



PRESS RELEASE

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Regulated Information – First nine months results 2011

Insurance net result affected by financial market turmoil Intrinsic Insurance performance remains solid

- Insurance net result, excluding impact financial turmoil¹ (EUR 615 million), at EUR **406 million**, +22%
Including impact financial market turmoil, Insurance net result at EUR **209 million negative** (vs. EUR 334 million positive)
- Improvement Non-Life operating performance confirmed
Group combined ratio at **101.2%**, vs. 104.5%
- Inflows at EUR **12.9 billion**, -6%;
Life inflows at EUR 9.2 billion, -16%, reflecting market trends; Non-Life inflows at EUR 3.7 billion, +33%
- Funds under management at EUR **70.2 billion**, stable compared to end 2010;

Group net result at EUR 534 million negative

- General Account net result at EUR **325 million negative**, including EUR 258 million legacy charges
- 95% outstanding Fortis Bank Tier 1 Debt Securities acquired; fair value at **80%** of par;

Strong balance sheet despite impairments

- Despite financial turmoil, resilient Insurance solvency at **210%**; Group solvency ratio at 270%
- Shareholders' equity up to EUR 7.9 billion or EUR **3.15 per share**;

CEO Bart De Smet said:

"The past quarter has been marked again by significant volatility in the financial markets. In response and taking into account the current situation in the financial markets, we have decided to further impair all outstanding Greek debt to reflect the fair value at the end of September. In addition, we were confronted with the considerable decline in equity markets which impacted our Insurance results. Inflows, especially in Life, remained below the levels of last year, under pressure due to the banking sector's focus on liquidity.

Notwithstanding this, our capital buffer remained strong and in line with previous quarters with shareholders' equity further increasing. Non-Life activities are strong and showing improvement, particularly in the UK. In Belgium, the good results in Motor were somewhat masked by the impact of adverse weather events, while our Combined ratio levels have improved on last year and are in line with the first half of 2011. For the full year, we expect inflows close to the level of 2010 as Non-Life activities compensate to a large extent the lower inflows in Life. With respect to the financial performance, the impact of the impairments combined with the current situation in the financial markets means we are unable to maintain the earlier provided outlook and it remains difficult to provide any updated forecast for the 2011 net result. Nevertheless, based on the strength of the balance sheet and the net cash position, and taking into account the profitability of our insurance activities – excluding impairments – we expect that Ageas will be in a position to propose to shareholders a dividend payment for the financial year 2011."

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¹ Net financial turmoil impact includes impairments on Greek sovereign bonds and equities after tax, non-controlling interests and profit sharing

<i>-in EUR million</i>	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross inflows (incl. non-consolidated partnerships)	12,884.3	13,735.5	(6 %)	3,891.3	4,099.5	(5 %)	4,161.0
- of which inflows from non-consolidated partnerships	4,459.6	4,487.2	(1 %)	1,380.6	1,263.2	9 %	1,414.0
Net profit Insurance before non-controlling interests	(308.1)	435.6	*	(445.9)	203.8	*	(41.8)
- Belgium	(436.4)	276.6	*	(470.2)	157.8	*	(76.7)
- UK	66.4	12.2	*	36.2	5.3	*	27.0
- Continental Europe	(10.2)	60.7	*	(30.3)	21.7	*	(15.6)
- Asia	72.1	86.1	(16 %)	18.4	19.0	(3 %)	23.5
Net profit Insurance attributable to shareholders	(208.7)	333.7	*	(319.6)	153.2	*	(23.6)
- Belgium	(331.0)	205.3	*	(354.1)	117.4	*	(58.5)
- UK	61.7	15.5	*	31.3	7.2	*	25.5
- Continental Europe	(11.5)	26.8	*	(15.2)	9.6	*	(14.1)
- Asia	72.1	86.1	(16 %)	18.4	19.0	(3 %)	23.5
Net profit General Account (incl. eliminations)	(325.0)	311.9	*	(155.3)	37.4	*	118.4
- Net profit General Account excl. value call option	(77.1)	355.9	*	177.6	(39.6)	*	35.4
Net profit attributable to shareholders	(533.7)	645.6	*	(474.9)	190.6	*	94.8
- Net profit attributable to shareholders excl. value call option	(285.9)	689.6	*	(142.1)	113.6	*	11.8
Funds under management (in EUR bn) **	70.2	70.1	0 %	70.2	70.1	0 %	70.8
Operating cost Life/FUM Life ratio	0.45%	0.52%		0.46%	0.51%		0.53%
Combined ratio	101.2%	104.5%		101.4%	102.0%		99.8%
Total solvency ratio Insurance	210%	226%		210%	226%		210%
Weighted average number of ordinary shares (in million)	2,578	2,475	4 %	2,578	2,475	4 %	2,583
Earnings per share (in EUR)	(0.21)	0.26	*			*	
- Earnings per share excl. value call option (in EUR)	(0.11)	0.28	*			*	
Shareholders' equity	7,927	9,649	(18 %)	7,927	9,649	(18 %)	7,477
- Shareholders' equity excl. value call option	7,566	8,813	(14 %)	7,566	8,813	(14 %)	6,783
Net equity per share (in EUR)	3.15	3.90	(19 %)	3.15	3.90	(19 %)	2.89
- Net equity per share excl. value call option (in EUR)	3.01	3.56	(15 %)	3.01	3.56	(15 %)	2.63
Dividend per share (in EUR)							
Return on equity *	(11.7%)	8.5%					
- Return on equity per share excl. value call option	(6.4%)	9.1%					

* 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 reclassification of Fortis Luxembourg Vie and Ageas Deutschland to 'Assets and Liabilities held for sale'

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Executive summary

Ageas reported for the first nine months a Group net loss of EUR 534 million including a net loss of EUR 209 million for the Insurance operations, and a net loss of EUR 325 million in the General Account. The Insurance net result includes a year-to-date net negative impact related to the continued financial turmoil of EUR 615 million of which EUR 503 million related to impairments on the Greek sovereign exposure and EUR 112 million related to impairments on the equities portfolio following the declining equity markets. Excluding the net impact of the financial turmoil, the net result this year would amount to EUR 406 million, compared to EUR 334 million, up 22%.

The third quarter net result amounted to EUR 475 million negative comprising EUR 320 million in Insurance and EUR 155 million negative in the General Account, with the Insurance performance explained by the financial market turmoil impact. The General Account's third quarter net result turned negative following a charge of EUR 128 million related to legacy issues. The result year-to-date includes a fair value adjustment of EUR 190 million related to the acquired Fortis Tier 1 Debt Securities, based on a 80% of par valuation, of which EUR 150 million impacting the third quarter.

Insurance

Additional impairments impact Life and Non-Life, sustained Non-Life operating performance

Ageas reported for the first nine months an **Insurance net result** after non-controlling interests of EUR 209 million negative compared to a net profit of EUR 334 million last year. The third quarter' net result amounted to EUR 320 million negative with Belgium and Continental Europe reporting a net loss of EUR 354 million and EUR 15 million respectively, partly offset by a net profit in the United Kingdom and Asia of EUR 31 million and EUR 18 million respectively.

The results in Belgium and Continental Europe include an additional impairment charge on the Greek sovereign bonds and based on the fair values as at 30 September 2011 of EUR 754 million gross and corresponding to a net charge of EUR 353 million after profit sharing, tax and non-controlling interests. This brings the net impairment charge year-to-date to EUR 503 million. Following the additional impairment charge, the Greek sovereign bonds are recorded on average at 38% of the amortized cost.

The negative developments in equity markets also triggered impairments on the equities investments across the various segments with the exception of the UK, with a total net impact on the third quarter result of EUR 85 million and EUR 112 million year-to-date. The total impact of the impairments on Greek bonds and on equities amounted to EUR 615 million of which EUR 438 million in the third quarter. In Belgium, The volatile financial markets triggered additional sales of equities, which together with some recalibrating of its fixed income

investments, resulted in an additional net realized capital gain of EUR 31 million included mainly in the Life results in the third quarter.

The **Life net result year-to-date**, including the impairment charge (EUR 584 million), amounted to EUR 288 million negative compared to EUR 283 million positive last year. The third quarter net result amounted to EUR 340 million negative. While the results in Belgium and Continental Europe are heavily marked by the consequences of the volatile financial markets, the Asian operations held up fairly well. In addition, the result in Belgium continues to include a charge related to the contribution levied by the Belgian state on the insurance industry amounting to EUR 15 million for the first nine months, or an additional charge of EUR 5 million in the third quarter.

The **Non-Life** operations reported a positive **net result** year-to-date of EUR 57 million compared to EUR 41 million last year, due mainly to the continued strong performance in the UK operations and a higher contribution from the Asian Non-Life operations in Malaysia and Thailand. The third quarter net result amounted to EUR 9 million. Operating performance continued to improve especially in Motor. In Belgium, the Fire activities include a charge of EUR 12 million related to the severe summer storms hitting Belgium at the end of August. Year-to-date the weather related costs in Belgium and the UK amount to EUR 30 million compared to EUR 26 million last year. Excluding the impact of the impairments on Greek sovereign bonds and equities (EUR 31 million in total), the intrinsic operating performance of the Non-Life activities improved substantially.

The **Group combined ratio** year-to-date amounted to 101.2% compared to 104.5% last year, fairly stable compared to the end of June. The combined ratio in the third quarter amounted to 101.4%, slightly up on the second quarter due to the impact of the adverse weather events in Belgium. The latter led to an increase of the combined ratio in Belgium to 105.4% (vs. 102.2% end of June), split into a continued strong combined ratio in Motor of 91.4%, and a combined ratio in Fire of 119.7%. In the United Kingdom the combined ratio remained well below 100% in the third quarter at 98.0% and year-to-date at 99.9% (vs. 104.9% in 2010). As in Belgium, Motor performed strongly with a combined ratio of 96.7%. Excluding Workmen's Compensation the Group combined ratio for the first nine months amounted to 99.7% compared to 102.8% in the first nine months of 2010.

The net result of the **Other Insurance** segment, which includes the UK retail distribution operations, significantly improved to EUR 23 million year-to-date, compared to EUR 9 million last year, with a net profit in the third quarter of EUR 11 million and including result related fees from partners.

Lower Life inflows, Non-Life further up across all segments

Total gross inflows year-to-date amounted to EUR 12.9 billion, 6% down on last year's level (EUR 13.7 billion). This included EUR 4.5 billion from the Asian and Continental European non-consolidated partnerships on a 100% basis. Gross inflows in the third quarter amounted to EUR 3.9 billion compared to EUR 4.1 billion last year (-5%). The inflows from the acquired Non-Life non-controlling stake in AKSigorta, Turkey, are included as of August on a 100% basis.

Life inflows, including non-consolidated partnerships at 100%, reached EUR 9.2 billion year-to-date, a decline of 16% on last year. Inflows in the consolidated entities amounted to EUR 5.3 billion in the first nine months compared to EUR 6.9 billion last year. Like in previous quarters European but also Asian banking institutions remain focused on growing their deposit base and to retain more liquidity. Inflows in Belgium remained below last year's levels (-14%) as a result of a decrease in the sales of savings products and the low appetite for unit-linked products. In Continental Europe, inflow trends are in line with the previous quarter and remain almost 40% below last year. Despite the challenging circumstances, the Asian businesses held up fairly well, with inflow levels only slightly down on the third quarter last year and except for Thailand where inflows

increased by more than 40%. Total regular premium inflows increased 24% to EUR 2.9 billion.

In **Non-Life** Gross Written Premiums further grew to EUR 3.7 billion year-to-date (+33%). The increase is fuelled mainly by the UK, but also by a strong performance in Malaysia and the first time inclusion of the Non-Life activities in Turkey. The UK reported inflows of nearly EUR 1.6 billion, +86%, including close to EUR 600 million from Tesco Underwriting. Excluding Tesco Underwriting the UK Non-Life activities continued to grow especially in Household and in Commercial lines. In Belgium inflows grew in line with previous quarters and are still driven by a strong performance in Motor and Fire. In Continental Europe, the Turkish operations contributed EUR 66 million to total inflows. Non-Life gross written premiums in Asia still grew by some 20%, driven by a solid performance in Malaysia.

Investment portfolio composition stable, fair value significantly up in third quarter

Total funds under management in the consolidated entities and excluding entities 'Held for Sale' (EUR 7.7 billion of Fortis Luxembourg Vie & Ageas Deutschland) and including Non-Life, came down from EUR 70.8 billion end of June to EUR 70.2 billion end of September and almost stable compared to the same period last year, with inflows and accruals partly offset by lower values in unit-linked and a lower amount of renewals. **Life funds under management** in the consolidated activities amounted to EUR 64.2 billion. Life funds under management in the non-consolidated partnerships (Asia) increased to EUR 17.1 billion. In line with the increased inflow levels, **Non-Life funds under management** further increased to EUR 6.0 billion, up 5% and 17% compared to the end of September 2010 and end of June 2011 respectively and largely related to the growth of the UK operations.

Ageas's investment portfolio end of September amounted to EUR 59.5 billion compared to EUR 59.8 billion end 2010. The slight drop in fair value of the portfolio is entirely due to changes in the consolidation scope following the recent reclassification of Fortis Luxembourg Vie, Intreincos and Ageas Deutschland to assets "Held for sale" (EUR 0.7 billion).

At the end of September total unrealized gains and losses on the total investment portfolio, including real estate, increased to EUR 2.6 billion positive vs. EUR 0.7 billion positive at the end of June and EUR 1.0 billion positive at the end of 2010.

The evolution is mainly driven by higher fair values in fixed income, both sovereigns as well as corporate bonds and including the impact of the higher mentioned impairment charge on Greek sovereigns (EUR 1,046 million) and the reclassification of certain Portuguese bonds to 'Held to Maturity' in the first half.

The total gross sovereign exposure to Southern European countries ('Available for Sale' and 'Held to Maturity') as at 30 September at amortized cost came down from EUR 8.9 billion end 2010 to EUR 5.4 billion. In the third quarter an amount of EUR 1.8 billion at amortized cost of Southern European, mainly Italian and Spanish, sovereigns were sold. The total net exposure, taking into account non-controlling interests in Belgium and Portugal, on Southern European countries at amortized cost amounted to EUR 3.6 billion as at 30 September 2011.

Furthermore and as a result of the declining equity markets, the fair value of the equities portfolio came down from EUR 2.3 billion at the end of last year (EUR 2.6 billion end of June) to EUR 1.7 billion at the end of September. The variance compared to the end of 2010 is explained by divestments (EUR 0.4 billion) and a lower fair value, totalling EUR 0.3 billion. Compared to the end of June EUR 0.7 billion has been divested and the fair value reduced by some EUR 0.1 billion. Equities still represent 3% of the asset mix, fixed income securities represents 90% of the total portfolio. 94% of the total bond portfolio is investment grade and almost 90% of the portfolio is rated A or higher.

Further streamlining insurance activities

In early October Ageas announced an agreement on the sale of its German Life activities with Augur Capital. The transaction is expected to close by year-end 2011 and will result in a limited capital loss of EUR 13 million accounted for in the General Account in the third quarter.

General Account

The **General Account's result** amounted to EUR 325 million negative year-to-date. The third quarter' net result amounted to EUR 155 million negative. The main driver remained the quarterly fair value adjustment of the legacy issues and included the fair value adjustment impact of the acquired Fortis Tier 1 Debt Securities. In the third quarter the total

negative impact related to the legacies amounted to EUR 128 million.

The fair value of the RPN(I) liability came down substantially to EUR 145 million, a positive impact of EUR 438 million following a substantial decrease of the market value of the CASHES financial instrument, from 57.8% at the end of June to 33.2% at the end of September. This positive impact was partially mitigated by a decrease by EUR 333 million of the valuation of the call option on the BNP Paribas shares to EUR 361 million and a negative result of EUR 83 million related to the investment in Royal Park Investments (RPI). As a result of the latter, the value of the equity investment in RPI, including fair value movements of interest rate swaps, decreased from EUR 899 million end of June to EUR 850 million end of September.

Lastly, the General Account's third quarter result includes an additional impact of EUR 150 million related to the valuation of the Fortis Bank Tier 1 Debt Securities, on top of the EUR 40 million charge included in the first half' results. On 26 September, following the approval of the National Bank of Belgium mid August, Ageas acquired 95%² of the outstanding debt at par for a total amount of EUR 953 million. The securities have been booked as "Loans and Receivables" implying that changes in the fair value will not impact the net result of the General Account going forward.

Year-to-date the net negative impact of the fair value adjustments related to the legacy issues amounted to EUR 258 million,

Total expenses remained fairly stable compared to last year at EUR 38 million year-to-date. The General Account' result also included the aforementioned capital loss on the announced sale of the German Life activities.

Contingent liabilities

Please refer to note 28 of the 9M 2011 Consolidated Interim Financial Statements as per 30 September 2011 for the entire section of "Contingent liabilities".



² 95% of the debtholders of the Fortis Tier 1 Debt Securities formally opted for the exchange

Group

Shareholders' equity at EUR 3.15 per share

Shareholders' equity at 30 September 2011 amounted to EUR 7.9 billion (EUR 3.15 per share) compared to EUR 7.5 billion (EUR 2.89 per share) at the end of June and EUR 8.2 billion (EUR 3.19 per share) end 2010. Compared to the end of June, the shareholders' equity benefitted mainly from the higher unrealized gains and losses on the investment portfolio (EUR 0.9 billion) and positive currency translation reserves (EUR 0.1 billion), partly offset by the higher negative result year-to-date (EUR -0.5 billion) and the share buy-back programme (EUR -0.1 billion). Following the ongoing share buy-back programme, the amount of outstanding shares used to calculate the shareholders' equity per share has come down, having a positive impact on the ratio.

Very strong solvency levels based on the regulatory solvency calculation methodology

Ageas's decided as of the third quarter to align its solvency calculation to the regulatory solvency requirements. This implies mainly the inclusion of the General Account's capital position in the Group Solvency ratio. As at 30 September 2011, **total regulatory capital** under IFRS amounted to EUR 9.3 billion compared to EUR 9.4 billion at the end of June 2011 and EUR 9.9 billion end of December 2010, including EUR 2.1 billion from the General Account.

The solvency excess amounts to EUR 5.9 billion, corresponding to a Group Solvency ratio of 270% almost stable compared to the end of June. Total available capital of the Insurance activities amounted to EUR 7.2 billion, with minimum solvency requirements at EUR 3.5 billion, and an Insurance solvency ratio of 210% (vs. 208% end of June and 232% end 2010). Compared to the end of June, the Insurance solvency ratio went slightly up, despite the impairments taken in the third quarter. Compared to the end of 2010, the Insurance solvency ratio came down from 232% as a result of the negative net result, a lower valuation of the equities portfolio and a higher required solvency. The solvency ratios in the business segments remained solid with Belgium at 176%, the UK at 230%, Continental Europe at 201% and Asia at 310%.

As announced during the Investor Day on 29 September 2011, Ageas abandoned the reporting of discretionary capital in the General Account as of the third quarter. At the same time it decided to focus on the net cash position as an indicator for the strategic flexibility of the Group. The **net cash position** on 30 September 2011, assuming full redemption of the European Medium Term Notes (EMTN) programme, and including EUR 750 million invested in short term bank deposits, came down from EUR 2.2 billion at the end of 2010 to EUR 0.8 billion at the end of September. This decrease mainly reflects the EUR 953 million impact of the acquisition of the Fortis Tier 1 Debt Securities, the acquisition price paid for AKsigorta, dividend payments and the impact of the share buy-back programme, launched in August 2011.

Ageas owns 4.6% of its shares following the on going share buy-back programme

Further to the initiation of the share buy-back programme announced on 24 August 2011 for a total amount of EUR 250 million, Ageas bought 69.2 million shares as at 30 September representing 2.6% of the total amount of shares outstanding. As per 4 November 2011 Ageas bought 120,197,659 shares for a total amount of EUR 158,601,854. This corresponds to 4.6% of the total amount of shares outstanding. Ageas reports the progress of the share buy-back programme to the market on a weekly basis.

Details by business segment

Belgium

Income Statement - Life							
Belgium - Life - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross written premiums	3,080.5	3,334.9	(8 %)	908.2	1,063.8	(15 %)	950.2
Investment contracts without dpf	224.6	489.3	(54 %)	35.7	109.5	(67 %)	100.5
Gross inflow Life	3,305.1	3,824.2	(14 %)	943.9	1,173.3	(20 %)	1,050.7
Operating costs	(136.1)	(132.6)	3 %	(44.8)	(43.9)	2 %	(45.8)
Technical result	154.7	261.4	(41 %)	45.4	74.5	(39 %)	44.3
Allocated capital gains	(544.0)	(57.3)	*	(481.3)	1.7	*	(78.6)
Operating margin	(389.3)	204.1	*	(435.9)	76.2	*	(34.3)
Non-allocated other income and expenses	(116.7)	138.5	*	(94.8)	77.9	*	(59.4)
Profit before taxation	(506.0)	342.6	*	(530.7)	154.1	*	(93.7)
Income tax expenses	71.4	(91.7)	*	83.7	(42.3)	*	15.8
Net profit attributable to non-controlling interests	(105.4)	64.6	*	(110.5)	28.8	*	(18.6)
Net profit attributable to shareholders	(329.2)	186.3	*	(336.5)	83.0	*	(59.3)

Income Statement - Non-Life							
Belgium - Non-Life - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross written premiums Non-Life	1,293.1	1,231.2	5 %	395.0	379.5	4 %	387.0
Operating costs	(206.6)	(196.5)	5 %	(69.4)	(65.0)	7 %	(68.4)
Technical result	43.7	22.1	97 %	6.5	17.3	(62 %)	14.0
Allocated capital gains	(18.3)	(3.2)	*	(16.3)	42.3	*	(3.3)
Operating margin	25.4	18.9	34 %	(9.8)	59.6	*	10.7
Non-allocated other income and expenses	(13.9)	16.3	*	(11.8)	8.7	*	(6.7)
Profit before taxation	11.5	35.2	(67 %)	(21.6)	68.3	*	4.0
Income tax expenses	(13.3)	(9.5)	41 %	(1.6)	(22.3)	(93 %)	(2.8)
Net profit attributable to non-controlling interests	-	6.7	*	(5.6)	11.6	*	0.4
Net profit attributable to shareholders	(1.8)	19.0	*	(17.6)	34.4	*	0.8

Income Statement							
Belgium - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross inflow	4,598.2	5,055.4	(9 %)	1,338.9	1,552.8	(14 %)	1,437.7
Operating costs	(342.7)	(329.1)	4 %	(114.2)	(108.9)	5 %	(114.2)
Net profit attributable to shareholders	(331.0)	205.3	*	(354.1)	117.4	*	(58.5)

- **Inflows at EUR 4.6 billion (vs. EUR 5.1 billion in 2010)**
 - ◆ Life inflows year-to-date at EUR 3.3 billion, -14% vs. last year as sales volumes in individual savings and unit-linked products decreased
 - ◆ Non-Life Gross Written Premiums year-to-date at EUR 1.3 billion, up 5%, confirming the performance in previous quarters

- **Net result after non-controlling interests at EUR 331 million negative (vs. EUR 205 million positive in 2010)**
 - ◆ Additional impairment charges in third quarter of EUR 419 million of which EUR 345 million on Greek sovereigns and EUR 74 million on equities; Total impairment charge on investment portfolio year-to-date at EUR 565 million
 - ◆ Excluding Impairments on Greek sovereigns and equities, net profit after non-controlling interests at EUR 234 million
 - ◆ Life net result year-to-date at EUR 329 million negative (vs. EUR 186 million positive in 2010);
 - ◆ Non-Life net profit year-to-date at EUR 2 million negative (vs. EUR 19 million positive in 2010). Third quarter net result includes EUR 12 million charge from adverse weather conditions in August

- **IFRS Solvency remains strong at 176%, despite impairment charges**

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

- **Overall combined ratio year-to-date at 103.3% (vs. 105.6% in 2010)**
 - ◆ Combined ratio, excluding Workmen's Compensation at 100.3% (vs. 102.5% in 2010)
 - ◆ Continued strong performance in Motor, combined ratio at 94.9%, Fire up to 111.5%, mainly due to August storms

Total **gross inflows** in the first nine months amounted to EUR 4.6 billion, 9% below last year's level, marked by continued lower inflows in Life and higher inflows in Non-Life. Third quarter inflows amounted to EUR 1.3 billion, 14% down on last year. Inflows in **Individual Life** remained below the levels of last year as a result of competition from banking products with dampened demand for unit-linked products. **Group Life** inflows were 2% down on last year, mainly because of timing differences. Despite the reduced inflow levels, AG Insurance maintained its market leader position in Life based on Funds under Management of 27.6%.³ **Non-Life** inflows continued to grow in line with the positive trend of the first half. Year-to-date inflows went up 5%, thanks to higher tariffs and volume increases. The market share in Non-Life rose to 15.0%.⁴

The **net result** after non-controlling interests year-to-date turned negative at EUR 331 million compared to EUR 205 million positive in 2010, impacted by a net loss on Greek sovereigns of EUR 345 million in the third quarter. The third quarter net result amounted to EUR 354 million negative. The situation around Greece and the recent evolutions have led to

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³ Based on Assurialia Q2 enquiry

⁴ Based on Assurialia Q2 enquiry

a decision to further impair all remaining Greek sovereign exposure based on their fair value (around 40%) at the end of September having a net impact on results of EUR 470 million year-to-date. In addition, the volatile financial markets also triggered additional impairments on the equities portfolio for a total amount of EUR 74 million in the third quarter, bringing the year-to-date charge to EUR 95 million. Finally, AG Insurance decided to further rebalance its investment portfolio in the third quarter resulting in a realised capital gain on fixed income of EUR 110 million, partly offset by realized capital losses of EUR 79 million following a reduction of the equity portfolio.

In total, these events had a negative impact on the net result in the third quarter of EUR 389 million bringing the total year-to-date impact related to impairments and realized capital gains and losses to EUR 507 million. Despite this negative impact, the solvency levels, both under IFRS and local regulation, have remained solid and strong. Excluding the impact of the impairments the net result over the first nine months would amount to EUR 234 million compared to EUR 205 million last year.

In Non-Life, Motor and Health confirmed the strong performance of the past quarters reflected in an improved technical result. Severe summer storms though hit Belgium at the end of August having a net negative impact on the Non-Life net profit in the third quarter of EUR 12 million.

Both the Life cost ratio as a percentage of funds under management and the Non-Life cost ratio (as a % of the Gross Earned Premiums) remained stable at 0.38% and 16.6% respectively. The increase of the **operating costs** remained in line with previous quarters at 4% and amounted to EUR 343 million year-to-date.

Life

Life **inflows** year-to-date reached EUR 3.3 billion, 14% down on last year. Individual Life inflows for the first nine months amounted to EUR 2.5 billion (vs. EUR 3.0 billion in 2010). Total inflows in the third quarter amounted to EUR 0.9 billion, -20% on last year and -10% on the previous quarter. Sales of savings products remains below last year's level (-10%), and sales of Unit-linked products were at about half the level of last year. Inflows via the bank channel amounted to EUR 2.0 billion (vs. EUR 2.5 billion last year). Attractive interest rates on bank deposit products have had a negative impact on inflows, especially in the second quarter, offsetting the positive impact of the successful commercial campaigns in the first quarter. Inflows via the broker channel amounted to EUR 0.5 billion, -11%. Group Life inflows came slightly down in the third quarter (-2%) as a result of timing differences and reached EUR 0.8 billion year-to-date.

Life **funds under management** were up 1% to 48.6 billion compared to the end of 2010. Non-unit linked funds under management increased to EUR 42.6 billion at the end of September (vs. EUR 42.2 billion end of June). Unit-linked funds under management decreased 7% to EUR 6.0 billion, driven by lower volumes and an unfavourable unit-value evolution in bond and equities funds.

The **technical result** year-to-date amounted to EUR 155 million compared to EUR 261 million last year, impacted by some of the impairment charges on Greek bonds related to the segregated accounts. As in previous quarters, the third quarter' technical result included a gross charge of EUR 10 million for the 0.15% state contribution on the Life funds under management (except for Group Life) introduced by the Belgian State. Year-to-date the total gross charge amounted to EUR 30 million (EUR 15 million net-of-tax and after non-controlling interests). At the level of the operating margin the impairments on Greek bonds and equities and the realized capital gains and losses on equities and fixed income securities explain the additional negative variance.

The **net result** year-to-date amounted to a loss of EUR 329 million compared to EUR 186 million positive last year, with a net loss of EUR 337 million in the third quarter (vs. a net profit of EUR 83 million in 2010). This includes a total negative impact of the additional impairments on Greek sovereigns and equities of EUR 399 million and some additional realized gains on the investment portfolio.

Non-Life

Gross written premiums year-to-date amounted to EUR 1.3 billion, +5% compared to the same period last year. Inflows in the third quarter amounted to EUR 395 million, +4% vs. last year and +2% vs. the previous quarter, with inflows further up in Motor (+6%) and Fire (+8%). Inflows in Healthcare amounted to EUR 198 million, (+1%).

Overall, the increase is driven by a combination of higher volumes and tariff increases. Inflows via the broker channel rose to EUR 922 million (+5%), gross written premiums via the bank channel amounted to EUR 173 million (+8%).

The **technical result** year-to-date amounted to EUR 44 million compared to EUR 22 million last year, with Motor continuing to perform strongly. The third quarter' technical result included a loss of EUR 24 million, related to the severe summer storms of the end of August. Healthcare continued to benefit from a solid claims result.

The overall **combined ratio** year-to-date improved to 103.3% compared to 105.6% last year and slightly increased on the situation end of June (102.2%). Excluding Workmen's Compensation, the combined ratio year-to-date stood at 100.3% vs. 102.5% last year. The performance of the Motor segment improved again resulting in a year-to-date combined ratio of 94.9%. In Fire, the above mentioned August storms was the main factor explaining the combined ratio increase in the third quarter to 119.7% (vs. 98.2% in the 2nd quarter), ending year-to-date at 111.5%. Tariffs for the Natural Catastrophe cover have been increased representing a 6% premium increase in the Fire portfolio. The combined ratio in Workmen's Compensation remains high at 128.0% year-to-date and with a 3rd quarter performance of 122.8%, due to an exceptional high number of deceased and permanent disability claims. Corrective measures are on going and include the implementation of a new tariff structure and pruning initiatives based on detailed client profitability tests.

The **net result** year-to-date declined to EUR 2 million negative compared to EUR 19 million positive last year, with a net loss in the third quarter of EUR 18 million (vs. a net profit of EUR 34 million in 2010). The net charge related to the adverse weather conditions impacted the third quarter net result by EUR 12 million, and a year-to-date charge of EUR 18 million. In 2010, the charge in the third quarter amounted to EUR 6 million corresponding to a year-to-date charge of EUR 17 million. In addition, the net charges related to impairments and realized capital gains and losses negatively impacted the net result for EUR 30 million year-to-date of which EUR 20 million in the third quarter. Excluding adverse weather events and impairment charges, the net profit year-to-date stands at EUR 47 million.

United Kingdom

Income Statement - Life

UK - Life - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross written premiums	35.8	18.7	92 %	13.7	7.5	83 %	11.8
Investment contracts without dpf	-	-	*	-	-	*	-
Gross inflow Life	35.8	18.7	92 %	13.7	7.5	83 %	11.8
Operating costs	(18.3)	(17.9)	3 %	(6.4)	(6.6)	(3 %)	(5.0)
Technical result	(3.2)	(5.5)	(43 %)	(1.1)	(2.3)	(52 %)	(0.7)
Allocated capital gains	-	-	*	-	-	*	-
Operating margin	(3.2)	(5.5)	(43 %)	(1.1)	(2.3)	(52 %)	(0.7)
Non-allocated other income and expenses	1.4	1.6	(13 %)	0.6	0.8	(25 %)	0.4
Profit before taxation	(1.8)	(3.9)	(54 %)	(0.5)	(1.5)	(67 %)	(0.3)
Income tax expenses	0.5	1.1	(56 %)	0.1	0.4	(75 %)	0.1
Net profit attributable to non-controlling interests	-	-	*	-	-	*	-
Net profit attributable to shareholders	(1.3)	(2.8)	(53 %)	(0.4)	(1.1)	(64 %)	(0.2)

Income Statement - Non-Life

UK - Non-Life - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross written premiums Non-Life	1,522.8	821.1	85 %	529.0	282.8	87 %	522.7
Operating costs	(100.5)	(67.3)	49 %	(36.3)	(21.8)	67 %	(33.3)
Technical result	46.0	4.3	*	25.8	7.8	*	23.7
Allocated capital gains	4.7	2.8	70 %	3.6	0.7	*	0.2
Operating margin	50.7	7.1	*	29.4	8.5	*	23.9
Non-allocated other income and expenses	10.0	1.0	*	4.4	(1.4)	*	3.1
Profit before taxation	60.7	8.1	*	33.8	7.1	*	27.0
Income tax expenses	(15.7)	(2.3)	*	(8.6)	(2.0)	*	(7.1)
Net profit attributable to non-controlling interests	4.7	(3.3)	*	4.9	(1.9)	*	1.5
Net profit attributable to shareholders	40.3	9.1	*	20.3	7.0	*	18.4

Income Statement - Other Insurance

UK - Other Insurance - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Fee and commission income	128.7	99.6	29 %	44.5	40.2	11 %	44.4
Other income	78.0	21.1	*	30.1	18.8	60 %	25.0
Staff expenses	(72.7)	(43.1)	69 %	(25.1)	(18.9)	33 %	(25.1)
Other expenses	(103.1)	(62.5)	65 %	(33.8)	(36.0)	(6 %)	(34.7)
Profit before taxation	30.9	15.1	*	15.7	4.1	*	9.6
Income tax expenses	(8.2)	(5.9)	40 %	(4.3)	(2.8)	54 %	(2.3)
Net profit attributable to non-controlling interests	-	-	*	-	-	*	-
Net profit attributable to shareholders	22.7	9.2	*	11.4	1.3	*	7.3

Income Statement

UK - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross inflow	1,558.6	839.8	86 %	542.7	290.3	87 %	534.5
Operating costs	(118.8)	(85.2)	39 %	(42.7)	(28.4)	50 %	(38.3)
Net profit attributable to shareholders	61.7	15.5	*	31.3	7.2	*	25.5

- **Inflows at EUR 1.6 billion (vs. EUR 0.8 billion in 2010)**
 - ◆ Non-Life gross written premiums year-to-date up 85%
 - ◆ Other Insurance income year-to-date at EUR 207 million, up 71%

- **Net profit year-to-date at EUR 62 million (vs. EUR 16 million in 2010)**
 - ◆ Non-Life result at EUR 40 million due to continued strong operational performance
 - ◆ Robust contribution of EUR 23 million from Other Insurance activities

- **Combined ratio year-to-date at 99.9% (vs. 104.9% in 2010)**
 - ◆ Combined ratio third quarter at 98.0% compared to 102.2% in 2010
 - ◆ Motor combined ratio remained strong and below 100% : 98.2% year-to-date vs. 106.9%
 - ◆ Household combined ratio further improved to 100.4% vs. 104.4% end of June

Ageas UK's multi-distribution strategy continues to create positive momentum in the development of the business. **Inflows** over the first nine months amounted to EUR 1,559 million, up 86% compared to the same period last year. Non-Life inflows further rose by 85% while income from Other Insurance including the Retail operations grew by 71%. Life Protection nearly doubled its inflows compared to the same period last year. The currency impact on inflows compared to the same period in 2010 was negative (EUR 26 million). Inflows in the third quarter amounted to EUR 543 million, +87% compared to the same quarter last year.

The **net result** continued the positive trend of the previous quarter and amounted to EUR 62 million at the end of September (vs. EUR 16 million in 2010). The Non-Life operations reported a net profit after non-controlling interests of EUR 40 million, Other Insurance (Retail distribution) of EUR 23 million while the Life Protection business managed to halve the loss compared to last year at EUR 1.3 million negative. The net profit of the third quarter amounted to EUR 31 million, thanks to a solid contribution from both Non-Life and Other Insurance of EUR 20 million and EUR 11 million respectively.

Life

Gross inflows year-to-date amounted to EUR 36 million, up 92% year on year. Ageas Protect continues to grow its market share among Independent Financial Advisers (IFAs) which increased to 7.8% (vs. 5.1% in 2010). The company now provides cover to 175,000 customers, an increase of more than 69% compared to the end of September last year.

In line with the growth of the business since its start up in 2008, the **net financial performance** progresses. The net result over the first nine months amounted to EUR 1.3 million negative, compared to EUR 2.8 million negative in 2010.

Non-Life

Total **gross written premiums** year-to-date amounted to EUR 1,523 million, an increase of 85% on last year. Inflows in the third quarter amounted to EUR 529 million, up 87% compared to last year. This significant growth continues to be driven by positive developments in Personal and Commercial lines for Ageas Insurance and the inclusion of Tesco Underwriting, Ageas's partnership with Tesco Bank. In Household, inflows were up 70% to EUR 352 million (vs. EUR 207 million), while Motor more than doubled to EUR 982 million (vs. EUR 445 million).

Ageas Insurance inflows grew by 15% to EUR 944 million. The Household book year-to-date amounted to EUR 266 million, an increase of 29% and continues to be driven strongly by the take-up in the broker market. Motor and Travel inflows rose slightly at EUR 489 million and EUR 56 million respectively. Inflows in Other lines, including Commercial, rose further, in line with previous quarters, to EUR 133 million. This 13% increase has resulted from the expansion of the product base across the Small and Medium Sized Enterprises (SME) market.

Tesco Underwriting's gross inflows have reached EUR 579 million over the first nine months of the year. Tesco Underwriting now covers around 1.4 million customers and has delivered cumulative inflows since its launch mid October 2010 of EUR 680 million, in line with the original targets. The **net result** after non-controlling interests year-to-date amounted to EUR 40 million of which EUR 20 million was in the third quarter. The result includes EUR 12 million of adverse weather related costs incurred in the first quarter. This compares to a net result of EUR 9 million last year, including EUR 10 million adverse weather related costs.

The **combined ratio** year-to-date, including Tesco Underwriting was 99.9% showing continued improvement year-to-date. On a like-for-like basis and excluding Tesco Underwriting, the combined ratio for Ageas Insurance was 99.8% compared to 104.9% during the same period last year. Both the Motor and Household combined ratio continued to show a strong improvement and reached 96.7% and 93.9% respectively in the third quarter.

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 207 million (+71% vs. last year). Growth continues to come from the inclusion of KFFS and Castle Cover, good performance from affinity partnerships and add-on income.

The **net profit** contribution increased to EUR 23 million, compared to EUR 9 million last year. The recent acquisitions, KFFS and Castle Cover, contributed EUR 6.6 million to the net result, including an amortisation cost on intangible assets of EUR 6 million. The net result includes EUR 1 million of acquisition and financing costs related to Castle Cover earlier this year.

Continental Europe

Income Statement - Life

Continental Europe - Life - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross written premiums	590.7	1,428.2	(59 %)	164.1	321.5	(49 %)	194.1
Investment contracts without dpf	1,100.6	1,362.3	(19 %)	277.2	488.5	(43 %)	386.6
Gross inflow Life	1,691.3	2,790.5	(39 %)	441.3	810.0	(46 %)	580.7
Operating costs	(81.1)	(91.8)	(12 %)	(26.7)	(30.2)	(12 %)	(27.3)
Technical result	(22.3)	66.6	*	(38.8)	27.4	*	(25.6)
Allocated capital gains	(16.7)	3.0	*	(16.4)	0.1	*	(0.3)
Operating margin	(39.0)	69.6	*	(55.2)	27.5	*	(25.9)
Non-allocated other income and expenses	11.0	16.2	(31 %)	7.9	4.4	80 %	(0.2)
Profit before taxation, consolidated entities	(28.0)	85.8	*	(47.3)	31.9	*	(26.1)
Profit before taxation, associates	-	-	*	-	-	*	-
Income tax expenses	5.1	(34.0)	*	12.9	(14.3)	*	3.7
Net profit attributable to non-controlling interests	(5.6)	29.9	*	(17.1)	10.4	*	(5.3)
Net profit attributable to shareholders	(17.3)	21.9	*	(17.3)	7.2	*	(17.1)

Income Statement - Non-Life

Continental Europe - Non-Life - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross written premiums Non-Life	328.6	325.5	1 %	97.2	96.6	1 %	111.9
Operating costs	(58.9)	(54.3)	8 %	(20.9)	(17.9)	17 %	(19.3)
Technical result	18.5	9.1	*	4.9	2.1	*	10.6
Allocated capital gains	(1.3)	2.7	*	(0.7)	1.2	*	(0.6)
Operating margin	17.2	11.8	46 %	4.2	3.3	27 %	10.0
Non-allocated other income and expenses	0.2	1.2	(85 %)	0.1	2.4	(96 %)	0.1
Profit before taxation, consolidated entities	17.4	13.0	34 %	4.3	5.7	(25 %)	10.1
Profit before taxation, associates	1.2	-	*	1.2	-	*	-
Income tax expenses	(5.9)	(4.1)	44 %	(1.4)	(1.6)	(13 %)	(3.3)
Net profit attributable to non-controlling interests	6.9	4.0	74 %	2.0	1.7	18 %	3.8
Net profit attributable to shareholders	5.8	4.9	18 %	2.1	2.4	(13 %)	3.0

Income Statement

Continental Europe - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross inflow	2,019.9	3,116.0	(35 %)	538.5	906.6	(41 %)	692.6
Operating costs	(140.0)	(146.1)	(4 %)	(47.6)	(48.1)	(1 %)	(46.6)
Net profit attributable to shareholders	(11.5)	26.8	*	(15.2)	9.6	*	(14.1)

- **Inflows and net profit levels continue to be impacted by adverse evolution financial markets**
 - ◆ Inflows year-to-date at EUR **2.1 billion**, including non-controlling partnerships, -33% vs. 2010
 - ◆ Net profit after non-controlling interests year-to-date at EUR **12 million negative** (vs. EUR 27 million positive in 2010)

- **Underlying operational fundamentals remain strong, in particular in Non-Life**
 - ◆ Combined ratio Non-Life year-to-date at **97.5%**, remaining well below 100%

- **Acquisition stake in AKsigorta, Turkey, completed; net result included as from August 2011**
 - ◆ Several knowledge transfer work streams started up
 - ◆ Q3 11 net result contribution of EUR 1.2 million (2 months)

- **Ageas announced agreement end of September to sell German Life activities to Augur Capital**

Total gross inflows for the first nine months, including non-consolidated partnerships, amounted to EUR 2,1 billion, 33% below the levels of last year. In the third quarter, inflows were at EUR 539 million, -41% compared to last year. The continued sovereign debt crisis intensified the slowdown seen in past quarters in Portugal and Luxembourg in particular, especially in the Life activities. In Non-Life, gross written premium for consolidated companies remained slightly above last year (+1%), despite a selective approach with a specific focus on profitability,

Operating costs amounted to EUR 140 million and remained below last year's level (-4%). On a like-for-like basis operating costs increased by some 5%.

Net profit after non-controlling interests year-to-date turned into a loss of EUR 12 million, with a net loss of EUR 15 million in the third quarter. The result year-to-date includes a net-of-tax charge of EUR 50 million related to impairment charges of which EUR 33 million related to Greek sovereigns and the remainder on equities. In addition, some additional realized capital losses affected especially the Life net result. The impairment charge in the third quarter amounted to EUR 18 million. The Non-Life result further improved compared to last year thanks to the actions taken to increase profitability.

At the end of July, Ageas closed the acquisition of a 31% stake (non-controlling) in AKsigorta, Turkey. The company is performing very well with a premium growth exceeding 30% versus 2010 while improving its market share. Several knowledge transfer workstreams have been started up with Ageas and some first improvements have already been implemented. As of August, the net result is included in Ageas' group results⁵, with a net result of EUR 1.2 million for the third quarter.

Life

Total gross Life **inflows** amounted to EUR 1.7 billion, down 38% compared to last year, significantly impacted by the side effects of the continuing uncertainty on the financial markets. Inflows in the third quarter amounted to EUR 441 million, -46% compared to the same quarter last year.

Sales in Portugal amounted to EUR 864 million (-37% vs. 2010), with third quarter' inflow levels further down compared to the previous quarters, in line with the evolution on the Portuguese market.

Inflows in Luxembourg year-to-date fell 46% to EUR 568 million compared to EUR 1,051 million last year. Like in the previous quarters, the sales of FOS (Freedom of Services) unit-linked products came further down, in line with the markets.



⁵ Under 'Profit before taxation, associates'

In France, inflows came somewhat further down to EUR 229 million (-21% vs. 2010), which is explained by the disappearance of the distribution network via Fortis Banque France on top of a worsening market environment.

Unit-linked business, the largest business line, especially in Portugal and Luxembourg, reported an inflow year-to-date of EUR 1,161 million. Sales of saving products represented an amount of EUR 276 million.

Life **Funds under Management** amounted to EUR 14.1 billion compared to EUR 23.1 billion end 2010, with unit-linked related funds amounting to EUR 6 billion. The negative variance relates to the reclassification of the Funds under management of 'Fortis Luxembourg Vie and German Life activities' which are classified as "Assets and Liabilities held for sale" following the announced merger of Ageas' activities with Cardif Luxembourg International and the sale of the German Life activities to Augur Capital. On a scope-on-scope basis, Funds under management came down 7% as a result of lower inflows and a negative market value adjustment of the unit linked related funds.

Life **operating margin** turned negative to EUR 39 million compared to EUR 70 million positive last year, heavily impacted by the higher mentioned impairment charges (EUR 120 million).

Operating costs came down to EUR 81 million (vs. EUR 92 million in 2010) due to the divestments of Ukraine and Turkey. On a comparable basis, costs went up by 3%.

Net profit after non-controlling interests ended at EUR 17 million negative (vs. EUR 22 million positive in 2010), and including a net charge related to impairments on fixed income and equities of EUR 49 million.

Non-Life

Non-Life gross written premiums, including non-consolidated partnerships at 100%, rose year-to-date by 21% to EUR 395 million. On a consolidated basis gross written premiums amounted to EUR 329 million, with growth observed in Accident & Health (+3%), remaining the largest business line. Motor fell 6% to EUR 72 million, due to lower inflows in both Portugal and Italy while inflows in Fire rose to EUR 49 million, up 9%. Inflows, including non-consolidated partnerships at 100%, in the third quarter amounted to EUR 163 million.

Gross written premiums in the third quarter amounted to EUR 169 million, up 74% on last year. The increase relates mainly to the first time inclusion of AKsigorta, the acquired Non-Life stake in Turkey, reporting gross written premiums of EUR 66 million for 2 months (included since August). The inflows can be broken down mainly into Motor (53%), Health and Fire representing 11% and 12% respectively.

Inflows in Portugal amount to EUR 180 million, an increase of 3% in line with the positive trend in previous quarters, and mainly realised in the Healthcare business. Inflows year-to-date in Italy came slightly down to EUR 148 million, continuing the efforts to redress the profitability of the Motor division but also marked by lower underwriting results in the Consumer Protection insurance division.

The **operating margin** year-to-date remained strong with a 46% improvement compared to last year, explained by a substantially better technical performance and higher financial income. Actions undertaken to improve performance are reflected in a combined ratio which remains year-to-date well below 100% at 97.5% (versus 98.9%).

Operating costs year-to-date went up 8% to EUR 59 million.

In line with the improved technical result the **net profit after non-controlling interests** increased and amounted to EUR 6 million compared to EUR 5 million last year. The Turkish operations contributed EUR 1.2 million for the months August and September.

Asia

Income Statement - Life

Asia - Life - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross written premiums	170.2	169.4	0 %	63.2	63.3	(0 %)	55.8
Investment contracts without dpf	77.8	67.7	15 %	27.4	23.3	18 %	26.7
Gross inflow Life	248.0	237.1	5 %	90.6	86.6	5 %	82.5
Operating costs	(26.8)	(27.5)	(3 %)	(10.1)	(9.1)	11 %	(8.5)
Technical result	19.3	16.4	17 %	5.0	5.3	(6 %)	6.0
Allocated capital gains	2.5	37.7	(93 %)	-	3.7	*	2.1
Operating margin	21.8	54.1	(60 %)	5.0	9.0	(44 %)	8.1
Non-allocated other income and expenses	(9.1)	(5.7)	57 %	(4.0)	(2.7)	48 %	(2.0)
Profit before taxation, consolidated entities	12.7	48.4	(74 %)	1.0	6.3	(84 %)	6.1
Profit before taxation, associates	48.5	30.2	60 %	13.9	9.9	40 %	16.9
Income tax expenses	(1.9)	(0.9)	*	(0.7)	(0.7)	0 %	(0.7)
Net profit attributable to non-controlling interests	-	-	*	-	-	*	-
Net profit attributable to shareholders	59.3	77.7	(24 %)	14.2	15.5	(8 %)	22.3

Income Statement - Non-Life

Asia - Non-Life - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 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	12.8	8.4	52 %	4.2	3.5	20 %	1.2
Income tax expenses	-	-	*	-	-	*	-
Net profit attributable to non-controlling interests	-	-	*	-	-	*	-
Net profit attributable to shareholders	12.8	8.4	52 %	4.2	3.5	20 %	1.2

Income Statement

Asia - in EUR million	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Gross inflow	248.0	237.1	5 %	90.6	86.6	5 %	82.5
Operating costs	(26.8)	(27.5)	(3 %)	(10.1)	(9.1)	11 %	(8.5)
Net profit attributable to shareholders	72.1	86.1	(16 %)	18.4	19.0	(3 %)	23.5

- **Inflows at EUR 4.6 billion, almost in line with last year's record level (vs. EUR 4.7 billion in 2010)**
 - ◆ Life gross inflow down 4% to EUR 4.2 billion, continued focus on growing regular premium income
 - ◆ Non-Life Gross Written Premiums showed a solid growth of 21% to EUR 0.5 billion

- **Net profit at EUR 72 million, (-16% vs. EUR 86 million in 2010)**
 - ◆ On a comparable basis, adjusting 2011 and 2010 for realised capital gains on assets, net profit grew with 22%
 - ◆ Life net profit after non-controlling interests at EUR 59 million, down 24%
 - ◆ Non-Life net profit after non-controlling interests up to EUR 13 million (vs. EUR 8 million in 2010)

- **Ageas has celebrated the 10th anniversary of its presence in Malaysia and China**
 - ◆ Starting out as a very successful bancassurance joint venture, the Malaysian partnership with Maybank has over time further expanded into a full-fledged multi-channel distribution platform
 - ◆ Taiping Life started as a Greenfield 10 years ago and is now China's 7th largest insurer. The 10th anniversary of the partnership was celebrated early October

Total **gross inflows** year-to-date, including non-consolidated partnerships at 100%, reached EUR 4.6 billion, 2% down on last year. Taking into account the exceptional inflows from single premium campaigns last year and given the climate of global financial uncertainty and regulatory change throughout the region, the commercial performance year-to-date is solid.

The **net profit after non-controlling interests** declined to EUR 72 million, compared to EUR 86 million last year (-16%). This year's net profit included a one-off capital gain of EUR 10 million related to the disposal of Taiping Pension in China while last year's net profit included a capital gain of EUR 35 million related to the sale of the Fortis Centre in Hong Kong. Excluding these items, net profit showed a very solid growth of 22% on the back of a good performance across all entities and extraordinary tax recoveries in Malaysia.

In March of this year, Ageas celebrated the 10th anniversary of its first partnership in Malaysia with Maybank. 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, alternate and direct.

In China, Taiping Life started as a greenfield insurance joint venture between China Taiping Group and Ageas 10 years ago and has now become China's 7th largest insurer, employing over 11,800 staff, distributing through a vast network of 47,000 agents and over 20,000 bank outlets of

various partner banks, supported by more than 800 branches and sales outlets. In October, Ageas celebrated the 10th anniversary of its second partnerships in Asia with China Taiping Group.

Life

Total **Life gross inflows**, including non-consolidated partnerships at 100%, amounted to EUR 4.2 billion, down 4% on last year. Last year's 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 71% of total gross inflows (vs. 55% last year) – increased to EUR 2.9 billion (up 24%). Renewal premiums increased some 39% to EUR 2.1 billion following 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 248 million, 5% up on last year. New business (APE) grew strongly by 23% to EUR 51 million, driven by improved productivity in the agency channel, as well as growing sales volumes in the emerging IFA channel.

In **China**, gross inflows year-to-date remained 7% below the levels of last year at EUR 2.7 billion. Last year Ageas' 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 to the bancassurance distribution model at the end of last year, production through this channel

suffered. 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 820 million. 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 29% to EUR 1.9 billion, in line with the trend in previous quarters.

In **Thailand** inflows continued on a growth trajectory, +33% to EUR 701 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 to new record highs, up by 39% to EUR 240 million, mainly through single premium products linked to mortgage and consumer loans. The agency channel strongly increased new business premiums to EUR 66 million, up 70%. Renewals in Thailand were also significantly up to EUR 386 million, +28%.

Inflows in **Malaysia** fell 25% to EUR 435 million. Similar to China, the banks' focus this year has been more on growing deposits. As a consequence single premiums declined to EUR 244 million (-38%), representing 56% of total inflows (vs. 68% in 2010). Regular premiums were up 4% to EUR 191 million.

IDBI Federal Life Insurance Company in **India** recorded gross inflows of EUR 94 million, 6% down compared to last year. The decrease was entirely due to new business premiums, which were down 29% to EUR 44 million, following regulatory changes on the sales of unit linked and pension products. Renewal premiums were up 35% to EUR 50 million.

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 increased 9% to EUR 18.5 billion.

The **net profit** after non-controlling interests amounted to EUR 59 million, compared to EUR 78 million last year (-24%):

- ◆ The **consolidated operations** in Hong Kong reported a net profit of EUR 19 million compared to EUR 56 million last year. Last year's net result however included a capital gain of EUR 35 million related to the sale of the Fortis

Centre in Hong Kong. Excluding the latter, the net profit decreased 6% due to lower capital gains as a consequence of the financial turmoil in the third quarter, new business strain due to the strong growth in new business and a weaker Hong Kong Dollar.

- ◆ The **non-consolidated partnerships** reported a very satisfactory profit growth year-on-year with net profits of EUR 48 million, compared to EUR 30 million last year (+60%). The net result includes a one-off net capital gain of EUR 10 million resulting from a restructuring of the activities in China : as agreed with its co-shareholder China Taiping Group, Ageas divested its stake in Taiping Pension, while it decided simultaneously to increase its direct stake in Taiping Asset Management (from 8% to 20%). The first phase of this restructuring was successfully concluded in the third quarter: Ageas (and Taiping Life) disposed of their stake in Taiping Pension, resulting in a total capital gain of EUR 16 million of which EUR 10 million reported under Asia and EUR 6 million in the General Account. The second phase of the operation, the increase of the direct stake in Taiping Asset Management, is awaiting final regulatory approval.

Other **regional costs and income** year-to-date amounted to EUR 8.3 million negative compared to EUR 8.0 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 464 million. Both partnerships performed well across all lines. Gross written premiums amounted to EUR 368 million (+22%) in Malaysia and EUR 95 million (+17%) in Thailand respectively.

Net profit after non-controlling interests amounted to EUR 13 million, compared to EUR 8 million last year. The intrinsic operational performance and the technical result remained on track with a combined ratio of 93.0% supported also by non-recurring tax recoveries in Malaysia (EUR 3 million).

General Account

Income Statement							
<i>in EUR million</i>	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Net interest Income	(9.1)	(10.4)	(13 %)	(2.9)	(11.2)	(74 %)	(3.9)
Net fee and commission income	(0.6)	(0.1)	*	0.2	(0.1)	*	(0.4)
Insurance premiums (net)	(1.2)	0.3	*	(0.4)	0.4	*	(0.1)
Dividend income from investments	0.3	0.2	39 %	-	-	*	-
Unrealised gain (loss) on Call option BNP Paribas shares	(247.8)	(44.0)	*	(332.8)	77.0	*	83.0
Unrealised gain (loss) on RPN(I)	320.0	(180.0)	*	438.0	(156.0)	*	139.0
Result on sales and revaluations	(202.0)	-	*	(201.7)	(19.1)	*	4.0
Share of result of associates	(139.3)	183.4	*	(83.9)	163.2	*	(43.5)
Other income	(8.1)	(7.0)	15 %	(2.6)	(5.7)	(54 %)	(2.5)
Total income	(287.8)	(57.7)	*	(186.1)	48.4	*	175.6
Change in impairments and provisions	(0.2)	0.5	*	40.0	0.1	*	(39.8)
Net revenues	(288.0)	(57.2)	*	(146.1)	48.5	*	135.8
Staff expenses	(15.4)	(13.6)	13 %	(3.3)	(3.5)	(6 %)	(8.1)
Insurance claims and benefits (net)	2.1	1.9	13 %	(0.1)	1.4	*	0.7
Depreciation, amortisation and other expenses	(2.3)	(1.3)	79 %	(1.9)	(0.9)	*	(0.2)
Other operating and administrative expenses	(21.9)	(27.0)	(19 %)	(3.8)	(8.5)	(55 %)	(10.1)
Total expenses	(37.5)	(40.0)	(6 %)	(9.1)	(11.5)	(21 %)	(17.7)
Profit before taxation	(325.5)	(97.2)	*	(155.2)	37.0	*	118.1
Income tax expenses	(0.2)	407.1	*	(0.2)	(0.1)	*	0.1
Net profit for the period	(325.7)	309.9	*	(155.4)	36.9	*	118.2
Net profit attributable to non-controlling interests	(0.7)	(2.0)	(67 %)	(0.1)	(0.5)	(80 %)	(0.2)
Net profit attributable to shareholders	(325.0)	311.9	*	(155.3)	37.4	*	118.4

Balance Sheet (main items)				
<i>in EUR million</i>	30 Sep 11	30 Sep 10	Change	30 Jun 11
RPN(I)	(145.0)	(496.0)	71 %	(583.0)
Call Option BNP Paribas shares	361.2	836.0	(57 %)	694.0
Royal Park Investments	849.7	1,027.6	(17 %)	899.0
Tier 1 debt securities	762.3	-	*	-

- **Net loss of EUR 325 million year-to-date driven by the net impact of the legacy issues of EUR 258 million**
 - ◆ Third quarter net loss of EUR 155 million including negative impact of legacy issues of EUR 128 million
- **Fair value of RPN(I) liability at EUR 145 million, down EUR 438 million on the end of June**
- **Value call option on BNP Paribas shares at EUR 361 million, down EUR 333 million on the end of June**
- **Third quarter' net loss of Royal Park Investments of EUR 83 million**
 - ◆ Value equity investment as per 30 September 2011 at EUR 850 million
- **Additional fair value adjustment in third quarter of EUR 150 million on Fortis Tier 1 Debt Securities**
 - ◆ 95% of outstanding Fortis Tier 1 Debt Securities acquired at par value end of September (EUR 953 million)
 - ◆ Securities valued at 80% of par and accounted under 'Loans and Receivables'

The **General Account's result** amounted to a loss for the nine months of 2011 of EUR 325 million mainly driven by the legacies and having a combined negative impact of EUR 258 million. The negative impact in the third quarter of the legacies amounted to EUR 128 million, resulting in a negative result of the General Account of EUR 155 million.

In the third quarter the fair value of the RPN(I) liability declined by EUR 438 million (EUR 320 million year-to-date) following a substantial decrease of the market price of the CASHES financial instrument, from 57.8% at the end of June to 33.2% at the end of September 2011 (vs. 50.2% end 2010). This positive effect was partly offset by a lower value of the call option on the BNP Paribas shares (EUR 333 million negative vs. Q2 11 vs. EUR 248 million negative year-to-date) and a negative result of EUR 83 million (EUR 140 million year-to-date) of Royal Park Investments. Lastly, the fair value adjustment of the Fortis Bank Tier 1 Debt Securities, acquired at the end of September, resulted in an additional charge of EUR 150 million on top of the EUR 40 million charge included in the first half year results (EUR 190 million year-to-date). The valuation is based on 80% of the par value of the acquired Securities. The securities have been recorded under "Loans and Receivables" implying that changes in the fair value going forward will not impact the net result of the General Account.

Total expenses, including '*Staff and other operating and administrative expenses*', were slightly down from EUR 40 million to EUR 38 million while **Net interest income** was slightly down to EUR 9 million negative. **Result on sales and revaluations** amounted to EUR 202 million negative, including a capital loss of EUR 13 million, recorded on the announced sale of the German Life activities to Augur Capital and the loss on the purchase of the Fortis Bank Tier 1 Debt Securities of EUR 190 million.

RPN(I)

Fair value of RPN(I)

For the calculation of the fair value of the RPN(I), Ageas adopts a level 3 valuation model based on valuation techniques for financial derivative instruments, introduced at the end of 2009. At 30 September 2011 the fair value of the RPN(I) liability amounted to EUR 145 million of which EUR 127 million related to the RPN(I) liability and EUR 18 million related to the guarantee arrangements between Ageas, the Belgium State and Fortis Bank.

Compared to the end of June (EUR 583 million), this is a positive impact on result of EUR 438 million (EUR 320 million year-to-date) broken down as (i) EUR 374 million reflecting the decrease in the net discounted value of the estimated quarterly interest payments under the RPN(I) mechanism and (ii) an additional liability decrease of EUR 64 million related to the guarantee agreement.

The decrease in fair value is due to (i) a lower reference amount end of September 2011, as the CASHES financial instrument fell from 57.8% to 33.2% while the Ageas share fell from EUR 1.87 to EUR 1.31 (decrease of EUR 364 million), (ii) higher spreads (+275bps) on perpetual debt instruments (decrease of EUR 61 million) (iii) different market conditions, including yield curve movements (decrease of EUR 13 million).

Reference values

As a result of the lower value of the CASHES financial instrument and the Ageas's share price at the end of September, the reference amount's (the so called Relative Performance Note (RPN)) absolute value came down to EUR 185 million negative, from EUR 849 million negative end of June (EUR 642 million negative end 2010).

On 30 September 2011, the 3-month EURIBOR interest rate stood at 1.55 %. The total interest payment to Fortis Bank over the first nine months of 2011 amounted to EUR 8.9 million. The total amount paid year-to-date to the Belgian State in accordance with the guarantee agreement between the two parties amounted to EUR 4.1 million.

Assumptions and sensitivities

See note 19 of the 9M 2011 Interim Consolidated Financial Statements.

Call option on BNP Paribas shares

Ageas consistently applies a valuation methodology based on the Black-Scholes model option valuation techniques. As of 30 September 2011, the estimated value of the 121.2 million BNP Paribas options amounted to EUR 361 million, compared to EUR 694 million end of June (EUR 609 million end 2010).

The value of the BNP Paribas option declined by EUR 333 million vs. the end of June (EUR 248 million vs. end 2010) mainly as a result of the BNP Paribas' share price decrease, from EUR 53.23 at the end of June (EUR 47.69 end 2010) to

EUR 30.05 at the end of September 2011, along with an increase in the market consensus for the BNP Paribas dividend yield, from 4.95% at the end of June (5.29% end 2010) to 8.76% at the end of September. This was only partly mitigated by a substantial higher volatility assumption, up from 30% end of June (33% end 2010) to 49% end of September.

The following table provides an overview of the main parameters used to value the option, including a comparison between the assumptions used on 30 June 2011 and 31 December 2010.

	30 Sep 2011	30 Jun 2011	31 Dec 2010
BNP Paribas share price	EUR 30.05	EUR 53.23	EUR 47.685
Strike price	EUR 66.672	EUR 66.672	EUR 66.672
Volatility	49%	30%	33%
Dividend yield	8.76%	4.95%	5.29%
Price per option up to 10 October 2016	EUR 4.260	EUR 8.177	EUR 7.180
Theoretical value of 121.2 million options	EUR 516 million	EUR 991 million	EUR 870 million
Estimated value, after adjustment for non standard features (30%)	EUR 361 million	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% and 10% respectively the value of the BNP Paribas option decreases by 24.6% and 47.2%, while a 5% or 10% increase respectively of the implied volatility leads to a value increase of 25.8 and 52.4%. If the dividend yield assumption is adjusted 1% down the value of the BNP Paribas option increases by 3.75%, while a 1% increase of dividend leads to a decrease of 6.8%.

Royal Park Investments (RPI)

The first nine months result of RPI at 100% and before an impairment test of the goodwill amounted to EUR 271 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. The third quarter net result was EUR 188 million negative due to lower Marked-to-market revaluations on the security portfolio. 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 review of the expected business at the end of the second quarter a value in use of the total business was calculated resulting in an impairment on Goodwill of EUR 586 million. Based on the review at the end of the third quarter, it was concluded that no additional goodwill impairment was required. RPI's net profit under IFRS, including impairment of goodwill, at 100%, as a result amounted to EUR 315 million negative or Ageas's share of EUR 140 million negative. In addition, RPI concluded a number of interest rate swaps, 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 slightly increased the equity value as per 30 September compared to end 2010 by EUR 128 million at 100% or EUR 57 million for Ageas. As a result of both elements, Ageas's equity investment in RPI decreased from EUR 933 million end 2010 to EUR 850 million. Hereafter an update of RPI's balance sheet under IFRS :

<i>in EUR million</i>	IFRS 30 September 2011	IFRS 31 December 2010
Assets		
Securities	6,336	7,005
Deferred tax assets	562	681
Goodwill	781	1,367
Other assets	662	264
Total Assets	8,341	9,317
Liabilities and shareholders' equity		
Liabilities		
Other liabilities	273	86
Commercial paper	4,641	4,585
Funding, super senior	1,007	2,040
Funding, senior	519	519
Total Liabilities	6,440	7,230
Shareholders' equity		
Share capital	850	850
Share premium (additional paid in capital)	850	850
Cash Flow hedge reserves	223	94
Retained earnings	(22)	294
Total shareholders' equity	1,901	2,087
Total Liabilities and shareholders' equity	8,341	9,317

At the end of September 2011, the fair value of the loan portfolio came down to EUR 6.4 billion while total debt came down to EUR 6.2 billion.

Total net interest payments and principal collections in the first nine months of 2011 amounted to EUR 112 million and EUR 919 million respectively.

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

Other items General

Net interest income was slightly down to EUR 9 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 RPNI, the EMTN program and the FRESH.

Results on sales and revaluations amounted to EUR 202 million negative, compared to breakeven in the same period last year. The third quarter' result is driven by the announced sale of the German Life activities to Augur Capital on which a charge of EUR 13 million has been recorded and a loss of EUR 190 million related to the valuation of the acquired Fortis Bank Tier 1 Debt Securities.

The amount of EUR 190 million was the difference between the amount (EUR 953 million) paid for the Fortis Bank Tier 1 Debt Securities acquired at par and the fair value of the Securities at the acquisition date. This fair value represents 80% of par and is determined based on a level 3 valuation. The preliminary provision of EUR 40 million reported under **'Change in impairments and provisions'** at the end of June has been reversed in the third quarter, resulting in a negative net impact of EUR 150 million in the third quarter. The acquired securities were booked as **"Loans and Receivables"** implying that all changes in the fair value will not impact the General Account' net result going forward. The difference between the acquisition price (EUR 953 million) and the amount of first recognition (EUR 762 million) is recorded as a loss in the income statement. This difference is expected to be reversed in the income statement over the coming quarters, via the effective interest method.

Total expenses, including ‘*Staff and other operating and administrative expenses*’, were slightly down from EUR 40 million in 2010 to EUR 38 million year-to-date. The total cost in the third quarter amounted to EUR 9 million.

Net profit attributable to shareholders of the General Account amounted to EUR 325 million negative compared to a net profit of EUR 312 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.

Contingent liabilities

Please refer to note 28 of the 9M 2011 Consolidated Interim Financial Statements as at 30 September 2011 for the entire section of “*Contingent liabilities*”.

Net Cash position

On its Investor Day of 29 September 2011, Ageas announced that as of the third quarter it will report the net cash position of the General Account and abandon the concept of ‘Discretionary Capital’. Taken into account the recent evolutions, Ageas considers the net cash position as the best indicator of its strategic financial flexibility going forward. The main elements of the financial position of the General Account are summarized in the table below :

<i>in EUR million</i>	30 Sept 11	31 Dec 10
Cash and cash equivalents	337	2,259
Due from banks short term	750	500
Due to banks short term	-	-
Debt certificates	(260)	(549)
Net cash position	827	2,210
Due from customers	1,139	1,228
Due from banks long term	1,699	942
Due to banks long term	-	-
Subordinated liabilities	(2,957)	(2,961)
Other borrowings	(87)	(100)
Receivable on balance	(206)	(891)
Accruals and other	1,261	1,174
Equity General Account	1,882	2,493

The net cash position of the General Account on 30 September 2011, including EUR 750 million invested in short term bank deposits and assuming full redemption of the outstanding amount of European Medium Term Notes (EMTN) programme (EUR 260 million), came down from EUR 2.2 billion end 2010 to EUR 0.8 billion. The decrease of the net cash position can mainly be explained by the EUR 953 million cash payment for the acquisition of the Fortis Tier 1 Debt Securities, the acquisition of AKsigorta and the on going share buyback programme and the 2010 dividend payment, the latter specifically in the first half.

Following Fortis Bank SA/NV decision not to exercise its call option on the Fortis Bank Debt Securities 2001 (nominal value EUR 1 billion), Ageas acquired the securities against cash and at par on the first call date i.e. 26 September 2011. As

95% of the holders had decided to opt for Exchange resulting in a cash settlement of EUR 953 million.

The decrease of the net cash position can be further explained by the 2010 dividend payment, the subsequent payment for the acquisition of the 31% stake in AKsigorta (EUR 153 million) and by the execution of the share buy-back programme. As at 30 September, Ageas had bought back 69 million shares for a total amount of EUR 89 million. As of the 4th of November Ageas has bought back 120.2 million shares for a total amount of EUR 158.6 million. This corresponds to 4.6% of the total shares outstanding.

The General Account’s equity decreased from EUR 2.5 billion to EUR 1.9 billion among others caused by the negative result year-to-date and by the dividend payments over 2010 made in May 2011.

Investment portfolio and capital position

Investment portfolio

Ageas' investment portfolio at the end of September amounted to EUR 59.5 billion compared to EUR 59.8 billion end 2010. The slight drop in fair value of portfolio is entirely due to changes in the consolidation scope following the reclassification of Fortis Luxembourg Vie, Intreinco and Ageas Deutschland to assets "held for sale" for a total amount of EUR 0.7 billion.

The table below provides a breakdown of Ageas's investment portfolio. All assets are at fair value except for the 'Held to Maturity' assets which are valued at amortized cost. The latter primarily consists of Portuguese sovereign bonds, which were reclassified in the second quarter.

Investment portfolio plus real estate	in EUR billion			as %		
	30 Sept 11	30 June 11	31 Dec 10	30 Sept 11	30 June 11	31 Dec 10
Fixed Income securities	53.5	52.0	53.6	90%	89%	90%
- Government debt securities HTM	0.5	0.5	-	1%	1%	0%
- Government debt securities AFS	32.5	31.3	32.3	54%	53%	54%
- Corporate debt securities AFS	20.1	19.8	20.9	34%	34%	35%
- Structured credit instruments	0.4	0.4	0.4	1%	1%	1%
Equity securities	1.7	2.6	2.3	3%	4%	4%
Real estate investment property	2.8	2.7	2.5	5%	5%	4%
Real estate for own use	1.5	1.4	1.4	2%	2%	2%
Total	59.5	58.7	59.8	100%	100%	100%

The continued uncertainty around Greece has led to a decision to further impair all Greek sovereign exposure based on their fair value at the end of September, representing a gross impairment charge of EUR 754 million in the third quarter. The total impairment on Greek sovereign bonds, recorded in the income statement, year-to-date amounted to EUR 1,078 million. After impairment charge, the Greek bond are held on average at 38% of their historical/amortized cost.

Furthermore the equities portfolio has come down in the third quarter to EUR 1.7 billion. This is explained by divestments (EUR 0.4 billion vs. end 10, EUR 0.6 billion vs end of June) and the impact of a lower fair value as a result of the volatility in the third quarter (EUR 0.3 billion vs. end 10, EUR 0.1 billion vs. end of June). Equities still represent 3% of the asset mix and remained overall fairly stable compared to end 2010 with fixed income securities representing 90%. 94% of the total bond portfolio is investment grade and almost 90% of the portfolio is rated A or higher.

At the end of September total unrealized gains and losses on the total investment portfolio amounted to EUR 2.6 billion positive compared to EUR 1.0 billion positive at the end of 2010, mainly as a result of the positive evolution of the value

of fixed income. This includes the positive impact from the higher mentioned impairments on Greek sovereigns and the reclassification of Portuguese sovereign bonds in the second quarter into assets 'Held to Maturity'. Over the third quarter unrealized gains on the total investment portfolio increased with almost EUR 2 billion.

Fixed income portfolio

Investments in government bonds (Available for Sale and Held to Maturity) at amortized cost increased with EUR 0.2 billion to EUR 33.0 billion compared to end 2010. Divestments of Italian, Spanish, Finnish, Portuguese, Austrian and Greek bonds were primarily reinvested in Belgian bonds and to a lesser extent into Dutch government bonds.

The total gross sovereign exposure to Southern European countries ('Available for Sale' and 'Held to Maturity') as at 30 September at amortized cost came down from EUR 8.9 billion end 2010 to EUR 5.4 billion. The total net exposure, taking into account non-controlling interests in Belgium and Portugal and the impairment charges on Greece, on Southern European countries at amortized cost amounted to EUR 3.6 billion as at 30 September 2011.

Total unrealised gains on the total available for sale bond portfolio amounted to EUR 1.4 billion positive, compared to an unrealised loss of EUR 0.6 billion end of June. The unrealised losses on sovereign bonds of EUR 0.9 billion turned into an unrealised gain of EUR 0.9 billion thanks to higher market values and taking into account the impairment on Greece and the reclassification of Portuguese bonds into 'Held to Maturity'. Unrealized gains on corporate bonds recovered to EUR 0.5 billion compared to EUR 0.3 billion end of June. The quality of the corporate bond portfolio remains very high with 95% of the corporate bond portfolio investment grade. 84% rated A or higher and 62% is rated AA or AAA.

Equities portfolio

The equities investments at amortized cost decreased from EUR 2.3 billion end of 2010 to EUR 2 billion end of September. Gross unrealized gains came down EUR 163 million leading to a small unrealized loss of EUR 24 million end of September. Equities still accounted for about 3% of the investment portfolio, down 1% since the beginning of the year.

Real estate portfolio

Ageas's real estate portfolio on an amortized cost basis increased from EUR 2.9 billion end 2010 to EUR 3 billion, broken down into EUR 2 billion in investment property and EUR 1 billion in buildings for own use. Gross unrealized capital gains increased by EUR 279 million to EUR 1.2 billion end of September due to an alignment of the valuation methodology to market practices. The unrealized gain is not reflected in net equity, as real estate exposure is booked at amortised cost.

Capital position

Ageas decided to report as of the third quarter, the solvency calculation, based on the regulatory solvency requirements. As at 30 September 2011, **total available regulatory capital** under IFRS amounted to EUR 9.3 billion compared to EUR 9.9 billion at the end of 2010 and EUR 9.2 billion end of June 2011. The solvency excess amounts to EUR 5.9 billion, corresponding to a Group Solvency ratio of 270% nearly stable compared to the end of June (273%) and down from 304% end 2010. Total available capital of the Insurance activities amounted to EUR 7.2 billion, with minimum solvency requirements amounting to EUR 3.4 billion. Compared to the end of December 2010, the Insurance solvency ratio went down from 232% to 210%, primarily due to the net result of the period, (EUR 308 million or 9% variance), the lower valuation of the equities portfolio (EUR 164 million or 5% variance) and the growth in required solvency (6% variance). The Insurance solvency ratio amounted to 210% compared to 208% end of June, mainly due to the reversal of unrealized losses on the investment portfolio, and compared to 232% end of December. The solvency ratio in Belgium (176%), the UK (230%) and Asia (310%) declined somewhat but remained solid. In Continental Europe the solvency ratio went up to 201% (vs. 193% end of June). The Group available regulatory capital includes an amount of EUR 2.1 billion related to the General Account.

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

Analyst & Investor conference call :
09 November 2011 at 09.30 CET (08.30 UK time)

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Disclaimer

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The forward-looking statements are no guarantee of future performance and involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Ageas's ability to control or estimate precisely, such as future market conditions and the behaviour of other market participants. Other unknown or unpredictable factors beyond the control of Ageas could also cause actual results to differ materially from those in the statements and include but are not limited to the consent required from regulatory and supervisory authorities and the outcome of pending and future litigation involving Ageas. Therefore undue reliance should not be placed on such statements. Ageas assumes no obligation and does not intend to update these statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable law.

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 September 2011

	30 Sept 2011	31 December 2010
Assets		
Cash and cash equivalents	2,533.2	3,258.3
Financial investments	55,437.4	56,232.5
Investment property	1,991.1	1,900.3
Loans	5,645.5	4,528.2
Investments related to unit-linked contracts	12,964.4	21,747.3
Investments in associates	1,795.1	1,732.5
Reinsurance and other receivables	4,351.6	3,828.5
Current tax assets	43.7	71.5
Deferred tax assets	331.6	465.1
Call option BNP Paribas shares	361.2	609.0
Accrued interest and other assets	2,190.5	2,042.5
Property, plant and equipment	1,094.5	1,065.0
Goodwill and other intangible assets	1,689.8	1,686.0
Assets held for sale	8,223.8	
Total assets	98,653.4	99,166.7
Liabilities		
Liabilities arising from life insurance contracts	24,142.2	23,938.4
Liabilities arising from life investment contracts	27,015.2	26,913.8
Liabilities related to unit-linked contracts	12,994.3	21,830.9
Liabilities arising from non-life insurance contracts	6,029.3	5,448.6
Debt certificates	260.0	548.9
Subordinated liabilities	2,948.4	2,926.9
Borrowings	2,189.7	2,141.7
Current tax liabilities	103.7	46.4
Deferred tax liabilities	782.0	682.3
RPN(I)	145.0	465.0
Accrued interest and other liabilities	2,178.6	1,947.0
Provisions	2,405.4	2,407.6
Liabilities related to assets held for sale	7,960.5	
Total liabilities	89,154.3	89,297.5
Shareholders' equity	7,927.5	8,247.1
Non-controlling interests	1,571.6	1,622.1
Total equity	9,499.1	9,869.2
Total liabilities and equity	98,653.4	99,166.7

Annex 2 : Income Statement

	9m 11	9m 10	Change	Q3 11	Q3 10	Change	Q2 11
Income							
- Gross premium income	7,020.4	7,329.1	(4 %)	2,170.0	2,215.2	(2 %)	2,233.4
- Change in unearned premiums	(453.8)	(132.5)	*	(58.7)	11.8	*	(128.0)
- Ceded earned premiums	(212.0)	(183.0)	16 %	(70.3)	(60.1)	17 %	(61.5)
Net earned premiums	6,354.6	7,013.6	(9 %)	2,041.0	2,166.9	(6 %)	2,043.9
Interest, dividend and other investment income	2,291.4	2,246.2	2 %	754.8	733.6	3 %	786.0
Unrealised gain (loss) on Call option BNP Paribas shares	(247.8)	(44.0)	*	(332.8)	77.0	*	83.0
Unrealised gain (loss) on RPN(I)	320.0	(180.0)	*	438.0	(156.0)	*	139.0
Result on sales and revaluations	(67.0)	45.6	*	(155.3)	97.2	*	27.7
Investment income related to unit-linked contracts	(1,059.1)	820.1	*	(1,131.2)	617.9	*	(46.5)
Share of result of associates	(70.7)	226.3	*	(62.6)	178.0	*	(24.1)
Fee and commission income	326.0	313.6	4 %	105.1	108.2	(3 %)	107.3
Other income	199.5	166.0	20 %	87.9	69.2	27 %	61.3
Total income	8,046.9	10,607.4	(24 %)	1,744.9	3,892.0	(55 %)	3,177.6
Expenses							
- Insurance claims and benefits, gross	(6,307.6)	(7,221.3)	(13 %)	(1,948.2)	(2,198.7)	(11 %)	(2,004.4)
- Insurance claims and benefits, ceded	95.4	104.3	(9 %)	22.7	49.3	(54 %)	22.6
Insurance claims and benefits, net	(6,212.2)	(7,117.0)	(13 %)	(1,925.5)	(2,149.4)	(10 %)	(1,981.8)
Charges related to unit-linked contracts	1,081.4	(805.9)	*	1,148.1	(634.1)	*	50.5
Finance costs	(235.7)	(223.0)	6 %	(79.3)	(79.4)	(0 %)	(77.6)
Change in impairments	(1,255.6)	(59.8)	*	(892.7)	(35.8)	*	(356.7)
Change in provisions	0.4	2.3	(83 %)	40.6	(0.2)	*	(40.6)
Fee and commission expense	(875.6)	(779.1)	12 %	(282.8)	(256.2)	10 %	(290.1)
Staff expenses	(548.8)	(513.8)	7 %	(182.7)	(178.9)	2 %	(186.1)
Other expenses	(666.4)	(625.4)	7 %	(251.8)	(231.6)	9 %	(222.3)
Total expenses	(8,712.5)	(10,121.7)	(14 %)	(2,426.1)	(3,565.6)	(32 %)	(3,104.7)
Profit before taxation	(665.6)	485.7	*	(681.2)	326.4	*	72.9
Income tax expenses	31.8	259.8	(88 %)	79.9	(85.7)	*	3.5
Net profit for the period	(633.8)	745.5	*	(601.3)	240.7	*	76.4
Attributable to non-controlling interests	(100.1)	99.9	*	(126.4)	50.1	*	(18.4)
Net profit attributable to shareholders	(533.7)	645.6	*	(474.9)	190.6	*	94.8
Per share data (EUR)							
Basic earnings per share	(0.21)	0.26					
Diluted earnings per share	(0.21)	0.26					

Annex 3 : Comparable inflow data

By segment							
in EUR million	9m 11	9m 10	%	Q3 11	Q3 10	%	Q2 11
Belgium							
Gross written premiums	3,080	3,335	(8%)	908	1,064	(15%)	950
Investment contracts without DPF	225	489	(54%)	36	109	(67%)	101
Gross inflow Life	3,305	3,824	(14%)	944	1,173	(20%)	1,050
Gross written premiums Non-Life	1,293	1,232	5%	395	380	4%	387
Total inflow Belgium	4,598	5,055	(9%)	1,339	1,552	(14%)	1,437
United Kingdom							
Gross written premiums	36	19	92%	14	8	75%	12
Investment contracts without DPF	-	-	*	-	-	*	-
Gross inflow Life	36	19	91%	14	8	75%	12
Gross written premiums Non-Life	1,523	821	85%	529	283	87%	523
Total inflow United Kingdom	1,559	840	86%	543	291	87%	535
Continental Europe							
Gross written premiums	591	1,428	(59%)	164	321	(49%)	195
Investment contracts without DPF	1,100	1,362	(19%)	277	488	(43%)	386
Gross inflow Life	1,691	2,791	(39%)	441	810	(46%)	581
Gross written premiums Non-Life	329	325	1%	98	96	2%	111
Total inflow consolidated entities	2,020	3,116	(35%)	539	906	(41%)	692
Non-consolidated partnerships at 100%	66	-	*	66	-	*	-
Total inflow Continental Europe	2,086	3,116	(33%)	605	906	(33%)	692
Asia							
Gross written premiums	170	169	0%	63	63	0%	56
Investment contracts without DPF	78	68	15%	27	23	17%	27
Gross inflow Life	248	237	5%	90	86	5%	83
Gross written premiums Non-Life	-	-	*	-	-	*	-
Total inflow consolidated entities	248	237	5%	90	86	5%	83
Non-consolidated partnerships at 100%	4,393	4,487	(2%)	1,314	1,264	4%	1,414
Total inflow Asia	4,641	4,724	(2%)	1,404	1,350	4%	1,497
Total inflow	12,884	13,736	(6%)	3,891	4,100	(5%)	4,161

By type	9m 11	9m 10	%	Q3 11	Q3 10	%	Q2 11
<i>in EUR million</i>							
Life							
Belgium	3,305	3,824	(14%)	944	1,173	(20%)	1,050
United Kingdom	36	19	89%	14	8	75%	12
Continental Europe	1,691	2,791	(39%)	441	810	(46%)	581
<i>Fully consolidated</i>	1,691	2,791	(39%)	441	810	(46%)	581
<i>Non-consolidated partnerships at 100%</i>	-	-		-	-	*	-
Asia	4,178	4,340	(4%)	1,267	1,236	3%	1,299
<i>Fully consolidated</i>	248	237	5%	90	86	5%	83
<i>Non-consolidated partnerships at 100%</i>	3,930	4,103	(4%)	1,177	1,150	2%	1,216
Total inflow Life	9,210	10,974	(16%)	2,666	3,227	(17%)	2,942
Non-Life							
Belgium	1,293	1,232	5%	395	380	4%	387
United Kingdom	1,523	821	86%	529	283	87%	523
Continental Europe	395	325	22%	164	96	71%	111
<i>Fully consolidated</i>	329	325	1%	98	96	2%	111
<i>Non-consolidated partnerships at 100%</i>	66	-	*	66	-	*	-
Asia	463	385	20%	137	115	19%	198
<i>Fully consolidated</i>	-	-	*	-	-	*	-
<i>Non-consolidated partnerships at 100%</i>	463	385	20%	137	115	19%	198
Total gross written premiums Non-Life	3,674	2,763	33%	1,225	874	40%	1,219
Total inflow	12,884	13,737	(6%)	3,891	4,101	(5%)	4,161

Annex 4 : Inflows per region

Key Figures per region		Gross written premiums											
in EUR million		Gross inflow Life				Non- Life				Total			
	% ownership	9m 11	9m 10	Q3 11	Q3 10	9m 11	9m 10	Q3 11	Q3 10	9m 11	9m 10	Q3 11	Q3 10
Belgium	75%	3,305	3,823	945	1,173	1,293	1,232	394	380	4,598	5,055	1,339	1,553
United Kingdom	100%	36	19	14	7	1,523	821	529	283	1,559	840	543	290
Continental Europe		1,691	2,791	440	810	395	325	164	96	2,086	3,116	604	906
Consolidated entities		1,691	2,791	440	810	329	325	98	96	2,020	3,116	538	906
Portugal	51%	864	1,365	205	308	180	175	56	54	1,044	1,540	261	362
France	100%	229	290	57	82	-	-	-	-	229	290	57	82
Luxembourg	50%	567	1,051	167	394	-	-	-	-	567	1,051	167	394
Ukraine	100%	-	2	-	1	-	-	-	-	-	2	-	1
Germany	100%	31	32	11	9	-	-	-	-	31	32	11	9
Turkey	100%	-	51	-	16	-	-	-	-	-	51	-	16
Italy	25%	-	-	-	-	149	150	42	42	149	150	42	42
Non-consolidated partnerships at 100%													
Turkey (Aksigorta)	31%	-	-	-	-	66	-	66	-	66	-	66	-
Asia		4,178	4,340	1,267	1,236	463	385	137	115	4,641	4,725	1,404	1,351
Consolidated entities													
Hong Kong	100%	248	237	91	87	-	-	-	-	248	237	91	87
Non-consolidated partnerships at 100%													
Malaysia	31%	435	577	142	145	368	303	103	84	803	880	246	229
Thailand	31%/13%	701	529	258	180	95	82	34	31	796	611	291	211
China	25%	2,700	2,897	746	787	-	-	-	-	2,700	2,897	746	787
India	26%	94	100	30	37	-	-	-	-	94	100	30	37
Grand Total		9,210	10,973	2,666	3,226	3,674	2,763	1,224	874	12,884	13,736	3,890	4,100

Annex 5 : Solvency by region

Key Capital Indicators	30 Sept 11	31 Dec 10
Belgium		
Shareholders' equity	2,730	2,632
Total available capital	3,911	4,313
Minimum solvency requirements	2,221	2,163
Amount of total capital above minimum solvency requirements	1,690	2,150
Total solvency ratio	176%	199%
United Kingdom		
Shareholders' equity	941	776
Total available capital	804	658
Minimum solvency requirements	349	192
Amount of total capital above minimum solvency requirements	455	466
Total solvency ratio	230%	343%
Continental Europe		
Shareholders' equity	862	893
Total available capital	1,023	1,183
Minimum solvency requirements	508	562
Amount of total capital above minimum solvency requirements	515	621
Total solvency ratio	201%	210%
Asia		
Shareholders' equity	1,549	1,440
Total available capital	1,156	1,131
Minimum solvency requirements	373	333
Amount of total capital above minimum solvency requirements	783	798
Total solvency ratio	310%	340%
Consolidation adjustment total available capital	342	255
Total Insurance		
Shareholders' equity	6,082	5,741
Total available capital	7,236	7,540
Minimum solvency requirements	3,451	3,250
Amount of total capital above minimum solvency requirements	3,785	4,290
Total solvency ratio	210%	232%
General Account (after eliminations)		
Shareholders' equity	1,846	2,506
Total available capital	2,089	2,334
Total solvency ratio Ageas	270%	303%

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

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

<i>in EUR million</i>	Historical/ Amortised value	Gross unrealised gains (losses)	Impairments	Fair value
30 September 2011				
Belgium	13,540.1	461.6		14,001.7
The Netherlands	1,493.5	108.2		1,601.7
Germany	2,307.6	365.6		2,673.2
Italy	2,380.7	(337.2)		2,043.5
France	3,971.1	294.6		4,265.7
Great Britain	663.6	34.5		698.1
Greece	1,684.6		(1,046.2)	638.4
Spain	1,180.0	(107.4)		1,072.6
Portugal	719.4	(184.2)		535.2
Austria	2,284.9	193.8		2,478.7
Finland	267.8	22.2		290.0
Ireland	560.4	(55.1)		505.3
Others	1,593.3	95.8		1,689.1
Total Available for Sale	32,647.0	892.4	(1,046.2)	32,493.2
Portugal	488.3			
Total Held to Maturity	488.3			
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				