



PRESS RELEASE

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Regulated Information - Half year results 2011

Solid Insurance performance before Greek impairment charge

- Insurance net profit EUR **261 million**, +44%;
Including Greek impairment, Insurance net profit EUR **111 million**, -39%
- Q2 confirmed improvement in Non-Life : Group combined ratio Q2 11 at 99.8%;
H1 11 combined ratio down to **101.2%** vs. 105.8%
- Life inflows at EUR **6.5 billion**, -16%, in line with industry trends;
Funds under management stable
- Non-Life inflows at EUR **2.4 billion**, +30%, up across all segments

Group net result at EUR 59 million negative

- Net loss General Account EUR **170 million**, including EUR 130 million non-cash legacy related charge

Strong insurance solvency at 207%

- EIOPA solvency II stress tests well above industry averages
- Shareholders' equity EUR **2.89 per share**, stable vs. Q1 11, despite volatile financial markets
- Net exposure to Southern European sovereigns down from EUR 6.0 billion end 2010 to EUR **4.3 billion**¹

Share buy-back programme announced of up to EUR 250 million

CEO Bart De Smet said:

"Ageas reported a good Insurance performance for the first six months compared to last year. The net results have been negatively impacted by an impairment related to the Greek bond portfolio, but this should not detract from the encouraging progress that has been made. The impairment has not impacted our solvency ratios which have remained as strong as in previous quarters as our solvency methodology takes unrealized losses on fixed income into account. Our Group capital remained substantially above regulatory minimum requirements. In addition, Ageas' main European operations passed very successfully the EIOPA solvency II stress tests with simulated solvency ratios largely exceeding the average of the European industry in all stress test scenarios adopted. Shareholders' equity remained stable compared to end of March and also factors in any impact from the volatile financial markets. All these indicators underscore our solidity and ability to withstand difficult and uncertain market conditions.

With respect to the business performance, Non-Life showed a continued and significant improvement illustrated by substantially better combined ratios and strong top line growth across all the segments. Life performance is also encouraging taking into account the difficult commercial environment and the volatile financial markets.

For 2011 and based on our experience in the first half, we expect inflows to be close to the level of last year. Taking into account the first half' impairment charge related to the Greek sovereigns and barring any other significant events outside of our control, the financial performance of the Insurance operations for the full year is expected to be in line with 2010. The result of the General Account is expected to remain volatile."

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¹ As per 19 August 2011 after non-controlling interests and at amortized cost

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<i>in EUR million</i>	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross inflows (incl. non-consolidated partnerships)	8,993.0	9,636.0	(7 %)	4,161.0	4,634.0	(10 %)	4,832.0
- of which inflows from non-consolidated partnerships	3,079.0	3,223.0	(4 %)	1,414.0	1,482.0	(5 %)	1,665.0
Net profit Insurance before non-controlling interests	137.8	231.8	(41 %)	(41.8)	102.4	*	179.6
- Belgium	33.8	118.8	(72 %)	(76.7)	33.1	*	110.5
- UK	30.2	6.9	*	27.0	9.5	*	3.2
- Continental Europe	20.1	39.0	(48 %)	(15.6)	13.2	*	35.7
- Asia	53.7	67.1	(20 %)	23.5	46.6	(50 %)	30.2
Net profit Insurance attributable to shareholders	110.9	180.5	(39 %)	(23.6)	86.9	*	134.5
- Belgium	23.1	87.9	(74 %)	(58.5)	24.1	*	81.6
- UK	30.4	8.3	*	25.5	10.3	*	4.9
- Continental Europe	3.7	17.2	(78 %)	(14.1)	5.9	*	17.8
- Asia	53.7	67.1	(20 %)	23.5	46.6	(50 %)	30.2
Net profit General Account (incl. eliminations)	(169.7)	274.5	*	118.4	569.2	(79 %)	(288.1)
- Net profit General Account excl. value call option	(254.7)	395.5	*	35.4	470.2	(92 %)	(290.1)
Net profit attributable to shareholders	(58.8)	455.0	*	94.8	656.1	(86 %)	(153.6)
- Net profit attributable to shareholders excl. value call option	(143.8)	576.0	*	11.8	557.1	(98 %)	(155.6)
Funds under management (in EUR bn) **	70.8	68.9	3 %	70.8	68.9	3 %	70.6
Operating cost Life/FUM Life ratio	0.50%	0.52%		0.53%	0.54%		0.48%
Combined ratio	101.2%	105.8%		99.8%	101.4%		102.6%
Total solvency ratio Insurance	207%	226%		207%	226%		201%
Weighted average number of ordinary shares (in million)	2,583	2,475	4 %	2,583	2,475	4 %	2,583
Earnings per share (in EUR)	(0.02)	0.18	*			*	(0.06)
- Earnings per share excl. value call option (in EUR)	(0.06)	0.23	*			*	(0.06)
Shareholders' equity	7,477	9,153	(18 %)	7,477	9,153	(18 %)	7,446
- Shareholders' equity excl. value call option	6,783	8,394	(19 %)	6,783	8,394	(19 %)	6,835
Net equity per share (in EUR)	2.89	3.70	(22 %)	2.89	3.70	(22 %)	2.88
- Net equity per share excl. value call option (in EUR)	2.63	3.39	(23 %)	2.63	3.39	(23 %)	2.65
Dividend per share (in EUR)				-	-		
Return on equity *	(3.5%)	8.8%					3.1%
- Return on equity per share excl. value call option	(2.9%)	9.8%					4.9%

* Return on equity calculated on the basis of a 12-months profit and a net equity rolling average of the 4 past quarters; Previous quarterly results calculated as a rolling average based on 3-months net profit ** Adjusted for the classification of Fortis Luxembourg Vie as 'Assets and Liabilities held for sale'

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Executive summary

Ageas reported a Group net loss of EUR 59 million for the first half with a net profit of EUR 111 million for the Insurance operations, offset by a net loss of EUR 170 million in the General Account. The Insurance results have been impacted by a total impairment charge of EUR 150 million related to the Greek sovereign exposure. The charge has been calculated based on the fair values as at 30 June 2011 (average of 58%) and for maturities up to 2020. Excluding this charge, net insurance results would have been EUR 261 million, significantly up on last year and boosted by a solid improvement in Non-Life. The General Account net result includes a net charge of EUR 130 million related to the legacy issues. The latter includes a charge of EUR 40 million related to a provision for the Fortis Tier 1 Debt Securities which Ageas will be obliged to acquire on 26 September 2011 following the non-call by Fortis Bank SA/NV and the consent provided by the National Bank of Belgium on 18 August 2011.

The second quarter' net result amounted to EUR 95 million, substantially better compared to the first quarter driven by a strong General Account net result of EUR 118 million partially offset by a net Insurance loss of EUR 24 million including the aforementioned net impairment on Greek bonds, mainly impacting the Life net result. The Non-Life activities continued to improve their performance on the back of a strong recovery in the UK. The latter is illustrated by an overall Group combined ratio for the second quarter which improved further to reach a level below 100%, at 99.8%.

Insurance

Non-Life performance further improved, Life results hampered by impairments

Ageas reported for the first half an **Insurance net result** after non-controlling interests of EUR 111 million compared to EUR 181 million last year, broken down as EUR 23 million in Belgium, EUR 30 million in the United Kingdom, EUR 4 million in Continental Europe, EUR 54 million in Asia. This result includes an impairment charge on Greek sovereign bonds of EUR 328 million gross corresponding to a net charge of EUR 150 million after profit sharing, tax and non-controlling interests. The impairment breaks down into EUR 143 million in Life and EUR 7 million in Non-Life respectively and impacts especially the results of Belgium and Continental Europe. Excluding the impairment charge, the total Insurance net result would have been 44% up on the same period last year to EUR 261 million.

The **Life net result**, including the before mentioned impairment charge, amounted to EUR 52 million compared to EUR 178 million last year. Asia reported resilient results across all entities confirming the strong performance of last year. Excluding the Greek specific impairments, Continental Europe's net result benefited from higher operating margins in Portugal and from the beneficial impact of streamlining the insurance portfolio. Excluding the Greek impairment charge, the net Life result in the Belgian operations improved

compared to last year. Aside the impairment it also includes a charge of EUR 10 million related to the new contribution levied by the Belgian state on the insurance industry.

Excluding the impairment charge on Greek sovereigns, the **Non-Life** operations reported a positive **net result** of EUR 48 million compared to a net loss of EUR 6 million last year, with an operating performance improving significantly across all segments thanks to the various actions taken in 2009 and 2010. All segments increased their contribution especially Belgium and the UK. They reported a net profit of EUR 16 million and EUR 20 million respectively, turning around a traditionally weaker first quarter performance following exceptional prior year weather related costs. The Continental European and Asian Non-Life operations contributed a solid EUR 12 million to the net result compared to EUR 7 million last year.

The **Group combined ratio** further improved in the second quarter resulting in a ratio of 101.2% this year compared to 105.8% in the first half last year, driven by the corrective actions taken in the past quarters. The combined ratio in the second quarter ended below 100% and amounted to 99.8%. In Belgium, the combined ratio improved from 107.1% last year to 102.2%, essentially driven by a very strong Motor combined ratio of 96.7%. In the United Kingdom the combined ratio improved by more than 5% from 106.5% to 101.2%. As in Belgium, Motor performed well with a combined ratio below

100% at 99.3%. Excluding Workmen's Compensation the Group combined ratio in the first half was 99.4% compared to 103.9% in the first half of 2010.

The segment **Other Insurance**, including UK retail distribution operations, contributed EUR 11 million, a sound improvement compared to EUR 8 million last year. Current year results are positively impacted by the recent acquisitions and include a EUR 1 million charge related to acquisition and financing costs for Castle Cover.

Lower Life inflows, Non-Life up across all segments

Total gross inflows in the first half amounted to EUR 9.0 billion, 7% down on last year's level (EUR 9.6 billion). This included EUR 3.1 billion from the Asian non-consolidated partnerships on a 100% basis.

Life inflows, including non-consolidated partnerships at 100%, reached EUR 6.5 billion, a decline of 16% on last year. Contraction was seen across most segments driven by various external market related factors such as an increased tendency of European and Asian banking institutions to focus on growing their deposit base to retain more liquidity in the current uncertain market conditions. The Belgian operations (-11%) were confronted with a generally low appetite for savings products especially in the second quarter, both in the banking and the broker channel. Increased competition from banking products with higher guaranteed rates more than offset the positive impact of a successful campaign in the first quarter. In Continental Europe, inflows followed the trend started in the second half 2010: a difficult macro-economic environment particularly in Portugal (-38%) and the absence of the exceptional inflow in Luxembourg generated in 2010 by the implementation of the European Savings Directive (-39%). The Asian segment reported again solid inflow levels but the increased focus on the more profitable regular premium business could not completely make up for the exceptional single premium inflows of last year. Inflows in the consolidated entities amounted to EUR 3.8 billion in the first half compared to EUR 4.8 billion last year.

In **Non-Life** Gross Written Premiums grew a solid 30% to EUR 2.4 billion (vs. EUR 1.9 billion last year) and fuelled by the activities in the UK. The UK reported inflows of nearly EUR 1 billion, +85%, including EUR 358 million from Tesco Underwriting, which launched mid October 2010. Excluding Tesco Underwriting overall growth in the UK amounted to a

solid 18% and is driven by increased sales in Household and higher inflows in Commercial lines, reflecting Ageas UK's strategy to widen its product range across the SME market. In Belgium inflows grew by 5%, through a combination of higher volumes and increased tariffs while in Continental Europe inflows remained stable. In Portugal, an overall stagnating market, Ageas's position in Healthcare further strengthened on the back of the strong Médis brand. Premium levels in Italy remained stable notwithstanding the substantial measures taken to redress the profitability in Motor. Non-Life inflows In Asia grew again by more than 20%.

Investment portfolio composition stable, unrealized losses on fixed income suffering from increasing spreads

Total funds under management in the consolidated entities excluding entities held for sale (EUR 8 billion of Fortis Luxembourg Vie as at 30 June) and including Non-Life, amounted to EUR 70.8 billion compared to EUR 70.4 billion at the end of 2010, a limited increase as inflows and accruals were partly offset by lower values in unit-linked and a concentration of maturities. **Life funds under management** in the consolidated activities amounted to EUR 65.1 billion. Life funds under management in the non-consolidated partnerships (Asia) remained stable at EUR 15.5 billion versus end 2010. In line with the increased inflow **Non-Life funds under management** totalled to EUR 5.8 billion, up 7% compared to end of December 2010 and related to the growth of the UK operations. Total funds under management at 100% including Luxembourg and the non-consolidated Asian partnerships amounted to EUR 94.3 billion compared to EUR 93.6 billion end of June 2010.

Ageas's investment portfolio at the end of June amounted to EUR 58.7 billion compared to EUR 59.8 billion at the end of 2010. New inflows partially compensated the drop in fair value of fixed income securities and the reclassification of Fortis Luxembourg Vie as "Assets and Liabilities held for sale" (EUR 0.5 billion). The drop in fair value of the fixed income securities took mainly place in the first quarter and recovered somewhat in the second quarter. In the course of the second quarter Ageas reclassified EUR 499 million (EUR 670 million at amortized cost) of primarily Portuguese sovereign bonds into "Held to Maturity" in line with local market practice.

The asset mix remained fairly stable compared to the end of 2010 with nearly 90% invested in fixed income securities. 97% of the total bond portfolio is classified investment grade and almost 90% of the portfolio is rated A or higher.

At the end of June the unrealized gains and losses on the investment portfolio amounted to EUR 687 million positive, an improvement compared to the situation at the end of March and a consequence of the reclassification of Portuguese fixed income securities, the impairment on Greek bonds and the positive developments in the value of real estate and the fixed income portfolio, both sovereign and corporate. The positive evolution of the valuation of German, French, Belgian and Austrian sovereign bond yields more than compensated the lower value of Greek and Irish sovereign bonds in the second quarter.

The total, Available for Sale and Held to Maturity, gross sovereign exposure to Southern European countries at amortized cost declined from EUR 8.9 billion at the end of 2010 to EUR 8.3 billion end of June². At fair value, the exposure amounts to EUR 7.0 billion.

Since the end of June and as per 19 August, Ageas made additional divestments of primarily Italian and Spanish sovereign bonds of EUR 1.2 billion at amortized cost, bringing the net exposure after non-controlling interests at amortized cost further down to EUR 4.3 billion, including the impact of the impairment on Greek bonds.

Continued streamlining, selective expansion insurance activities

Ageas further progressed in the first six months of this year with a continuation of the streamlining and selective expansion of its Insurance activities. In February Ageas announced the agreement with Haci Omer Sabanci Holding to acquire 31% of Aksigorta A.S., the 4th Non-Life insurer in Turkey and this transaction was closed at the end of July. Ageas paid a total consideration of EUR 153³ million in cash. At the end of March, Ageas acquired Castle Cover Limited, a UK based intermediary specialising in the over 50s insurance sector, consolidating Ageas n°2 position in this fast growing market segment. Ageas paid a total consideration of EUR 63 million.

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² See annex 6

³ Based on currency rates at which the transaction was hedged

With respect to the streamlining and simplification of the insurance portfolio, Ageas announced two transactions in the course of June. In Luxembourg, Ageas Insurance International and BGL BNP Paribas, each holding 50% of the shares of Fortis Luxembourg Vie, signed a transaction with Cardif Lux International to merge their activities. The new entity will be held by Ageas, BGL BNP Paribas and BNP Paribas Cardif for 33.33%, 33.33% and 33.4% respectively. The transaction is subject to regulatory approvals and expected to be closed by the end of 2011. Secondly, Ageas entered into an agreement with Swiss Re to transfer the run-off business of Intreinco N.V., the former reinsurance captive of the Fortis Group. This transaction envisages a further simplification of the corporate structure. Completion is expected before the end of 2011.

General Account

The General Account's **net result** amounted to EUR 170 million negative for the first half of 2011 driven by a net negative impact of the legacy issues of EUR 130 million. The value of the call option on the BNP Paribas shares evolved positively and rose EUR 85 million in value to EUR 694 million mainly thanks to the BNP Paribas share price increase and lower dividend yield expectations.

The fair value of the RPN(I) liability increased by EUR 118 million to EUR 583 million in the first half of 2011, mainly due to an increase in the market value of the CASHES financial instrument. In addition, the General Account includes a provision of EUR 40 million, a charge related to the obligation to acquire the Fortis Bank Tier 1 bond at par following the non-call by Fortis Bank SA/NV and the consent provided by the National Bank of Belgium on 18 August 2011. The provision represents the difference between the fair value and the acquisition cost of the Fortis Bank Tier 1 bond. Ageas' share in the net result under IFRS of Royal Park Investments (RPI) amounted to EUR 57 million negative, driven by lower USD interest rates and exchange rates. The value of the equity investment in Royal Park Investments, including fair value movements of interest rate swaps, decreased from EUR 933 million end 2010 to EUR 899 million end of June 2011.

Contingent liabilities

Please refer to page 23 of this press release and note 28 of the H1 2011 Consolidated Interim Financial Statements as per 30 June 2011 for the entire section of “*Contingent liabilities*”.

Group

Shareholders' equity at EUR 2.89 per share

Shareholders' equity at 30 June 2011 amounted to EUR 7.5 billion (EUR 2.89 per share) compared to EUR 8.2 billion (EUR 3.19 per share) at the end of 2010. The lower shareholders' equity resulted from the EUR 0.2 billion dividend payout and the adverse evolution of the net unrealized gains and losses, down EUR 0.3 billion compared to end 2010, lower currency translation reserves alongside the negative impact of the first half' results.

Very strong solvency levels

Ageas's **total available capital** under IFRS amounted to EUR 8.0 billion at the end of June 2011 compared to EUR 8.6 billion end 2010 exceeding the total consolidated regulatory minimum requirements of the insurance activities by EUR 4.9 billion⁴, including the available capital within the General Account (EUR 1.6 billion). Total available capital of the Insurance activities amounted to EUR 6.4 billion, with minimum solvency requirements stable at EUR 3.1 billion. This translated into a total solvency ratio for the global insurance operations of 207% up on the end of March (201%) and to be compared to 227% end 2010. The solvency ratios in Belgium (187%) and Continental Europe (194%) declined somewhat compared to the end of last year but rebounded versus the position at the end of March following the lower unrealized losses on fixed income securities. The decreased ratio in the United Kingdom (242%) related entirely to the increase of solvency requirements for the roll-out of Tesco Underwriting in the past quarters.

In calculating its solvency, Ageas adopts a methodology whereby any net unrealized capital loss on its fixed income portfolio is deducted from the available capital. Any net unrealized gain is not included in the calculation.

This implies that as at 30 June 2011, the solvency ratio includes a EUR 0.5 billion unrealised loss on the fixed income portfolio. Unrealised capital gains on investment property are included up to 90% net-of-tax (EUR 0.7 billion) and net unrealized gains on equity securities (EUR 0.1 billion) are also part of the solvency ratios.

Under the EIOPA Solvency II stress tests, Ageas reported amongst the strongest solvency ratios for its main European operations Belgium and Portugal, well above industry averages.

The **net cash position of the General Account** on 30 June 2011, assuming full redemption of the European Medium Term Notes (EMTN) programme, and including EUR 1.6 billion invested in short term bank deposits, came down from EUR 2.2 billion at the end of 2010 to EUR 2.0 billion. The decrease of the net cash position is mainly explained by the 2010 dividend payment and the funding provided to the UK operations to finance the acquisition of Castle Cover. On 26 September 2011 Ageas is expected to pay EUR 1.0 billion to acquire the Fortis Tier 1 bond not called by Fortis Bank SA/NV. End of July, Ageas also paid a consideration of EUR 153 million for the acquisition of 31% of the Turkish insurer, Aksigorta, announced in February and closed recently.

At the end of June, **discretionary capital** rose from EUR 0.2 billion at the end of March 2011 to EUR 1.0 billion end of June and includes the fair value of the RPN(I) liability. The latter has been qualified as permanent funding, following the decision to re-assess its nature end of May.

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⁴ Within the interpretation of the Belgian regulator the amount of Hybrids and subordinated liabilities in Total Capital have been reduced to 50% of the required solvency. This has resulted in a decrease of total available capital of the General Account by EUR 0.5 million under the National Bank of Belgium's view.

Details by business segment

Belgium

Income Statement - Life

Belgium - Life - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross written premiums	2,172.3	2,271.1	(4 %)	950.2	1,161.9	(18 %)	1,222.1
Investment contracts without dpf	188.9	379.8	(50 %)	100.5	173.5	(42 %)	88.4
Gross inflow Life	2,361.2	2,650.9	(11 %)	1,050.7	1,335.4	(21 %)	1,310.5
Operating costs	(91.3)	(88.7)	3 %	(45.8)	(44.9)	2 %	(45.5)
Technical result	109.3	186.9	(42 %)	44.3	95.2	(53 %)	65.0
Allocated capital gains	(62.7)	(59.0)	6 %	(78.6)	(71.3)	10 %	15.9
Operating margin	46.6	127.9	(64 %)	(34.3)	23.9	*	80.9
Non-allocated other income and expenses	(21.9)	60.6	*	(59.4)	35.8	*	37.5
Profit before taxation	24.7	188.5	(87 %)	(93.7)	59.7	*	118.4
Income tax expenses	(12.3)	(49.4)	(75 %)	15.8	(16.4)	*	(28.1)
Net profit attributable to non-controlling interests	5.1	35.8	(86 %)	(18.6)	12.0	*	23.7
Net profit attributable to shareholders	7.3	103.3	(93 %)	(59.3)	31.3	*	66.6

Income Statement - Non-Life

Belgium - Non-Life - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross written premiums Non-Life	898.1	851.7	5 %	387.0	368.7	5 %	511.1
Operating costs	(137.2)	(131.5)	4 %	(68.4)	(65.4)	5 %	(68.8)
Technical result	37.2	4.8	*	14.0	27.6	(49 %)	23.2
Allocated capital gains	(2.0)	(45.5)	(96 %)	(3.3)	(48.6)	(93 %)	1.3
Operating margin	35.2	(40.7)	*	10.7	(21.0)	*	24.5
Non-allocated other income and expenses	(2.1)	7.6	*	(6.7)	4.5	*	4.6
Profit before taxation	33.1	(33.1)	*	4.0	(16.5)	*	29.1
Income tax expenses	(11.7)	12.8	*	(2.8)	6.3	*	(8.9)
Net profit attributable to non-controlling interests	5.6	(4.9)	*	0.4	(3.0)	*	5.2
Net profit attributable to shareholders	15.8	(15.4)	*	0.8	(7.2)	*	15.0

Income Statement

Belgium - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross inflow	3,259.3	3,502.6	(7 %)	1,437.7	1,704.1	(16 %)	1,821.6
Operating costs	(228.5)	(220.2)	4 %	(114.2)	(110.3)	4 %	(114.3)
Net profit attributable to shareholders	23.1	87.9	(74 %)	(58.5)	24.1	*	81.6

■ **Inflows at EUR 3.3 billion (vs. EUR 3.5 billion in H1 2010)**

- ◆ Life inflows decreased with 11% to EUR 2.4 billion reflecting lower sales in individual savings and unit-linked products
- ◆ Non-Life Gross Written Premiums at EUR 0.9 billion, up 5% reflecting portfolio growth and tariff increases

■ **Net profit after non-controlling interests at EUR 23 million (vs. EUR 88 million in H1 2010)**

- ◆ Impairment charge on Greek bonds of EUR 125 million, of which EUR 118 million in Life and EUR 7 million in Non-Life
- ◆ Life net result at EUR 7 million (vs. EUR 103 million); Excluding impairment charge net performance up on last year
- ◆ Non-Life returns to net profit, EUR 16 million vs. EUR 15 million negative in H1 2010, despite impairment charge and positively driven by improved operational performance

■ **Life funds under management at EUR 48.6 billion (vs. EUR 48.2 billion end 2010)**

■ **Overall combined ratio at 102.2% (vs. 107.1% in H1 2010)**

- ◆ Combined ratio, excluding Workmen's Compensation below 100% at 98.6% (vs. 103.1% in H1 2010)
- ◆ Improved claims ratio, particularly in Motor

Total **gross inflows** in the first half amounted to EUR 3.3 billion, 7% less than last year's level, with a mixed picture between Life and Non-Life. Inflows in **Individual Life** in the first quarter benefited from a successful savings campaign in the banking channel. Increased competition from banking deposits in the second quarter, especially in savings, slowed inflows down across the bank but also in the broker channel. Furthermore, the negative trend in unit-linked products could not be reversed. **Group Life** inflows stayed in line with last year. **Non-Life** inflows increased further thanks to the mix of portfolio growth and tariff increases.

Net profit after non-controlling interests came down 74% to EUR 23 million (vs. EUR 88 million in H1 2010), impacted by a net impairment charge on Greek sovereign bonds of EUR 125 million. Excluding the latter, the **Life** operations posted a solid performance driven by strong mortality results and a higher net amount of realised capital gains partially offset by a lower investment yield. The investment yield in the second quarter though benefited from the favourable impact of the dividends season. In addition, the net result includes a EUR 10 million charge related to the Insurance specific contribution levied by the Belgian state on savings products (excluding second pillar). **Non-Life** saw a strong technical result especially in Motor and Health.

The Life cost ratio as a percentage of funds under management decreased from 0.39% to 0.38%, the Non-Life cost ratio went from 16.7% to 16.6%, Overall **operating costs** increased by some 4% to EUR 229 million, due among others to Solvency II project costs and inflation linked staff costs.

Life

Life **inflows** reached EUR 2.4 billion, 11% below the level of last year due to a weaker performance in the second quarter. Individual Life inflows for the first six months amounted to EUR 1.8 billion (vs. EUR 2.1 billion in H1 2010) marked by lower sales of savings products (-6%) and a continued reduced appetite for Unit-linked products. Inflows via the bank channel reached EUR 1.5 billion (vs. EUR 1.7 billion last year). Strong competition from bank deposits in the second quarter, offering higher interest rates, offset the positive impact of the successful commercial campaigns in the first quarter. Inflows via the broker channel declined 8% to EUR 367 million, following a similar trend to the bank channel. Group Life inflows remained stable and reached EUR 515 million.

Life **funds under management** increased to EUR 48.6 billion compared to EUR 48.2 billion at the end of last year. Non-unit linked funds under management went up to EUR 42.2 billion end of June (vs. EUR 41.5 billion last year). Unit-linked funds under management decreased 3% to EUR 6.4 billion, because of lower sales and an unfavourable unit-value evolution in bond funds due to increasing rates.

Despite solid risk margins and increasing volumes, the **technical result** decreased from EUR 187 million to EUR 109 million due to the impairment charge on Greek bonds but also lower investment yields especially in the first quarter and because of the charge related to the newly introduced saving insurance specific contribution. This 0.15% state contribution on the Life funds under management (except the second pillar) became effective as of 1 January 2011 and led to a gross charge of EUR 20 million over the first six months of the year (EUR 10 million net-of-tax and after non-controlling interests). The investment yield in the first quarter ended up lower because of the changed investment mix but benefited in the second quarter from a favourable dividend season.

The net result amounts to EUR 7 million compared to EUR 103 million last year. Excluding the impairment charge of EUR 118 million, the net result would have been 20% up compared to last year.

Non-Life

Gross written premiums amounted to EUR 898 million, up 5% compared to the same period last year. Inflows grew especially in Motor (+6%) and Fire (+8%) as a result of higher volumes and the impact of tariff increases. Both the broker and the bank channel performed well, with inflow levels of EUR 644 million (+6%) and EUR 132 million (+10%) respectively. Inflows in Healthcare amounted to EUR 122 million, (+1%). A growing portfolio and the medical indexation impact more than compensated an exceptional Disability premium last year.

Despite the impairment charge, the **technical result** improved significantly to EUR 37 million compared to EUR 5 million last year in particular driven by a strong performance in Motor. The good results are explained by the implementation of tariff increases over the past quarters, adapted products and a lower claims frequency.

Health benefited from a better claims experience in disability and collective health plans. Lastly, the Fire division was confronted once again with adverse weather conditions, in particular the summer storm end of June and the tail end of the severe winter conditions end 2010 and early 2011.

The overall **combined ratio** improved to 102.2% compared to 107.1% last year. Excluding Workmen's Compensation, the combined ratio remained below 100%, at 98.6% vs. 103.1% last year. In addition, new product features further supported the operational performance of the Motor segment and reflected in a combined ratio of 96.7% for the first half. In Fire the combined ratio remained high at 107.2% following the negative impact of weather related claims cost end 2010-early 2011 and end of June, which could not be entirely offset by a very strong second quarter performance (98.2%). The combined ratio in Workmen's Compensation worsened in the second quarter and amounted to 130.5% due to a higher number of deceased and permanent disability claims.

The Non-Life performance continues to be closely monitored and corrective measures in all businesses are taken if deemed appropriate. As an example, the Natural Catastrophe cover tariffs will be adjusted as from September 2011 from 0.20bp to 0.25bp which represents a 3% annual premium increase on the entire Fire portfolio on top of the ABEX-increase.

The **net profit** amounted to EUR 16 million compared to EUR 15 million negative last year. The first half of this year included the impairment charge on Greek bonds of EUR 7 million while 2010 comprised a charge of EUR 23 million related to the restructuring of the investment portfolio. In addition this year's result included a charge of EUR 6 million related to the end of June weather conditions.

United Kingdom

Income Statement - Life

UK - Life - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross written premiums	22.1	11.2	97 %	11.8	6.3	87 %	10.3
Investment contracts without dpf	-	-	*	-	-	*	-
Gross inflow Life	22.1	11.2	97 %	11.8	6.3	87 %	10.3
Operating costs	(11.9)	(11.3)	6 %	(5.0)	(6.0)	(17 %)	(6.9)
Technical result	(2.1)	(3.2)	(32 %)	(0.7)	(1.9)	(63 %)	(1.4)
Allocated capital gains	-	-	*	-	-	*	-
Operating margin	(2.1)	(3.2)	(32 %)	(0.7)	(1.9)	(63 %)	(1.4)
Non-allocated other income and expenses	0.8	0.8	(11 %)	0.4	0.4	0 %	0.4
Profit before taxation	(1.3)	(2.4)	(46 %)	(0.3)	(1.5)	(80 %)	(1.0)
Income tax expenses	0.4	0.7	(49 %)	0.1	0.4	(75 %)	0.3
Net profit attributable to non-controlling interests	-	-	*	-	-	*	-
Net profit attributable to shareholders	(0.9)	(1.7)	(45 %)	(0.2)	(1.1)	(82 %)	(0.7)

Income Statement - Non-Life

UK - Non-Life - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross written premiums Non-Life	993.8	538.3	85 %	522.7	278.5	88 %	471.1
Operating costs	(64.2)	(45.5)	41 %	(33.3)	(24.7)	35 %	(30.9)
Technical result	20.2	(3.5)	*	23.7	6.2	*	(3.5)
Allocated capital gains	1.1	2.1	(47 %)	0.2	1.4	(86 %)	0.9
Operating margin	21.3	(1.4)	*	23.9	7.6	*	(2.6)
Non-allocated other income and expenses	5.6	2.4	*	3.1	1.0	*	2.5
Profit before taxation	26.9	1.0	*	27.0	8.6	*	(0.1)
Income tax expenses	(7.1)	(0.3)	*	(7.1)	(2.4)	*	-
Net profit attributable to non-controlling interests	(0.2)	(1.4)	(90 %)	1.5	(0.8)	*	(1.7)
Net profit attributable to shareholders	20.0	2.1	*	18.4	7.0	*	1.6

Income Statement - Other Insurance

UK - Other Insurance - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Fee and commission income	84.2	59.4	42 %	44.4	30.4	46 %	39.8
Other income	47.9	2.3	*	25.0	1.8	*	22.9
Staff expenses	(47.6)	(24.2)	97 %	(25.1)	(12.5)	*	(22.5)
Other expenses	(69.3)	(26.5)	*	(34.7)	(13.6)	*	(34.6)
Profit before taxation	15.2	11.0	38 %	9.6	6.1	57 %	5.6
Income tax expenses	(3.9)	(3.1)	24 %	(2.3)	(1.7)	35 %	(1.6)
Net profit attributable to non-controlling interests	-	-	*	-	-	*	-
Net profit attributable to shareholders	11.3	7.9	44 %	7.3	4.4	66 %	4.0

Income Statement

UK - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross inflow	1,015.9	549.5	85 %	534.5	284.8	88 %	481.4
Operating costs	(76.1)	(56.8)	34 %	(38.3)	(30.7)	25 %	(37.8)
Net profit attributable to shareholders	30.4	8.3	*	25.5	10.3	*	4.9

■ **Inflows at EUR 1.0 billion (vs. EUR 550 million in H1 2010)**

- ◆ Non-Life gross written premiums up 85% driven by organic growth and start-up Tesco Underwriting
- ◆ Life Protection inflows nearly doubled
- ◆ Retail income up 114% including the integration of recently acquired activities

■ **Net profit at EUR 30 million (vs. EUR 8 million in H1 2010)**

- ◆ Non-Life results significantly up to EUR 20 million thanks to a strong second quarter
- ◆ Robust contribution of EUR 11 million from Retail activities

■ **Combined ratio at 101.2% (vs. 106.5% in H1 2010)**

- ◆ Overall combined ratio strongly improved in Q2 2011 to 97.2% compared to 106.0% in Q1 2011
- ◆ Motor combined ratio below 100% in H1 2011 : 99.3% vs. 109.0%
- ◆ Strong recovery in Household in Q2 : 89.2% in Q2 2011 vs. 121.9% in Q1 2011

■ **Continued implementation of multi-distribution strategy**

- ◆ Tesco Underwriting inflows of EUR 459 million and over 1 million of customers since launch mid October 10;
- ◆ Strongly growing broker channel;
- ◆ Acquisition Castle Cover successfully integrated into Retail activities
- ◆ Ageas Protect distribution capability expanded

Inflows in the first half of 2011 amounted to EUR 1,016 million, up 85% compared to the same period last year. Non-Life inflows rose 85% while the revenues from the Retail operations grew by 114%. Life Protection nearly doubled its inflows compared to the same period last year. The currency impact on inflows compared to 2010 was slightly positive (EUR 2.1 million).

The **net result** improved significantly to EUR 30 million (vs. EUR 8 million H1 2010), underlining a strong second quarter. At the end of June, the combined ratio amounted to 101.2%, an improvement of over 5% compared to the same period last year. Ageas UK's Motor book performance improved by almost 10% compared to last year, thanks to the positive impact of management actions taken over the last 18 months. Recently published research by Deloitte confirmed Ageas UK being significantly ahead of the competition in terms of combined ratios.⁵

Overall, the Non-Life operations contributed EUR 20 million to the net result after non-controlling interests. Other Insurance (Retail distribution) net profit amounted to EUR 11 million while the Life Protection business showed a limited loss (EUR 1 million).

Life

Gross inflows amounted to EUR 22 million, up 97% year on year. Three years after launch, Ageas Protect has a 7.3% market share among Independent Financial Advisers (IFAs) and the company now provides cover to over 150,000 customers, an increase of 63% compared to the first half of 2010.

The recently announced Protection partnership with the BGL Group, one of the largest personal lines brokers in the UK, and ASDA, a leading supermarket chain in the UK, has expanded Ageas Protect's distribution to complement its growing presence in the IFA market. It also builds on the existing relationship Ageas has in the UK with BGL Group.

The **net result** in the first half was a loss of EUR 0.9 million, a significant improvement on the same period last year (EUR 1.7 million negative).

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⁵ Deloitte research published in June 2011 shows market average Motor Combined Ratio was 120.5% end 2010

Non-Life

Total **gross written premiums** for the first half of 2011 increased by 85% to EUR 994 million, driven by good growth in Personal and Commercial lines for Ageas Insurance and the inclusion of Tesco Underwriting, Ageas's partnership with Tesco Bank which was launched in mid October 2010. Total Non-Life growth was 73% for Household up to EUR 234 million (vs. EUR 136 million), while Motor more than doubled to EUR 635 million (vs. EUR 296 million).

For Ageas Insurance, growth amounted to 18%. The Household book has grown by 33% to EUR 180 million as a result of a continuing strong take-up in the broker market. Private car and Travel inflows rose slightly to EUR 280 million and EUR 35 million respectively. Inflows in Commercial lines grew by 33% to EUR 122 million and is part of Ageas UK's deliberate strategy to widen its product base across the Small and Medium Sized Enterprises (SME) market.

Tesco Underwriting's gross inflows in the first half of 2011 reached EUR 358 million. Tesco Underwriting now covers around 1 million customers and has delivered cumulative inflows since its launch mid October 2010 of EUR 459 million.

The **net result** after non-controlling interests amounted to EUR 20 million of which EUR 18 million was realised in the second quarter. This result includes Escape of Water costs incurred in the Household book during the first quarter of EUR 12 million, the result of severe weather that hit the UK at the end of 2010. The net result of Tesco Underwriting for the first half was on plan and close to break even.

The **combined ratio** in the first half of 2011, including Tesco Underwriting was 101.2%. On a like-for-like basis and excluding Tesco Underwriting, the combined ratio for Ageas Insurance was 100.5% compared to 106.5% during the same period last year.

The overall Non-Life combined ratio improved in the second quarter to 97.2% from 106.0% in the first quarter. The total Motor combined ratio continued to show a strong improvement and reached 99.3%. The combined ratio in Household was 104.4%, suffering from the exceptional high prior year claims costs related to the end of 2010 in the first quarter, partly compensated by a substantially better second quarter with a combined ratio of 89.2%.

Other Insurance

The UK's Other Insurance segment which includes the Retail operations - RIAS, Kwik Fit Financial Services (KFFS), Ageas Insurance Solutions (UKAIS) and since 24 March 2011, Castle Cover - performed well with total fee and commission **income** and other income up to EUR 132 million (+114%). Growth has come from the inclusion of KFFS and Castle Cover, good performance from affinity partnerships, strong customer retention and add-on income. On a like-for-like basis, total income for RIAS and UKAIS grew 8% (EUR 64 million H1 2011 vs. EUR 59 million in H1 2010).

The development of the UK Retail business has been significant over the last 12 months with the addition of KFFS and most recently Castle Cover, strengthening Ageas UK's overall distribution and manufacturing mix by adding nearly 1 million extra customers from different market segments. The integration of Castle Cover into Ageas's Retail activities is on plan and a combined management team for RIAS and Castle Cover has been appointed.

In addition, a new 5-year deal with General Motors was recently announced which will see Ageas Insurance Solutions providing fully branded motor insurance products to Vauxhall and Chevrolet customers.

The **net profit** contribution increased to EUR 11 million, compared to EUR 8 million last year. This result includes EUR 1 million of acquisition and financing costs related to Castle Cover. KFFS and Castle Cover contributed EUR 3 million to the net result, including an amortisation cost on intangible assets of EUR 2.8 million.

Continental Europe

Income Statement - Life

Continental Europe - Life - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross written premiums	426.6	1,106.7	(61 %)	194.1	569.2	(66 %)	232.5
Investment contracts without dpf	823.4	873.8	(6 %)	386.6	401.5	(4 %)	436.8
Gross inflow Life	1,250.0	1,980.5	(37 %)	580.7	970.7	(40 %)	669.3
Operating costs	(54.4)	(61.6)	(12 %)	(27.3)	(30.9)	(12 %)	(27.1)
Technical result	16.5	39.2	(58 %)	(25.6)	9.4	*	42.1
Allocated capital gains	(0.3)	2.9	*	(0.3)	1.9	*	
Operating margin	16.2	42.1	(61 %)	(25.9)	11.3	*	42.1
Non-allocated other income and expenses	3.1	11.8	(74 %)	(0.2)	7.9	*	3.3
Profit before taxation	19.3	53.9	(64 %)	(26.1)	19.2	*	45.4
Income tax expenses	(7.8)	(19.7)	(60 %)	3.7	(9.2)	*	(11.5)
Net profit attributable to non-controlling interests	11.5	19.5	(41 %)	(5.3)	6.0	*	16.8
Net profit attributable to shareholders	-	14.7	*	(17.1)	4.0	*	17.1

Income Statement - Non-Life

Continental Europe - Non-Life - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross written premiums Non-Life	231.4	228.9	1 %	111.9	109.5	2 %	119.5
Operating costs	(38.0)	(36.4)	4 %	(19.3)	(18.6)	4 %	(18.7)
Technical result	13.6	7.0	92 %	10.6	5.8	83 %	3.0
Allocated capital gains	(0.6)	1.5	*	(0.6)	0.6	*	
Operating margin	13.0	8.5	51 %	10.0	6.4	56 %	3.0
Non-allocated other income and expenses	0.1	(1.2)	*	0.1	(1.8)	*	
Profit before taxation	13.1	7.3	78 %	10.1	4.6	*	3.0
Income tax expenses	(4.5)	(2.5)	79 %	(3.3)	(1.4)	*	(1.2)
Net profit attributable to non-controlling interests	4.9	2.3	*	3.8	1.3	*	1.1
Net profit attributable to shareholders	3.7	2.5	47 %	3.0	1.9	58 %	0.7

Income Statement

Continental Europe - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross inflow	1,481.4	2,209.4	(33 %)	692.6	1,080.2	(36 %)	788.8
Operating costs	(92.4)	(98.0)	(6 %)	(46.6)	(49.5)	(6 %)	(45.8)
Net profit attributable to shareholders	3.7	17.2	(79 %)	(14.1)	5.9	*	17.8

■ **Inflow at EUR 1.5 billion (vs. EUR 2.2 billion in H1 2010)**

- ◆ Lower inflow levels in Portugal and Luxembourg in line with previous quarters and market trends
- ◆ Life inflow at EUR 1.3 billion, -37% vs. last year
- ◆ Non-Life inflow at EUR 231 million, slightly up on last year

■ **Net profit after non-controlling interests at EUR 4 million (vs. EUR 17 million in H1 2010)**

- ◆ Net impairment charge on Greek bonds of EUR 25 million, primarily impacting Life
- ◆ Continued solid performance in Life, excluding impairment charge
- ◆ Combined ratio Non-Life further improved to 96.8%

■ **Life Funds under Management at EUR 15 billion (vs. EUR 22.5 billion in H1 2010)**

- ◆ Fortis Luxembourg Vie (EUR 8 billion) reclassified as 'Assets and liabilities held for sale' following announced merger

■ **Further steps taken in streamlining the business portfolio combined with selective expansion**

- ◆ Acquisition in Non-Life of a 31% stake in Aksigorta (Turkey) closed on 27 July 2011
- ◆ Announced merger with Cardif Lux International (Luxembourg) expected to close end 2011

Total gross inflows amounted to EUR 1,481 million, 33% below the levels of last year. Inflows started to decrease in the last part of 2010 in Continental Europe's two main markets, Portugal and Luxembourg, a trend which continued in the first half of this year. Life activities in Portugal endure the difficult economic conditions, whereas inflows in Luxembourg do not benefit anymore from the implementation of the European Savings Directive in 2010.

However, most Continental Europe entities held up well taking into account the challenging market conditions. In Life, the recorded decrease in inflows was less severe than the market downturn. In Non-Life, the Portuguese entity was able to record an increase in inflows within a stagnating market. The Italian operations did not follow the moderate market growth as they put the accent on profitable business.

Operating costs went down 6% compared to the same period last year and amounted to EUR 92 million. This related mainly to the change in scope following the divestments of the Turkish and Ukrainian Life operations in 2010. On a like-for-like basis operating costs increased by 3%.

The **net profit after non-controlling interests** amounted to EUR 4 million. The result includes a net impairment charge on Greek sovereign bonds and equities of EUR 25 million and EUR 6 million respectively, impacting the Life results in Portugal but also in France. Excluding the latter, the result evolved positively as a result of higher operating margins in

Portugal and the beneficiary impact of streamlining the insurance portfolio in 2010. Also in Luxembourg and France the net result improved, excluding the impairment charge.

Life

Gross Life **inflows** reached EUR 1.3 billion, a decline of 37% compared to the same period last year.

Portugal's sales continued to suffer from the difficult local economic environment. As a result inflows in the first six months came down to EUR 659 million vs. EUR 1,057 million in 2010 (-38%). Millenniumbcp Ageas remains however the domestic market leader based on funds under management with a market share of 26%.

Inflows in Luxembourg fell 39% to EUR 400 million, a consequence of lower sales of FOS unit-linked products, which benefited last year from the anticipated implementation of the European Savings Directive. In France inflows were down 17% to EUR 171 million, due to the cancellation of the distribution agreement with Fortis Banque France since the 2nd quarter of 2010.

The unit-linked business remains the largest business line and attracted an inflow of EUR 871 million (-4% vs. last year), spread over Portugal and Luxembourg. Sales of savings products shrunk to EUR 198 million, 77% down. This illustrates the prudent underwriting strategy in a low profitability market environment, but is also driven by a focus on liquidity from banks, particularly in Portugal.

Life **Funds under Management** came down from EUR 23.1 billion end 2010 to EUR 15.0 billion and relates entirely to the reclassification of the Fortis Luxembourg Vie Funds under management as 'Assets and Liabilities held for sale' following the announced merger of Ageas's activities with Cardif Luxembourg International. Through this operation, Ageas will have a 33.33% stake in the newly formed entity. On a scope-on-scope basis, Funds under Management have remained fairly stable. Funds under management relating to unit-linked products amount to EUR 7.4 billion.

Life **operating margin** came down 61% to EUR 16 million. Excluding the impairment charge, it strengthened driven mainly by the Portuguese operations. This evolution is among others explained by improved investment margins, pushed by higher bond yields in savings.

Operating costs at EUR 54 million declined by 12% due to the divestments of Ukraine and Turkey in 2010. On a comparable basis, operating costs were up 3%.

Net profit after non-controlling interests stood at breakeven, impacted by the EUR 25 million impairment charge on Greek bonds. Excluding the impairment charge, the result is driven by a better operating margin and the positive impact of the streamlining of the portfolio with all countries contributing to this improvement.

Non-Life

Non-Life gross written premiums reached EUR 231 million, slightly up on last year. Portugal contributed EUR 124 million, an increase of 2% compared to last year. The Healthcare business once again drives the increase, on the back of the strong Médis brand, in an overall stagnating market.

Italy's gross written premiums remained stable at EUR 107 million, a good result taking into account the rigorous efforts undertaken to redress the profitability in Motor. Furthermore, the CPI (Consumer protection insurance) business was restyled and launched in June.

Accident & Health represents 55% of the total Non-Life business and remains its largest business line. Motor fell 7% to EUR 50 million, due to the lower inflows in Italy. Fire increased by 9% to EUR 33 million.

The **operating margin** increased by 51% due to improved technical results reflecting better combined ratios and higher investment income. The **combined ratio** improved to 96.8% compared to 99.1% in the 1st half year 2010. The claims ratio improved both in Italy and Portugal and more particularly in the business lines Accident & Health and Motor. **Operating costs** were up 4% to EUR 38 million.

Net profit after non-controlling interests increased to EUR 4 million due to an improved technical performance, with both Portugal and Italy contributing positively.

Asia

Income Statement - Life

Asia - Life - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross written premiums	107.0	106.1	1 %	55.8	58.6	(5 %)	51.2
Investment contracts without dpf	50.4	44.4	13 %	26.7	23.7	13 %	23.7
Gross inflow Life	157.4	150.5	5 %	82.5	82.3	0 %	74.9
Operating costs	(16.7)	(18.4)	(9 %)	(8.5)	(10.7)	(21 %)	(8.2)
Technical result	14.3	11.1	29 %	6.0	6.3	(5 %)	8.3
Allocated capital gains	2.5	34.0	(93 %)	2.1	33.3	(94 %)	0.4
Operating margin	16.8	45.1	(63 %)	8.1	39.6	(80 %)	8.7
Non-allocated other income and expenses	(5.1)	(3.0)	66 %	(2.0)	(0.3)	*	(3.1)
Profit before taxation, consolidated entities	11.7	42.1	(72 %)	6.1	39.3	(84 %)	5.6
Profit before taxation, associates	34.6	20.3	71 %	16.9	4.7	*	17.7
Income tax expenses	(1.2)	(0.2)	*	(0.7)	0.3	*	(0.5)
Net profit attributable to non-controlling interests	-	-	*	-	-	*	-
Net profit attributable to shareholders	45.1	62.2	(27 %)	22.3	44.3	(50 %)	22.8

Income Statement - Non-Life

Asia - Non-Life - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross written premiums Non-Life	-	-	*	-	-	*	-
Operating costs	-	-	*	-	-	*	-
Technical result	-	-	*	-	-	*	-
Allocated capital gains	-	-	*	-	-	*	-
Operating margin	-	-	*	-	-	*	-
Non-allocated other income and expenses	-	-	*	-	-	*	-
Profit before taxation, consolidated entities	-	-	*	-	-	*	-
Profit before taxation, associates	8.6	4.9	72 %	1.2	2.3	(48 %)	7.4
Income tax expenses	-	-	*	-	-	*	-
Net profit attributable to non-controlling interests	-	-	*	-	-	*	-
Net profit attributable to shareholders	8.6	4.9	72 %	1.2	2.3	(48 %)	7.4

Income Statement

Asia - in EUR million	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Gross inflow	157.4	150.5	5 %	82.5	82.3	0 %	74.9
Operating costs	(16.7)	(18.4)	(9 %)	(8.5)	(10.7)	(21 %)	(8.2)
Net profit attributable to shareholders	53.7	67.1	(20 %)	23.5	46.6	(50 %)	30.2

■ **Inflows at EUR 3.2 billion, almost at par with last year's record level (vs. EUR 3.4 billion in H1 2010)**

- ◆ Life gross inflow down 6% to EUR 2.9 billion following an increased focus on regular premiums
- ◆ Non-Life Gross Written Premiums further strengthened to EUR 0.3 billion, +21%
- ◆ Increased focus by banks across Asia on growing their deposit base

■ **Net profit at EUR 54 million, -20% (vs. EUR 67 million in H1 2010)**

- ◆ Net profit up 68% on a comparable basis, as H1 2010 net result included a one-off EUR 35 million net capital gain on real estate
- ◆ Life net profit after non-controlling interests at EUR 45 million (vs. EUR 62 million in H1 2010 including the capital gain on real estate)
- ◆ Non-Life net profit after non-controlling interests up to EUR 9 million (vs. EUR 5 million in H1 2010)

■ **Ageas has celebrated the 10th anniversary of its partnership with Maybank in Malaysia**

- ◆ Starting out as a very successful bancassurance joint venture, the partnership further expanded over time into a full-fledged multi-channel distribution platform

Total **gross inflows** in the first half of 2011, including non-consolidated partnerships at 100%, reached EUR 3.2 billion, 4% down on last year. Taking into account the exceptional inflows from single premium campaigns last year, the commercial performance in the first half of this year was solid, and reflects a consolidation of the strong overall inflow levels of last year.

The **net profit after non-controlling interests** declined to EUR 54 million, compared to EUR 67 million last year (-20%). However last year's net profit included a one-off net capital gain of EUR 35 million related to the sale of the Fortis Centre in Hong Kong. Excluding this item, net profit showed a very solid growth of 68% on the back of a good performance across all entities and further supported by lower impairments on equities in China and extraordinary tax recoveries in Malaysia.

In March this year, Ageas celebrated the 10th anniversary of its first partnership in Asia with Maybank in Malaysia. The combination of Maybank's retail banking excellence and local banking know how, together with Ageas' global bancassurance expertise, has resulted in one of the most successful bancassurance joint ventures in Asia. Over the years, the partnership has further expanded into a full-fledged multi-channel distribution platform adding agency, brokers and direct. In October, Ageas will celebrate the 10th anniversary of its partnership in China with China Taiping Group.

Life

Total Life **gross inflows**, including non-consolidated partnerships at 100%, amounted to EUR 2.9 billion, down 6% on last year. Last year's first half inflows were significantly boosted by highly successful single premium campaigns through the bank channels in China and Malaysia, whereas the sales focus this year was directed towards regular premium products. Total regular premium inflows – accounting for 69% of total gross inflows (vs. 53% last year) – increased to EUR 2.0 billion (up 24%). Renewal premiums increased some 43% to EUR 1.5 billion following on the back of last year's outstanding production levels and the increasingly good persistency ratios across the region.

Gross inflows of the consolidated operations in **Hong Kong** reached EUR 157 million, 5% up on last year. New business (APE) grew strongly by 30% to EUR 31 million, driven by improved productivity in the agency channel, as well as growing sales volumes in the emerging IFA channel.

In **China**, gross inflows declined 7% to EUR 1.95 billion. Last year Ageas's partnership with China Taiping realized extraordinary growth in inflows from a single premium campaign in the bank channel and a new regular premium product launched via the agency channel. Following modifications to banking regulations in China at the end of last year, production through this channel declined. Moreover, monetary tightening in the wake of inflationary pressure has resulted in several banks focusing more on managing their liquidity and balance sheet. As a consequence, single premium production declined 43% to EUR 621 million. However, the solid performance of the agency channel in terms of new business sales and the very good persistency experience in both channels, led to a strong growth in regular premium income, up 31% to EUR 1.33 billion.

In **Thailand** inflows continued to grow strongly, +27% to EUR 443 million, with both new business premiums and renewal premiums up significantly. Building on last year's extraordinary growth in bancassurance, Kasikornbank's new business premiums again rose strongly by 30% to EUR 142 million, mainly through single premium products linked to mortgage and consumer loans. The agency channel strongly increased new business premiums to EUR 30 million, up 20%. Renewals in Thailand were also significantly up to EUR 267 million, +30%.

Inflows in **Malaysia**, fell 32% to EUR 293 million. Similar to China, the banks' focus this year has been more on growing deposits. As a consequence single premiums declined to EUR 165 million (-47%), representing 56% of total inflow (vs. 72% in H1 2010). Regular premiums were up 3% to EUR 127 million.

IDBI Federal Life Insurance Company in **India** recorded gross inflows of EUR 64 million, 2% up compared to last year. The growth was entirely due to the increase of renewal premiums (EUR 34 million, +49%). New business premiums were down 27% to EUR 30 million, due to the impact of regulatory changes on the sales of unit linked and pension products.

Funds under management in the consolidated operations remained stable at EUR 1.4 billion compared to end 2010. Including the non-consolidated partnerships, Funds under management also remained stable at EUR 16.9 billion. Excluding the currency impact, funds under management would have increased by 7% over the first half year.

The **net profit** after non-controlling interests amounted to EUR 45 million, compared to EUR 62 million last year (-27%) :

- ♦ The **consolidated operations** in Hong Kong reported a net profit of EUR 15 million compared to EUR 47 million last year. Last year's result however included a capital gain of EUR 35 million related to the sale of the Fortis Centre in Hong Kong. Excluding this capital gain, the net profit increased 26%, a strong performance in line with improved technical results and lower operating costs.
- ♦ The **non-consolidated partnerships** reported a very satisfactory profit growth year on year with net profits of EUR 35 million, compared to EUR 20 million last year (+71%). Last year's net profit was held back by an impairment on equities of EUR 12 million in China, whereas this year the impairment charge was limited to EUR 3 million.
- ♦ Other **regional costs and income** amounted to EUR 4.9 million negative compared to EUR 5.3 million negative last year.

Non-Life

Non-Life **gross written premiums** – at 100% and entirely attributable to the non-consolidated partnerships in Malaysia and Thailand – increased 21% to EUR 326 million. Both partnerships performed well across all lines. Gross written premiums amounted to EUR 264 million (+21%) in Malaysia and EUR 62 million (+21%) in Thailand respectively.

Net profit after non-controlling interests amounted to EUR 9 million, compared to EUR 5 million last year, and includes a EUR 3 million positive result from tax recoveries in Malaysia. The intrinsic operational performance and the technical result remained on track with a combined ratio of 96.5%.

General Account

Income Statement							
<i>in EUR million</i>							
	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Net interest Income	(6.2)	0.8	*	(3.9)	4.5	*	(2.3)
Net fee and commission income	(0.8)	-	*	(0.4)	-	*	(0.4)
Insurance premiums (net)	(0.8)	(0.1)	*	(0.1)	(0.1)	0 %	(0.7)
Dividend income from investments	0.3	0.2	39 %	-	-	*	0.3
Realised capital gains (losses) on investments	7.4	12.8	(42 %)	2.1	0.3	*	5.3
Other capital gains	(40.7)	(138.7)	(71 %)	223.9	205.8	9 %	(264.6)
Share of result of associates	(55.4)	20.2	*	(43.5)	20.3	*	(11.9)
Other income	(5.5)	(1.3)	*	(2.5)	4.1	*	(3.0)
Total income	(101.7)	(106.1)	(4 %)	175.6	234.9	(25 %)	(277.3)
Change in impairments and provisions	(40.2)	0.4	*	(39.8)	0.3	*	(0.4)
Net revenues	(141.9)	(105.7)	34 %	135.8	235.2	(42 %)	(277.7)
Staff expenses	(12.1)	(10.1)	19 %	(8.1)	(5.3)	53 %	(4.0)
Insurance claims and benefits (net)	2.2	0.5	*	0.7	0.5	40 %	1.5
Depreciation, amortisation and other expenses	(0.4)	(0.4)	7 %	(0.2)	(0.3)	(33 %)	(0.2)
Other operating and administrative expenses	(18.1)	(18.5)	(2 %)	(10.1)	(9.6)	5 %	(8.0)
Total expenses	(28.4)	(28.5)	(0 %)	(17.7)	(14.7)	20 %	(10.7)
Profit before taxation	(170.3)	(134.2)	27 %	118.1	220.5	(46 %)	(288.4)
Income tax expenses	--	407.2	*	0.1	348.3	*	(0.1)
Net profit for the period	(170.3)	273.0	*	118.2	568.8	(79 %)	(288.5)
Net profit attributable to non-controlling interests	(0.6)	(1.5)	(58 %)	(0.2)	(0.4)	(50 %)	(0.4)
Net profit attributable to shareholders	(169.7)	274.5	*	118.4	569.2	(79 %)	(288.1)

- **Net loss of EUR 170 million driven by a net impact of the legacy issues of EUR 130 million**
 - ◆ Provision of EUR 40 million related to Fortis Bank Tier 1 Debt Securities
- **Fair value of RPN(I) liability at EUR 583 million, up EUR 118 million on end 2010**
- **Value call option on BNP Paribas shares at EUR 694 million, up EUR 85 million on end 2010**
- **Net loss of Royal Park Investments of EUR 57 million**
 - ◆ Value equity investment as per 30 June 2011 at EUR 899 million

The **General Account's net result** amounted to EUR 170 million negative for the first half of 2011 driven by a net impact of the legacy issues of EUR 130 million. The result was mainly driven by an increase in the fair value of the RPN(I) liability of EUR 118 million following an increase as per 30 June 2011 of the market price of the CASHES financial instrument. Other impacting elements were the EUR 57 million negative result of Royal Park Investments and a EUR 40 million provision with respect to the obligation to acquire the Fortis Bank Tier 1 Debt securities at par. The valuation of the call option on the BNP Paribas shares rose EUR 85 million, to EUR 694 million, mainly as a result of an increased BNP Paribas' share price and a

lower dividend yield assumption as per 30 June 2011. The second quarter' result was much better compared to the first as a result of a substantially more favourable valuation of the RPN(I) liability and the valuation of the call option on the BNP Paribas's shares, more than offsetting the negative impact of the first quarter.

RPN(I)

Fair value of RPN(I)

For the calculation of the fair value of the RPN(I), Ageas adopted a level 3 valuation model based on valuation techniques for financial derivative instruments, introduced at the end of 2009. At 30 June 2011 the fair value of the RPN(I) liability amounted to EUR 583 million of which EUR 501 million related to the RPN(I) liability and EUR 82 million related to the guarantee arrangements between Ageas, the Belgium State and Fortis Bank.

Compared to end 2010 (EUR 465 million), this is a negative impact on result of EUR 118 million which can be broken down as (i) EUR 102 million reflecting the increase in the net discounted value of the estimated quarterly interest payments under the RPN(I) mechanism and (ii) an additional liability increase of EUR 16 million related to the guarantee agreement.

The increase in fair value since the beginning of the year is due to (i) an increase of the reference amount between end 2010 and 30 June 2011, mainly because the CASHES financial instrument rose from 50% to 57.8% (increase of EUR 91 million), (ii) higher spreads (+15bps and including a change in the discounting methodology by using a constant spread instead of forward spreads above BBB) on perpetual debt instruments (increase of EUR 34 million) (iii) different market conditions, including higher interest rates (decrease of EUR 7 million).

Compared to the valuation end of March 2011 (EUR 722 million), there is a positive impact on results of EUR 139 million mainly because the market price of the CASHES financial instrument came down significantly since the end of March. (62.8% vs. 57.8% end of June)

Reference values

On 30 June 2011, the CASHES instrument closed at 57.8 % and the Ageas's share price at EUR 1.87. This resulted in an increase of the reference amount's (the so called Relative Performance Note or RPN accounted at Fortis Bank) absolute value to EUR 849 million negative, from EUR 642 million negative on 31 December 2010.

On 30 June 2011, the 3-month EURIBOR interest rate stood at 1.55 %. The total interest payment to Fortis Bank over the first half-year amounted to EUR 6.5 million. The total amount paid to the Belgian State in accordance with the guarantee agreement between the two parties amounted to EUR 3.1 million.

Assumptions and sensitivities

See note 19 of the H1 2011 Consolidated Interim Financial Statements.

Value of the call option on BNP Paribas shares granted by SFPI/FPIM

Ageas consistently applied a valuation methodology based on the Black-Scholes model option valuation techniques. As of 30 June 2011, the estimated value of the 121.2 million BNP Paribas options amounts to EUR 694 million, compared to EUR 609 million at year end 2010.

The value of the BNP Paribas option rose with EUR 85 million thanks to the BNP Paribas share price increase of 12% (from EUR 47.685 at year end 2010 to EUR 53.23) along with a decrease of the market consensus for the BNP Paribas dividend yield (from 5.29% to 4.95%) which was only partially mitigated by a slightly lower volatility assumption coming down from 33% to 30% and the loss of time value.

The following table provides an overview of the main parameters used to value the option, including a comparison with the assumptions used on 31 December 2010.

	30 June 2011	31 December 2010
BNP Paribas shareprice	EUR 53.23	EUR 47.685
Strike price	EUR 66.672	EUR 66.672
Volatility	30%	33%
Dividend yield	4.95%	5.29%
Price per option up to 10 October 2016	EUR 8.177	EUR 7.180
Theoretical value of 121.2 million options	EUR 991 million	EUR 870 million
Estimated value, after adjustment for non standard features (30%)	EUR 694 million	EUR 609 million

Sensitivities

The applied volatility and the dividend yield assumptions have a significant influence on the value of the options. If the implied volatility is lowered by 5% the value of the BNP Paribas option decreases by 26.3%, while a 5% increase of the implied volatility leads to a value increase of 26.7%. If the dividend yield assumption is adjusted 1% down, the value of the BNP Paribas option increases by 11.9%, while a 1% increase of dividend leads to a decrease of 10.4%.

Royal Park Investments (RPI)

The first half result of RPI at 100% and before an impairment test of the goodwill amounted to EUR 458 million net profit. This was primarily driven by the positive development of the marked-to-market valuation of the security portfolio as a result of decreasing interest spreads for these securities. At the end of each quarter RPI performs an impairment test on the goodwill recognised under IFRS. Since all proceeds received are used to redeem the funding, and no new business has been generated, the goodwill needs to be impaired over the expected maturity of the portfolio. Based on the periodic review of the performance going forward of the portfolio, the expected cash flows have remained more or less stable but were impacted by lower US dollar exchange rates.

This led to a lower value in use for RPI compared to end 2010, which has led to the decision to impair EUR 586 million on the goodwill. RPI's net profit under IFRS, including impairment of goodwill, at 100%, as a result amounted to EUR 128 million negative or Ageas's share of EUR 57 million. In addition, RPI concluded a number of interest rate swaps early 2010, exchanging variable interest streams into fixed interest streams. Ageas decided to apply cash flow hedge accounting on these swaps. All fair value movements flow through equity and increased the equity value as per 30 June 2011 by EUR 52 million at 100% or EUR 23 million for Ageas. As a result of both elements, Ageas's equity investment in RPI decreased from EUR 933 million end 2010 to EUR 899 million.

Hereafter an update of RPI's balance sheet under IFRS :

	IFRS	IFRS
<i>in EUR million</i>	30 june 2011	31 December 2010
Assets		
Securities	6,566	7,005
Deferred tax assets	448	681
Goodwill	781	1,367
Other assets	352	264
Total Assets	8,147	9,317
Liabilities and shareholders' equity		
Liabilities		
Other liabilities	29	86
Commercial paper	4,288	4,585
Funding, super senior	1,300	2,040
Funding, senior	519	519
Total Liabilities	6,136	7,230
Shareholders' equity		
Share capital	850	850
Share premium (additional paid in capital)	850	850
Cash Flow hedge reserves	145	94
Retained earnings	166	294
Total shareholders' equity	2,011	2,087
Total Liabilities and shareholders' equity	8,147	9,317

At the end of June 2011, the fair value of the loan portfolio came down to EUR 6.6 billion while total debt came down to EUR 6.1 billion.

Total net interest payments and principal collections in the first half of 2011 amounted to EUR 71 million and EUR 581 million respectively.

For more information on RPI and its assets, please refer to www.royalparkinvestments.com.

Other items General

Net interest income amounted to EUR 6 million negative. Net interest income is the difference between the interest income received on the deposits, the bank accounts and loans to group companies, off set by the interest payments on the RPN, the EMTN program and ²FRESH. The adverse development in net interest income versus the first half last year is explained by a higher 3m Euribor-rate having a negative impact on the net interest revenue, a higher interest payment related to RPN(I) and finally a positive one-off in 2010 of EUR 5 million related to a tax reimbursement in Belgium.

Realised capital gains (losses) on investments amounted to EUR 7 million, compared to EUR 13 million last year. The first half' result included a positive result on the transfer on the winding down of the investment portfolio of Intreinco, the former reinsurance captive of the Fortis Group, related to the planned transfer of activities to Swiss Re. In the first half of 2010 a capital gain of EUR 12 million was recorded on the sale of the Luxembourg Non-Life activities to La Baloise.

A provision of EUR 40 million to cover for the valuation risks related to Fortis Bank Tier 1 Debt Securities was accounted under **“Change in provisions”**. This provision relates to the obligation to acquire on 26 September 2011 the Fortis Tier 1 Debt Securities following the non-call by Fortis Bank SA/NV and the approval received by the National Bank of Belgium on 18 August 2011.

Total expenses, including “Staff and other operating and administrative expenses”, were stable at EUR 28 million.

Net profit attributable to shareholders of the General Account amounted to EUR 170 million negative versus a EUR 275 million profit last year. The previous year’s result was driven by the positive impact of the recognition of deferred tax assets for an amount of EUR 405 million following the liquidation of Brussels Liquidation Holding.

Discretionary capital

Discretionary capital rose from EUR 0.2 billion end of March to EUR 1.0 billion end of June. Following the re-assessment of the nature of the RPN(I) liability, announced on 27 May 2011, Ageas has decided to qualify the RPN(I) as permanent funding, resulting in an increase of EUR 0.6 billion as at 30 June 2011. Other elements impacting the discretionary capital were the Castle Cover acquisition and the first half’ result of the General Account.

Contingent liabilities

Please refer to note 28 of the H1 2011 Consolidated Interim Financial Statements as at 30 June 2011 for the entire section of **“Contingent liabilities”**. Hereafter a summary of the main events.

On 18 May 2011 Ageas announced it received favourable judgments from the Amsterdam District Court in the FortisEffect and VEB/Deminor cases, relating to the sale of Fortis assets to the Dutch State in October 2008. The District Court ruled that Fortis and the Dutch State cannot be held liable in connection with the events at the time and confirms that Fortis acted in accordance with relevant legal standards in the then prevailing circumstances. On 9 August 2011, FortisEffect has appealed against this decision. VEB/Deminor announced that it would not.

In the second quarter Ageas received a writ of summons from Stichting Investor Claims Against Fortis (alleging miscommunication by Fortis on various occasions in the period 2007-2008) as well as a writ of summons from the Dutch State (alleging the application of certain provisions allegedly agreed by Fortis Insurance N.V., Fortis Insurance International N.V. and Fortis FBN(H) Preferred Investments B.V. in the context of the sale of the Dutch banking and insurance activities on 3 October 2008).

These proceedings were not unexpected and already announced in the contingent liabilities section of the first quarter 2011. Stichting Investor Claims Against Fortis also issued a press release on 10 January 2011 while the Dutch State proceedings were already announced on 24 December 2010. As previously communicated, Ageas will contest the merits of these claims.

Net Cash position

The main elements of the financial position of the General Account are summarized in the table below :

<i>in EUR million</i>	30 June 11	31 Dec 10
Cash and cash equivalents	776	2,259
Due from banks short term	1,600	500
Due to banks short term	-	-
Debt certificates	(341)	(549)
Net cash position	2,035	2,210
Due from customers	1,161	1,228
Due from banks long term	900	942
Due to banks long term	-	-
Subordinated liabilities	(2,919)	(2,961)
Other borrowings	(82)	(100)
Receivable on balance	(940)	(891)
Accruals and other	1,151	1,174
Equity General Account	2,246	2,493

The net cash position of the General Account on 30 June 2011, including EUR 1.6 billion invested in short term bank deposits and assuming full redemption of the European Medium Term Notes (EMTN) programme, came down from EUR 2.2 billion end 2010 to EUR 2 billion. The decrease of the net cash position is mainly explained by the 2010 dividend payment and the funding provided to the UK operations to finance the acquisition of Castle Cover. The outstanding nominal amount for the EMTN program decreased from EUR 549 million end 2010 to EUR 341 million at the end of the first half. The net cash position in the third quarter will further

decrease as a result of the closing and the subsequent payment for the acquisition of the 33% stake in Aksigorta, Turkey and the obligation to acquire the Fortis Tier 1 Debt Securities. This represents a total expected cash out of EUR 1,153 million.

The General Account's equity decreased from EUR 2.5 billion to EUR 2.2 billion preliminary caused by the transfer of capital to the UK operations to fund the acquisition of Castle Cover and the results of the past period.

Investment portfolio and capital position

Investment portfolio

Ageas's investment portfolio end of June amounted to EUR 58.7 billion compared to EUR 59.8 billion end 2010. New inflows partially compensated the drop of the fair value of fixed income securities and the reclassification of Fortis Luxembourg Vie to assets "held for sale" (EUR 0.5 billion). The drop in fair value of the fixed income securities took mainly place in the first quarter to recover again somewhat in the second quarter. Ageas decided in the second quarter to reclassify for regulatory reporting purposes, and compliant with IFRS accounting standards, certain fixed income securities from "Available for Sale" to "Held to Maturity", in line with local market practices. As a result Ageas transferred a total amount of EUR 499 million, at fair value, of primarily Portuguese sovereign bonds (EUR 680 million at nominal value) to "Held to Maturity". The discount of EUR 181 million will be amortized over the remaining life of the investment using the effective interest rate method and in line with IFRS accounting principles and will be offset against the amortisation of the unrealised losses in equity.

The asset mix remained fairly stable compared to end 2010 with fixed income securities representing nearly 90%. 97% of the total bond portfolio is investment grade and almost 90% of the portfolio is rated A or higher.

End of June unrealized gains and losses amounted to EUR 687 million positive compared to a breakeven situation at the end of March following the reclassification of certain Portuguese bonds to 'Held to Maturity' (EUR 181 million), the impairment on Greek bonds (EUR 328 million) and positive developments in the value of real estate and fixed income, both sovereign as well as corporate. A better value of German, French, Belgian and Austrian sovereign bond yields more than compensated for the lower valued Greek, Portuguese and Irish sovereigns in the second quarter.

The table below provides a breakdown of Ageas's investment portfolio. All assets are at fair value except for the "Held to Maturity" which is valued at amortized cost.

Investment portfolio plus real estate	in EUR billion		as %	
	30 June 11	31 Dec 10	30 June 11	31 Dec 10
Fixed Income securities	52.0	53.6	89%	90%
- Government debt securities HTM	0.5	-	1%	0%
- Government debt securities AFS	31.3	32.3	53%	54%
- Corporate debt securities AFS	19.8	20.9	34%	35%
- Structured credit instruments	0.4	0.4	1%	1%
Equity securities	2.6	2.3	4%	4%
Real estate investment property	2.7	2.5	5%	4%
Real estate for own use	1.4	1.4	2%	2%
Total	58.7	59.8	100%	100%

Fixed income portfolio

Investments in government bonds (Available for Sale and Held to Maturity) at amortized cost increased EUR 0.4 billion to EUR 31.8 billion end of June compared to end 2010, as a net result of investments in Belgian and French fixed income and divestments in Austrian, Finish, Italian and Greek bonds. Investments in corporate bonds at amortized cost came down from EUR 20.4 billion to EUR 19.5 billion.

The total gross sovereign exposure to Southern European countries (Available for Sale' and 'Held to Maturity') as at 30 June at amortized cost came down from EUR 8.9 billion end 2010 to EUR 8.3 billion. The net exposure on Ireland has remained unchanged at EUR 0.6 billion at amortized cost and EUR 0.4 billion at fair value. The total net exposure, taking into account non-controlling interests in Belgium and Portugal, at amortized cost amounted to EUR 5.5 billion as at 30 June 2011.

Since the 30th of June and until 19 August, Ageas has further reduced its exposure to Southern European sovereign bonds for a total net amount of EUR 1.2 billion at historical/amortised cost, composed mainly of EUR 0.7 billion of Italian sovereigns and EUR 0.5 billion of Spanish sovereigns. The net exposure as per 19 August to Southern European sovereigns amounted to EUR 4.3 billion after non-controlling interests and at amortized cost, including the impact of the impairment on Greek sovereigns.

Total unrealised gains on fixed income securities amounted to EUR 0.6 billion negative, an improvement of EUR 0.3 billion compared to end of March. Unrealized losses on sovereign bonds came down to EUR 0.9 billion compared to EUR 1.4 billion, taking into account the impairment of EUR 0.3 billion on Greek sovereigns and the reclassification of Portuguese bonds into 'Held to Maturity'. Unrealized gains on corporate bonds recovered EUR 160 million during the second quarter and stood at EUR 270 million positive end of June. The quality of the corporate bond portfolio remains very high, with more than 98% still being investment grade. 86% rated A or higher and 65% AA or AAA.

Equities portfolio

The equities investments increased slightly from EUR 2.3 billion end of 2010 to EUR 2.6 billion end of June. Equities accounted for about 4% of the investment portfolio. Gross unrealized gains came slightly down compared to end 2010 to EUR 109 million.

Real estate portfolio

Ageas's real estate portfolio increased from EUR 3.9 billion at market value end 2010 to EUR 4.1 billion, split in EUR 2.7 billion in investment property and EUR 1.4 billion in buildings for own use. Gross unrealized capital gains increased by EUR 0.2 billion to EUR 1.2 billion end of June. The unrealized gain is not reflected in net equity, as real estate exposure is booked at amortised cost.

Capital position

Ageas's total available capital under IFRS (including the General Account) amounted to EUR 8.0 billion end of June compared to EUR 8.6 billion end 2010, including the available capital within the General Account (EUR 1.6 billion). The available capital of the insurance activities amounted to EUR 6.4 billion, with minimum solvency requirements stable at EUR 3.1 billion. This resulted in an IFRS solvency ratio for the global insurance operations of 207% compared to 227% at the end of last year and 201% at the end of March. The solvency ratios in Belgium (187%) and Continental Europe (194%) came somewhat down compared to the end of last year but rebounded against the situation at the end of March following the positive volatility in the unrealised losses on fixed income securities. The solvency ratio in the United Kingdom came down to 242% and was entirely caused by the roll-out of Tesco Underwriting in the past quarters and organic growth.

Ageas's solvency methodology deducts, on a segment level, the unrealized gains on fixed income, if these are on balance positive. Any unrealized loss on fixed income on a segment level is deducted. This implies that as at 30 June 2011, the solvency calculations included a negative adjustment of EUR 0.5 billion driven by unrealized losses on the bond portfolio. Unrealized capital gains on the investment property are included up to 90% net-of-tax (EUR 0.7 billion) as well as the net unrealized gains on equity securities (EUR 0.1 billion).

With respect to the EIOPA stress tests, Ageas reported amongst the strongest ratios in the sector and this both for Belgium and Portugal with solvency ratios exceeding the average of the European industry in all stress test scenarios adopted.

For more details on the key capital indicators by segment see annex 5 (pg. 33)

Analyst & Investor conference call :

24 August 2011 at 09.30 CET (08.30 UK time)

Audiocast: www.ageas.com

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Lines will be open ten minutes before the presentation starts,
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Annexes

Please note that the historical segment information and key performance indicators by segment have been removed from the press release. They have been added to the quarterly results Excel-workbook, downloadable on <http://www.ageas.com/en/Pages/quarterlyresults.aspx>.

Annex 1 : Consolidated Statement of financial position as per 30 June 2011

	30 June 2011	31 December 2010
Assets		
Cash and cash equivalents	1,805.0	3,258.3
Financial investments	54,881.5	56,232.5
Investment property	1,972.2	1,900.3
Loans	5,969.6	4,528.2
Investments related to unit-linked contracts	14,091.7	21,747.3
Investments in associates	1,731.5	1,732.5
Reinsurance and other receivables	4,265.9	3,828.5
Current tax assets	85.1	71.5
Deferred tax assets	631.2	465.1
Call option BNP Paribas shares	694.0	609.0
Accrued interest and other assets	2,176.7	2,042.5
Property, plant and equipment	1,093.6	1,065.0
Goodwill and other intangible assets	1,664.0	1,686.0
Assets held for sale	8,413.8	
Total assets	99,475.8	99,166.7
Liabilities		
Liabilities arising from life insurance contracts	23,957.7	23,938.4
Liabilities arising from life investment contracts	26,925.3	26,913.8
Liabilities related to unit-linked contracts	14,170.3	21,830.9
Liabilities arising from non-life insurance contracts	5,761.2	5,448.6
Debt certificates	340.7	548.9
Subordinated liabilities	2,880.2	2,926.9
Borrowings	2,307.9	2,141.7
Current tax liabilities	66.5	46.4
Deferred tax liabilities	681.9	682.3
RPN(I)	583.0	465.0
Accrued interest and other liabilities	2,263.8	1,947.0
Provisions	2,448.2	2,407.6
Liabilities related to assets held for sale	8,184.7	
Total liabilities	90,571.4	89,297.5
Shareholders' equity	7,477.2	8,247.1
Non-controlling interests	1,427.2	1,622.1
Total equity	8,904.4	9,869.2
Total liabilities and equity	99,475.8	99,166.7

Annex 2 : Income Statement

	H1 11	H1 10	Change	Q2 11	Q2 10	Change	Q1 11
Income							
- Gross premium income	4,850.4	5,113.9	(5 %)	2,233.4	2,552.6	(13 %)	2,617.0
- Change in unearned premiums	(395.1)	(144.3)	*	(128.0)	(2.2)	*	(267.1)
- Ceded earned premiums	(141.7)	(122.9)	15 %	(61.5)	(54.8)	12 %	(80.2)
Net earned premiums	4,313.6	4,846.7	(11 %)	2,043.9	2,495.6	(18 %)	2,269.7
Interest, dividend and other investment income	1,536.6	1,512.6	2 %	786.0	775.7	1 %	750.6
Unrealised gain (loss) on Call option BNP Paribas shares	85.0	(121.0)	*	83.0	99.0	(16 %)	2.0
Unrealised gain (loss) on RPN(I)	(118.0)	(24.0)	*	139.0	102.0	36 %	(257.0)
Result on sales and revaluations	88.3	(51.6)	*	27.7	(126.2)	*	60.6
Investment income related to unit-linked contracts	72.1	202.2	(64 %)	(46.5)	(360.5)	(87 %)	118.6
Share of result of associates	(8.1)	48.3	*	(24.1)	29.2	*	16.0
Fee and commission income	220.9	205.4	8 %	107.3	106.2	1 %	113.6
Other income	111.6	96.8	15 %	61.3	55.5	10 %	50.3
Total income	6,302.0	6,715.4	(6 %)	3,177.6	3,176.5	0 %	3,124.4
Expenses							
- Insurance claims and benefits, gross	(4,359.4)	(5,022.6)	(13 %)	(2,004.4)	(2,492.7)	(20 %)	(2,355.0)
- Insurance claims and benefits, ceded	72.7	55.0	32 %	22.6	21.1	7 %	50.1
Insurance claims and benefits, net	(4,286.7)	(4,967.6)	(14 %)	(1,981.8)	(2,471.6)	(20 %)	(2,304.9)
Charges related to unit-linked contracts	(66.7)	(171.8)	(61 %)	50.5	373.6	(86 %)	(117.2)
Finance costs	(156.4)	(143.6)	9 %	(77.6)	(73.5)	6 %	(78.8)
Change in impairments	(362.9)	(24.0)	*	(356.7)	(20.7)	*	(6.2)
Change in provisions	(40.2)	2.5	*	(40.6)	0.6	*	0.4
Fee and commission expense	(592.8)	(522.9)	13 %	(290.1)	(258.9)	12 %	(302.7)
Staff expenses	(366.1)	(334.9)	9 %	(186.1)	(166.9)	12 %	(180.0)
Other expenses	(414.6)	(393.8)	5 %	(222.3)	(212.1)	5 %	(192.3)
Total expenses	(6,286.4)	(6,556.1)	(4 %)	(3,104.7)	(2,829.5)	10 %	(3,181.7)
Profit before taxation	15.6	159.3	(90 %)	72.9	347.0	(79 %)	(57.3)
Income tax expenses	(48.1)	345.5	*	3.5	324.2	(99 %)	(51.6)
Net profit for the period	(32.5)	504.8	*	76.4	671.2	(89 %)	(108.9)
Attributable to non-controlling interests	26.3	49.8	(47 %)	(18.4)	15.1	*	44.7
Net profit attributable to shareholders	(58.8)	455.0	*	94.8	656.1	(86 %)	(153.6)
Per share data (EUR)							
Basic earnings per share	(0.02)	0.18					
Diluted earnings per share	(0.02)	0.18					

Annex 3 : Comparable inflow data

By segment							
in EUR million	H1 11	H1 10	%	Q2 11	Q2 10	%	Q1 11
Belgium							
Gross written premiums	2,172	2,271	(4%)	950	1,162	(18%)	1,222
Investment contracts without DPF	189	380	(50%)	101	174	(42%)	88
Gross inflow Life	2,361	2,651	(11%)	1,050	1,335	(21%)	1,311
Gross written premiums Non-Life	898	852	5%	387	369	5%	511
Total inflow Belgium	3,259	3,503	(7%)	1,437	1,704	(16%)	1,822
United Kingdom							
Gross written premiums	22	11	97%	12	6	*	10
Investment contracts without DPF	-	-	*	-	-	*	-
Gross inflow Life	22	11	97%	12	6	*	10
Gross written premiums Non-Life	994	538	85%	523	278	88%	471
Total inflow United Kingdom	1,016	549	85%	535	284	88%	481
Continental Europe							
Gross written premiums	427	1,107	(61%)	195	569	(66%)	232
Investment contracts without DPF	823	874	(6%)	386	402	(4%)	437
Gross inflow Life	1,250	1,981	(37%)	581	971	(40%)	669
Gross written premiums Non-Life	231	229	1%	111	110	1%	120
Total inflow Continental Europe	1,481	2,210	(33%)	692	1,081	(36%)	789
Asia							
Gross written premiums	107	106	1%	56	59	(5%)	51
Investment contracts without DPF	51	45	16%	27	24	13%	24
Gross inflow Life	158	151	5%	83	83	0%	75
Gross written premiums Non-Life	-	-	*	-	-	*	-
Total inflow consolidated entities	158	151	5%	83	83	0%	75
Non-consolidated partnerships at 100%	3,079	3,223	(4%)	1,414	1,482	(5%)	1,665
Total inflow Asia	3,237	3,374	(4%)	1,497	1,565	(4%)	1,740
Total inflow	8,993	9,636	(7%)	4,161	4,634	(10%)	4,832

By type							
in EUR million	H1 11	H1 10	%	Q2 11	Q2 10	%	Q1 11
Life							
Belgium	2,361	2,651	(11%)	1,050	1,335	(21%)	1,311
United Kingdom	22	11	*	12	6	*	10
Continental Europe	1,250	1,981	(37%)	581	971	(40%)	669
Asia	2,911	3,104	(6%)	1,299	1,404	(7%)	1,612
Fully consolidated	157	151	5%	83	83	0%	75
Non-consolidated partnerships at 100%	2,753	2,953	(7%)	1,216	1,321	(8%)	1,537
Total inflow Life	6,544	7,747	(16%)	2,942	3,716	(21%)	3,602
Non-Life							
Belgium	898	852	5%	387	369	5%	511
United Kingdom	994	538	85%	523	278	88%	471
Continental Europe	231	229	1%	111	110	1%	120
Asia	326	270	21%	198	161	23%	128
Fully consolidated	-	-	*	-	-	*	-
Non-consolidated partnerships at 100%	326	270	21%	198	161	23%	128
Total gross written premiums Non-Life	2,449	1,889	30%	1,219	918	33%	1,230
Total inflow	8,993	9,636	(7%)	4,161	4,634	(10%)	4,832

Annex 4 : Inflows per region

Key Figures per region		Gross written premiums											
in EUR million		Gross inflow Life				Non- Life				Total			
	% ownership	H1 11	H1 10	Q2 11	Q2 10	H1 11	H1 10	Q2 11	Q2 10	H1 11	H1 10	Q2 11	Q2 10
Belgium	75%	2,361	2,651	1,050	1,335	898	852	387	369	3,259	3,503	1,437	1,704
United Kingdom	100%	22	11	12	6	994	538	523	278	1,016	549	535	284
Continental Europe		1,250	1,981	581	971	231	229	111	110	1,481	2,210	692	1,081
Portugal	51%	659	1,057	291	503	124	121	56	55	783	1,178	347	558
France	100%	171	208	82	108	-	-	-	-	171	208	82	108
Luxembourg	50%	400	657	198	330	-	-	-	-	400	657	198	330
Ukraine	100%	-	1	-	1	-	-	-	-	-	1	-	1
Germany	100%	20	23	10	11	-	-	-	-	20	23	10	11
Turkey	100%	-	35	-	19	-	-	-	-	-	35	-	19
Italy	25%	-	-	-	-	107	108	55	54	107	108	55	54
Asia		2,911	3,104	1,299	1,404	326	270	198	161	3,237	3,374	1,497	1,565
Consolidated entities													
Hong Kong	100%	158	151	83	83	-	-	-	-	158	151	83	83
Non-consolidated partnerships at 100%													
Malaysia	31%	293	432	153	247	264	219	168	136	557	651	321	383
Thailand	31%/13%	443	349	231	193	62	51	30	25	505	400	261	218
China	25%	1,953	2,109	813	859	-	-	-	-	1,953	2,109	813	859
India	26%	64	63	19	22	-	-	-	-	64	63	19	22
Grand Total		6,544	7,747	2,942	3,716	2,449	1,889	1,219	918	8,993	9,636	4,161	4,634

Annex 5 : Solvency by region

Key Capital Indicators	30 June 11	31 Dec 10
Belgium		
Shareholders' equity	2,234	2,632
Total available capital	4,134	4,276
Minimum solvency requirements	2,210	2,163
Amount of total capital above minimum solvency requirements	1,924	2,113
Total solvency ratio	187%	198%
United Kingdom		
Shareholders' equity	859	776
Total available capital	766	684
Minimum solvency requirements	316	192
Amount of total capital above minimum solvency requirements	450	492
Total solvency ratio	242%	357%
Continental Europe		
Shareholders' equity	774	893
Total available capital	967	1,189
Minimum solvency requirements	499	562
Amount of total capital above minimum solvency requirements	468	627
Total solvency ratio	194%	211%
Asia		
Shareholders' equity	1,398	1,440
Total available capital	478	498
Minimum solvency requirements	55	56
Amount of total capital above minimum solvency requirements	423	442
Total solvency ratio	868%	891%
Consolidation adjustment total available capital	43	109
Total Insurance		
Shareholders' equity	5,265	5,741
Total available capital	6,388	6,756
Minimum solvency requirements	3,080	2,973
Amount of total capital above minimum solvency requirements	3,308	3,784
Total solvency ratio	207%	227%
General Account (after eliminations)		
Shareholders' equity	2,213	2,506
Total available capital	1,587	1,794

Annex 6 : Government bond investment portfolio as per 30 June 2011

(reported under 'Available for Sale' and 'Held to Maturity')

<i>in EUR million</i>	<i>Historical/ Amortised value</i>	<i>Gross unrealised gains (losses)</i>	<i>Impairments</i>	<i>Fair value</i>
30 June 2011				
Belgium	11,134.4	3.6		11,138.0
The Netherlands	1,182.5	24.7		1,207.2
Germany	2,565.0	97.7		2,662.7
Italy	3,571.6	(149.6)		3,422.0
France	4,296.4	18.5		4,314.9
Great Britain	615.3	14.1		629.4
Greece	1,741.8	(491.6)	(322.2)	928.0
Spain	1,721.7	(126.4)		1,595.3
Portugal	758.3	(175.4)		582.9
Austria	2,232.5	42.4		2,274.9
Finland	614.8	2.0		616.8
Ireland	570.2	(178.6)		391.6
Others	1,495.4	27.3		1,522.7
Total Available for Sale	32,499.9	(891.3)	(322.2)	31,286.4
Portugal	482.9			
Total Held to Maturity	482.9			
31 December 2010				
Belgium	9,948.1	128.0		10,076.1
The Netherlands	1,288.2	48.0		1,336.2
Germany	2,628.8	149.9		2,778.7
Italy	3,683.4	(110.3)		3,573.1
France	4,069.6	92.4		4,162.0
Great Britain	600.4	12.8		613.2
Greece	1,832.0	(624.1)		1,207.9
Spain	1,730.0	(129.0)		1,601.0
Portugal	1,654.2	(142.4)		1,511.8
Austria	2,543.2	81.4		2,624.6
Finland	740.5	14.8		755.3
Ireland	599.1	(109.7)		489.4
Others	1,524.4	48.4		1,572.8
Total Available for Sale	32,841.9	(539.8)		32,302.1
Portugal				
Total Held to Maturity				