer the best solutions to their personal situation.

In order to provide the best service, the ongoing professional training of agents and daily support through the provision of the latest IT tools is a priority.

Foyer services constantly assist their network of agents, enabling optimum quality advice to be provided. Thus, our services are accessible 24/7 in case of accident or when there is a request for urgent assistance.

Clients can choose the channel through which they wish to contact Foyer at any time, confident that the Foyer agent will remain his local contact person, available to give customized advice.

The strategy of always putting the client first is made possible by sharing information with agents on a regular basis and the implementation of advanced technologies.

“Putting the client first is a key driver of the Group’s strategy. It affects all levels of the business from product design to internal organization, through the marketing approach based on personalized advice and long-term monitoring.”



Gilbert Wolter Sales and Marketing Manager

Insurance for businesses



Since its creation, Foyer has supported and been a part of the country's economic growth, especially since the end of World War II, a period which saw the Luxembourg economy grow at a very fast pace.

The Group has been a leading insurer in all areas that formed the bases of the national economy: steel, construction, aeronautics, satellites, audiovisual production and finance.

Thanks to this long experience, Foyer is now the insurer of large international groups in the most diverse sectors. Its expertise and professionalism allow the Group to offer solutions adapted to each company whatever its size and field of activity.

Thus, Foyer offers its business customers a cutting-edge service covering all their needs and providing a customized solution to each insurance problem.

Foyer supports entrepreneurs in the creation and development of projects.

It thus helps business leaders to limit their risk-taking:

- Liability insurance for executives preserves their assets when they are personally sued in the course of their duties;
- Disability and incapacity insurance guarantee them an income when they are no longer able to perform their duties;
- Health insurance allows them to receive the best care, an important factor in professional efficiency.

Foyer also offers solutions that cover the range of risks regarding the production of goods and services. The products developed by Foyer Group meet the specific needs of each area of business.

Protecting a business means insuring its sources of production, covering its liability, sustaining its activity and defending its rights.

• Protecting its sources of production

With its product **mobilé pro**, Foyer provides companies with customized solutions to insure their vehicles. From motorcycles to utility vehicles, cars or construction equipment, Foyer offers a complete line to cover automobile liability and compensation for damage to vital sources of production.

Premises, machinery and equipment or computer data may be damaged or stolen. Foyer provides companies with comprehensive policies including simple and clear warranties that allow them to protect their sources of production and carry on their business with confidence.

• Liability Insurance

The responsibilities of an independent contractor or a company are considerable and continue to grow in an environment where persons liable for damage are increasingly being sued, even if they are not at fault. Whether they are doctors, accountants, architects or industrialists, for example, Foyer offers coverage adapted to each business activity.

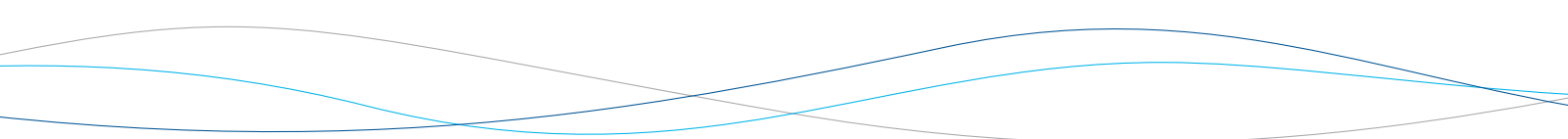
• Sustainability of the activity

When a source of production is damaged, its replacement costs often represent only a small part of the loss suffered by the company.

Water damage or fire can cripple the business for a long time during which wages, rents and almost all fixed costs must still be honoured. To cope with such a situation following a loss and protect the business over the long term, Foyer offers its clientele customized business interruption insurance solutions.

• Defending its rights

Whatever the activity and the status of the company, the number of lawsuits it may face is constantly increasing. Access to justice can be costly and it is not always easy to take the appropriate steps under the circumstances. With its long-term partnership with the Arag group, a globally recognized player in the field of legal insurance, Foyer Group has created a **Professional Legal Protection** Insurance that provides coverage in these difficult situations. Foyer also provides its corporate customers with a legal assistance telephone line, "jurisline".



A company also consists of the human capital essential to its proper functioning.

Foyer Group has invested in the development of employee benefits. These allow companies to provide maximum financial security for their employees and encourage their loyalty and motivation. There are many tools that companies can implement in the framework of an attractive and dynamic wage and managerial policy.

- The company health is closely linked to the health of its employees. Foyer offers supplementary health care coverage through its "medicis group" so that companies can provide their employees with the highest level of care.
- Employees who are victims of an illness or accident, including during the course of their employment, may face a significant drop in their income. Foyer Group provides businesses with solutions to protect their employees from the financial consequences of these events.

- Given current demographic trends, pensions that compulsory pension schemes may be able to pay could be a huge disappointment to a large number of employees. To remedy this situation, Foyer offers its business customers the opportunity to subscribe to a supplementary pension scheme that complies fully with the legal criteria and which offers a tax framework favourable to both the employer and the employees, who are able to contribute personally. In addition, an Internet portal allows individuals to manage their supplementary pension plan online: it allows persons to choose their investments from among the range of available products.

By offering its business customers insurance products tailored to protect their assets and their businesses and innovative solutions to retain their employees, Foyer Group enables business leaders to focus on developing their business with confidence.

| Change in business client sales / €millions | 2010 | 2011 | 2012 |
|---|------|------|------|
| Non-Life insurance | 80.2 | 84.8 | 90.3 |
| Life and Health insurance (employee benefits) | 16.8 | 19.4 | 21.5 |

“Foyer Group places its 90 years of experience in the professional liability insurance business at the disposal of managers, their companies and their employees.”



Franck Marchand **Managing Director of Foyer Assurances**

Life insurance under the freedom to provide services regime



Tailor-made solutions for a demanding international clientele.

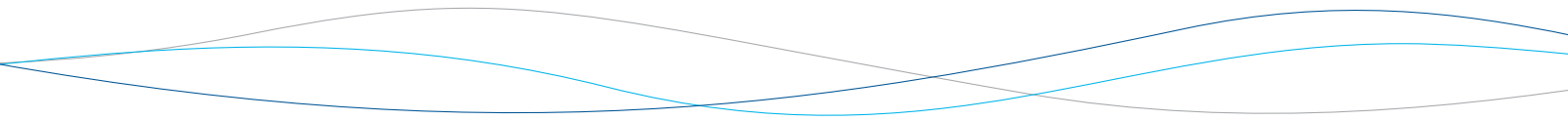
The opportunities offered thanks to the freedom to provide services regime beyond the borders of the Grand Duchy of Luxembourg have allowed Foyer International to offer a comprehensive range of products intended for a high-end clientele. These solutions combine sophisticated asset management services, the tax benefits of Life insurance and financial security, all required by prudent investors. In each country, the tailor-made solutions offered meet clients' long-term tax optimization, estate planning and financial soundness needs.

Foyer International works exclusively with wealth management professionals. It is thus a partner of reference, with a reputation for high-quality, expert advice, in particular among banks and private bankers, asset managers, family offices and financial advisors.

In close collaboration with internal and external experts, Foyer International offers high-end, flexible, and transferable life insurance solutions that comply with existing regulations in eight European countries (Germany, Belgium, Spain, France, Italy, Norway, Portugal and Sweden).

Foyer International offers tailor-made solutions based on an open architecture to guarantee long-term, effective and safe asset management. Special products have thus been devised to meet the demands of a wealthy clientele while allowing tax and inheritance benefits and complying with the legal and tax environment in their country of residence, a factor in long-term security.

In the current economic environment, the Luxembourg regulatory provisions ensuring policyholders optimal protection of their investments are no longer considered ancillary, but are an integral part of an effective asset protection strategy.



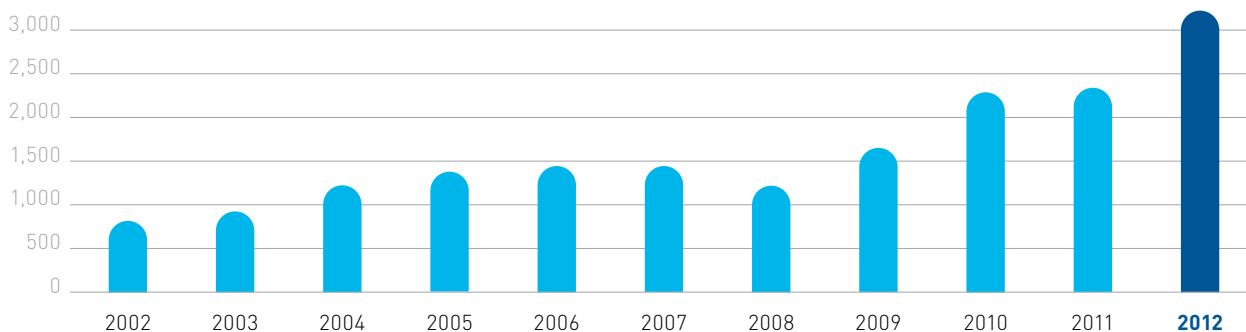
New challenges always present new opportunities: Foyer International thus adapts to the frequent regulatory changes, with respect to both national legislation and changes in European directives. Foyer International's specialists are in constant contact with tax and legal experts in all countries affected by its activities.

Foyer International benefits from its affiliation with an independent Group; it is able to retain its character and firmly rooted family values, while offering the transparency of a listed

company. The Group's fidelity to its principles and its financial soundness are what make the difference for the clients that place their trust in it.

The increasing mobility of European nationals calls for more and more frequent customised cross-border solutions. The experience of the teams at Foyer International means that this need can be met with the support of local specialists in each of the countries concerned.

Foyer International Commitments towards clients / €millions



"In an uncertain economic and financial environment, we are able to offer to a high-end clientele with specific needs in terms of structuring and transferring of their assets, attractive, pragmatic international solutions which are consistent with local laws and regulations."



Jean-Louis Courange Managing Director of Foyer International

Asset management by CapitalatWork Foyer Group



CapitalatWork Foyer Group's assets under management exceeded the threshold of € 4.60 billion at the end of 2012, up nearly 10% compared to 2011. This increase is due to the excellent performance of its wealth management and also to marketing efforts that have been undertaken.

Convinced that the business model of offshore customers is increasingly threatened and that the future belongs to services provided to local customers, CapitalatWork Foyer Group sold its Swiss subsidiary at the end of June 2012, to devote itself exclusively to customers residing in the three countries in which it operates (Belgium, the Grand Duchy of Luxembourg and the Netherlands).

At the end of December 2012, CapitalatWork Foyer Group signed the ICMA "Private Wealth Management Charter of Quality," guaranteeing the quality of services offered to customers.

The financial results of the company show a significant increase compared to 2011. The increase in assets under management, which goes hand in hand with the corresponding revenues, partly explains this increase. It is also the result of measures taken in 2011 to take full advantage of synergies arising from the merger of CapitalatWork and Foyer Patrimonium.

2012 results and outlook for 2013

"We will do whatever it takes to save the euro, and believe me it will be enough." This statement by the President of the European Central Bank, Mario Draghi, in July 2012, has profoundly affected the financial markets.

The first half of 2012 was in line with 2011: a continuous movement towards the "reassuring" German government bonds, an increase in the Italian and Spanish rates and a depressed stock market. This situation was reversed in the summer of 2012 when Mr Draghi left no doubt about the fact that the ECB had sufficient means to save the euro. From that moment, Italian and Spanish rates have gradually declined, the equity markets have rebounded and corporate bond rates have eased. 2012 could almost be described as a "vintage year", thanks to the great performance of global equity indices and indices of European government bonds denominated in euros. Both are excellent indicators of good management portfolio returns.

As regards the prospects for 2013, the impact of the necessary reduction in the level of indebtedness will be evident over the next few years. Growth prospects in Europe are among the lowest in the world. Inflation and interest rates should also remain at low levels during the year 2013. European investors will, therefore, be faced with slow growth in their own region and low yields on the safest investments. Thus, an investment in a 10-year German government bond currently earns an annual before tax rate of 1.3%. The management of CapitalatWork Foyer Group is striving to meet these challenges.

CapitalatWork Foyer Group remains attentive to major market trends in Europe and the world. Its management of the equity portfolio and of bonds is well diversified outside the euro zone, almost half of its clients' assets being invested outside. Regarding bonds, emerging countries, Norway and the United States are preferred. For equities, Asia and the United States are attractive markets. Thus, CapitalatWork Foyer Group benefits from strong growth in the rest of the world.

Umbrella SICAV

| Funds | Performance 2012 | Benchmark | Morningstar |
|--------------|--|--------------|-------------|
| Equity Funds | Contrarian Equities at Work _____ 18.36% | _____ 14.04% | ☆☆☆☆ |
| | European Equities at Work _____ 19.98% | _____ 18.18% | ☆☆☆☆ |
| | American Equities at Work _____ 17.22% | _____ 16.00% | ☆☆☆☆ |
| | Asian Equities at Work _____ 11.07% | _____ 13.31% | ☆☆ |
| | Dividends at Work _____ 12.46% | _____ 6.44% | N/A |
| Bond Funds | Corporate Bonds at Work _____ 12.07% | _____ 13.60% | ☆☆☆☆ |
| | Government Bonds at Work _____ 7.83% | _____ 10.54% | ☆☆☆☆ |
| | Cash+ at Work _____ 2.78% | _____ 0.87% | ☆☆☆☆ |
| | Inflation at Work _____ 10.07% | _____ 6.34% | ☆☆☆☆ |

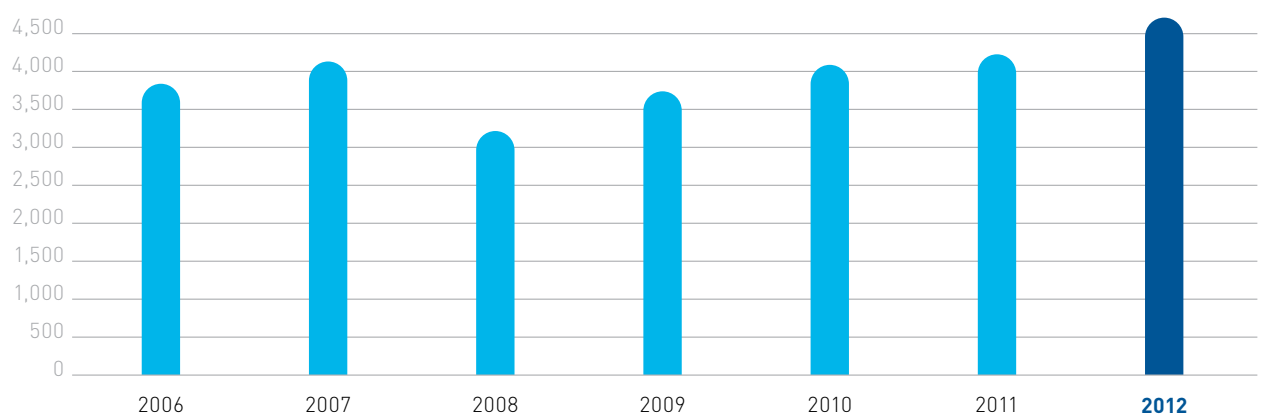
The CapitalatWork Foyer Group's teams of analysts also seek to protect the assets of its customers against inflation in this low interest rate environment. Time deposits and savings accounts no longer provide attractive returns and today, yields are even lower than inflation in Europe (approximately an annual rate of 2.3%). Even the safest bonds offer very low yields.

The extension of bond investments to corporate bonds which are generating extra returns of 1.5% compared to the government bonds, allows providing some preliminary feedback. For these bonds, the expected performance is around 3.0%. In addition,

the sovereign bonds of emerging countries may also present an interesting alternative. The latter now offer an annual yield of about 5.5%. It is nevertheless clear that the expected returns on bonds will remain at very low levels in the coming years.

Given the existing bond situation, it is important to draw the attention of the clientele on the potential of a class of assets that fell into disfavour: equities. European equities are now at the same levels that they were a dozen years ago. In general, performance of equities has not been very positive and certainly much weaker than bonds. Is this time, however, far behind us?

Evolution of managed assets / € millions (pro forma data)



The profitability of companies has strongly improved, so that the price/earnings ratios are now significantly lower. Both in absolute terms and in relative terms, equities have the potential to rise. The assumption that returns on equities can be higher than bond yields in the next decade is totally realistic. In the short term, volatility of equity returns is likely, but the long-term prospects for earnings are encouraging.

“We are able to call 2012 a ‘vintage year’ because of the good earnings of managed portfolios.”

Michel Tilmant Managing Director of CapitalatWork Foyer Group



Foyer S.A. on the stock market

Structure of the shareholding on 31.12.2012

| | |
|-------------------------|--------|
| Foyer Finance S.A. | 79.26% |
| Luxempart S.A. | 5.80% |
| Public and Institutions | 13.39% |
| Foyer S.A. | 1.55% |

Stock value on 31.12.2012

| | 2010 | 2011 | 2012 |
|---------------------------------|-------------|-------------|-------------|
| Number of shares in circulation | 8,933,452 | 8,865,304 | 8,859,119 |
| Closing price | 42.0 | 43.0 | 47.1 |
| Market capitalisation | 375,115,649 | 381,208,072 | 417,175,914 |
| High for the year | 44.5 | 51.6 | 47.4 |
| Low for the year | 37.0 | 41.4 | 42.6 |
| Free float | 1,424,701 | 1,283,909 | 1,204,614 |

Information on changes in the stock market price (base 100)

